exemptions have been at the $25 and $75 level since 1962.

The present provisions are misunderstood by many Canadians, including myself, returning from trips abroad and I have received a number of representations that they be modified. This evening I am proposing changes which will expand the current exemptions and which should also simplify administration. The $25 exemption after an absence of 48 hours, which now can be used once every four months should, I suggest, be available on a quarterly basis, and be completely independent of the annual exemption. There should be a $100 exemption each calendar year for Canadian residents returning from any country, including points in North America, after an absence of 12 days. These two exemptions would not be combined for the same trip abroad. Since it is intended to go to a calendar year basis, it is proposed that these changes come into effect on January 1, 1970.

In addition, I am proposing that there be a combined rate of 25 per cent for duties and taxes on goods valued up to $100, other than duty free goods, alcohol and tobacco, brought in by Canadians who have been out of the country for 48 hours and who on their return are either not entitled to an exemption or have purchased goods abroad in excess of their exemption. It is also suggested there be an exemption for those returning to Canada after an absence of 48 hours with goods, other than alcohol or tobacco, valued at no more than $5, which can be used by those not claiming the annual or quarterly exemption.

These latter provisions, which are to come into effect on a provisional basis tomorrow, will assist in speeding up customs procedures for returning Canadians. They will eliminate the need for customs officers to look up and check the rates of duty on innumerable small items, and the returning tourist—and he is a tourist only because of prosperity under a Liberal government—

Some hon. Members: Oh, oh.

Mr. Hees: You are not a good gag man; stick to the straight stuff.

Mr. Benson: The returning Tory tourist, tired and broke—

Some hon. Members: Oh oh.

Mr. Benson: —will know where he stands.

Taken all together, the changes in the tariff involve a loss of revenue estimated at about $50 million for the balance of the year, including a sales tax. This is no small loss of fiscal pressure. But it is more than offset by the leverage effects of the tariff cuts in reducing Canadian prices. The real impact of the cuts will be many, many times this amount. They will increase supplies, sharpen competition, reduce producers' costs, and strike directly at a wide range of prices.

Deferred Depreciation

A further measure is intended to deal in a selective way with a particular source of inflationary pressure in the economy. It is well known that under conditions of strong demand and expansion, the building industry typically tends to lead the upward movement of costs and prices. This year the survey of capital investment intentions indicates that the rise in new capital investment will be 9 per cent, with a high degree of concentration in Ontario where the forecast is for a gain of 13.7 per cent. In the longer-term, this investment is essential to provide expanded employment and productive capacity, but under present circumstances rapid changes add to current inflationary pressure, especially when they are highly localized. I have considered this problem at length and have concluded that a modest degree of restraint on some kinds of building would be appropriate.

I therefore propose that depreciation, or capital cost allowances, for tax purposes should be deferred for a period of two years on commercial buildings put in place up to the end of 1970. This would not apply to any form of housing, industrial building, utilities, or public institutions. Commercial building includes buildings for wholesale and retail trade and services, office structures, banks, financial institutions, and other commercial facilities such as hotels, theatres and service stations. Having in mind the disparity of regional conditions, however, this measure will not apply in those provinces where unemployment remains relatively high or where employment growth has been slower than the national average. Building in rural areas and in smaller towns and cities, which bear the effects of inflationary pressures but scarcely contribute to them, will also be totally exempt. The cut-off point will be a population size of 50,000 as recorded in the last census, and the boundaries of the areas affected will also be those defined in the 1966