

tions as the result of the proposed new excise taxes. In the case of automobiles, the total tax collected from November to February inclusive was \$10,449,779.03, and the estimated increase as the result of the proposed increased taxes is \$2,263,977. On cameras, projectors and the like, the total for the same period November to February was \$358,105.97, the estimated increase being \$214,863. On phonographs, radios and the like, the total tax collected, again for the same period, was \$2,766,195.84, with an estimated increase of \$1,659,717. In the case of electrical appliances there was no tax previously, and the estimated yield is \$1,544,499.46. On firearms the estimated yield of new tax is \$55,830; on outboard motors, \$56,773, and on motorcycles, \$63,366. The estimated total increase is \$5,863,995.46.

Mr. McKAY: Would the minister indicate the total?

Mr. ABBOTT: Subject to corrections in the addition which I have made rapidly, total tax collections for the various excise taxes, including taxes which were imposed on articles not subject to the tax before, during the period I have mentioned is \$15,299,519.30.

Mr. JAENICKE: I listened with great interest yesterday to the minister's explanation for this tax, but I did not get an opportunity to ask some questions I should like to ask now. The minister told us that this tax is one of the measures necessary to conserve United States exchange. He told us that the first measure was the prohibition and restriction of imports. Then he went on to say, and I quote from page 2089 of *Hansard*:

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 . . .

What is the second thing? I understand that these taxes are being imposed to reduce the consumption of these articles, because they are either imported from the United States or their make-up is largely of United States manufacture. The minister mentioned that there are two things and I should like to know what the other thing is.

Mr. ABBOTT: As I said, the first is to reduce the consumption of articles which contain either high United States content or substantial United States content. The secondary purpose, if I may so describe it, is to reduce the consumption of articles in this country which, for the time being, we can do without. I think I explained yesterday after-

noon that if we are to continue to export to the war devastated countries of Europe we must reduce consumption in this country, whether the things we consume have a United States content or not. In other words, we must create what I refer to and what the economists refer to as an over-all current account surplus. I think the hon. member for Muskoka-Ontario agreed that we must do that, although we may differ as to the methods of achieving that end. I submitted to the committee that one of the recognized methods of reducing consumption, and incidentally the one which I favour as being the appropriate one, is the fiscal method.

It seemed to me that the only valid criticism which could be directed against this proposed excise tax measure was that it did not cover a wide enough field, that we should have covered more territory, taken in more products and, by imposing a tax on those, endeavour to reduce consumption of some of these other commodities. That may or may not be valid criticism, but that is one which could be made.

Mr. JAENICKE: I thank the minister for the explanation. He mentioned that yesterday but he did not refer to it as being the second reason or cause.

Mr. ABBOTT: That is one of a number of other reasons.

Mr. JAENICKE: On February 23 the minister also spoke, and he told us why certain things had been taken off the first schedule. These were items which we were exporting to the United States, and I quote the minister's words, as reported on page 1539 of *Hansard*:

Under this procedure the amount of such a tax as our 25 per cent excise tax is added to the value otherwise subject to duty, with a consequent increase in the total duty payable. On balance, as a result of this procedure in several instances we stood to suffer a loss of exports to the United States, and it is for this reason that I am proposing that the tax be not imposed in the case . . .

And he went on to name certain articles. It appears that the United States, in valuing for import duty purposes, added on this 25 per cent excise tax, but I maintain that is against the provisions of the Geneva treaty. Has the minister made representations to the United States authorities in that respect and, if so, with what results?

Mr. ABBOTT: The position is this. I think I would agree with my hon. friend that it would be contrary to the Geneva agreements. Representations were made to the United