

The constructive program I have outlined obviously cannot be put into effect overnight. It can be started at once but it will take some time before it can be fully effective in stopping the drain of U.S. dollars to which we have been subject.

Temporary Restrictive Program

This means that we must develop a temporary restrictive program to meet the immediate emergency. This short-run emergency program consisting of measures designed to restrict our use of U.S. dollars includes sweeping restrictions on imports and on pleasure travel, and the imposition of special excise taxes for the purpose of restricting the purchase of many of the durable kinds of consumer goods which are either imported or contain a significant import content.

First as to the import restrictions. These will involve the complete prohibition of the imports of some consumer goods and the imposition of quotas on others.

Control of Capital Goods Imports

With respect to what are generally known as capital goods, neither a complete prohibition nor a quota system is applicable. It is proposed therefore to place specific classes of capital goods in a category under which imports may be controlled and restricted. The Minister of Reconstruction and Supply, who will be charged with administering this phase of the program, will be in a position to review with industry proposed expenditures involving imported machinery, equipment and materials with a view to seeing to what extent such drains on our dollar resources may be eliminated, reduced, or postponed.

Import Prohibitions

Turning now to the restrictions on imports of consumer goods, the list of outright prohibitions is a long one which covers principally goods which are already produced in Canada to a substantial degree or are in some cases of a semi-luxury or non-essential type, and it includes such items as jewellery, candy, novelties, typewriters, radios, refrigerators, washing machines, and furniture. We are also, at the outset, prohibiting temporarily the importation of all motor vehicles, but we intend in the near future to replace this complete prohibition with a restrictive quota system.

Quotas on Important Classes of Imports

There are other classes of imports which, though important and desirable, have grown to excessive proportions in relation to our needs and our capacity to pay out hard currency. To these classes of goods we are applying quota restrictions. Obviously, I cannot give complete details in this talk, but in the fruit and vegetable field, for example, oranges, grapefruit, lemons, fruit juices, potatoes, apples and onions are being placed under a quota. Imports of almost all out-of-season fresh fruits and vegetables as well as of almost all kinds of canned goods are being prohibited but no restrictions are applied to bananas, raisins, figs and prunes. In textiles no restrictions are placed on raw materials and yarns but almost all other textiles, whether in the form of fabrics, or made-up wearing apparel, or other finished goods, are to be under another quota. There are two