The Budget—Mr. Abbott

AFTER RECESS

The house resumed at eight o'clock.

BUDGETARY PROPOSALS

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I make the usual motion:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Barely five months have elapsed since I last proposed that the house resolve itself into committee of ways and means, but in the light of what has occurred during the past two months the motion to which I am speaking this evening will not be unexpected. The march of events since June 25 has produced new situations requiring a considerable revision in my earlier estimates of revenue and expenditure, and it is my duty to report to the house on these matters and to propose measures to meet the new conditions.

Hon. members will recall that last March I forecast our total expenditures for this year at $2,410 million. Higher costs for material and labour have already increased the cost of many of our construction projects, and, apart from defence, there are other unforeseen expenditures that we shall have to meet. I believe, however, that we shall be able to offset these increases, other than defence, by a program of economies which we are working on and to which I shall refer later. The net result is that, apart from increased defence, my estimate of expenditure still stands at $2,410 million.

It is now obvious that as a result of defence and related requirements very large additions will have to be made to this sum. The house is being asked to approve increased expenditures totalling $144 million in this fiscal year, and in addition to vote $300 million for the production of military equipment and related services, partly for our own direct use and partly for the use of our European associates under the North Atlantic treaty. It is not possible at this juncture to say confidently how much of this latter amount will be spent by March 31. To the extent that we undertake production for our European associates, the speed of production and the rate of expenditure must wait upon decisions as to what they most urgently require. At present I am putting down a figure of $100 million as the amount which is likely to be disbursed by March 31. It may be that this sum can be exceeded. Indeed, in view of the urgency of the situation, our aim will be to expedite the defence production program by all possible means.

Putting together these figures for national defence and defence production, we must add not less than $244 million to our previously budgeted expenditures for this fiscal year, and the best estimate I can make at this time of our expenditures for this fiscal year is, therefore, $2,654 million.

In order to put our financial prospects in their proper perspective I think I should go beyond the end of this fiscal year and invite the house to consider our probable expenditures in the succeeding year. The plain fact is that we must now undertake defence measures, both on our own direct account and in association with the North Atlantic treaty countries, involving a rate of expenditure of about $1 billion a year. The policy underlying this program has received support from all parts of the house. It is obvious, therefore, the total federal budget will be further increased in the year 1951-52.

The forecasts of revenue which I made at the end of March were based on certain assumptions which were clearly set out at that time. I felt then that the inflationary pressures on this continent, following the 1949 recession in the United States, had lost most of their strength and that the prospects for this year indicated, on the average, a steady price level and a normal or moderate expansion of economic activity. It appeared then that our gross national production in 1950 would be about one or two per cent above 1949, and my revenue forecast was based upon that estimate. Some of my hon. friends opposite expressed the view that I was being too optimistic, but in fact recovery in the United States was surprisingly rapid and Canadian economic trends during the second quarter of the year, particularly in the capital investment field, improved rather more than I had anticipated. Even before the Korean episode began to unfold it seemed probable that our revenues this year would be one or two per cent greater than I had forecast.

Since June 25 the tempo of activity has stepped up again, employment and output have increased, and the general price level has advanced somewhat, with the result that I now estimate that our present tax structure will yield about 7 per cent more revenue than I had forecast last March. In March I put our revenue yield at $2,430 million; the best estimate I can make today is that our present tax and other receipts will produce $2,610 million. I would estimate that rather more than half of this increase of $180 million is due to increased employment, output and trade, and rather less than half to higher prices.

Taking, then, my present estimates of expenditure and my forecast of revenue under our present tax structure, we would face a deficit in this fiscal year of about $44 million.

The policy of this nation, upon the essentials of which all parties in this house are agreed, is to preserve three things. First, we must achieve a high degree of military security without which all else may fail. Second, we desire the highest quality of political freedom and individual liberty. Third, we want to promote economic stability and progress, both on a national scale and in terms of sustained and improved individual standards of living. Each of these objectives is now challenged by the evil forces that are abroad in the world today.

Our policy on military security is plain. It is to be achieved by building up our own defence forces, by extending timely aid to our associates under the North Atlantic treaty, and by giving all support within our power to implement the principles upon which the United Nations are based.

But my concern, as Minister of Finance, is with economic policy. In his classic budget statement of September, 1939, Mr. Ilsley, who was then acting for the Minister of Finance, laid down a set of broad principles which should govern war finance. Of course we are not in a state of war—we are at a hill of difficulty on the path of peace—but the questions we must decide are not unlike those that faced my predecessor eleven years ago. Two of the principles enunciated at that time are particularly apposite today. The first is that a "pay-as-you-go" policy should be followed to the limits of political and administrative practicability. The second is that to choose or to wander into inflationary methods of financing would be the most unjust of all methods of distributing the cost of any sharp increase in government expenditures.

In 1939, as the house will recall, the world was emerging from the long depression, and in Canada, as in other countries, there was a great deal of slack in the economy in the form of idle or under-employed resources in both manpower and equipment. It was, therefore, right and proper that in the initial stages some recourse should be had to bank credit to give a quick stimulus to increased production. But as soon as the stimulus had taken effect a policy of sharp and progressive increases in taxation was adopted and effective steps were taken to mobilize the real savings of the community in successive victory loan campaigns. But in total war, as the stage of all-out mobilization approaches, there comes a point where expenditures take so large a part of the national output that it is not humanly possible to cover them fully by taxation and by the direct mobilization of real savings, and where bonds filter back in a growing stream into the banking system and the proceeds offer themselves in the market for current consumption. It is at this point that it becomes necessary to buttress fiscal measures by comprehensive direct controls—controls of prices and wages, controls of production and distribution, controls of investment and manpower, controls by rationing and priorities. But even at best, controls cannot do much more than contain the pressure of demand for a time, and unless the process of decontrol is matched against an increasing supply of goods, a greater or lesser degree of inflation will occur.

As I said a moment ago our financial problem today has some similarities to that of September, 1939, but it has also some all-important differences. We enter upon this new phase with little or no slack in the economy and with a reasonably clear appreciation of the immediate tasks before us. We face a situation which does not engender the intense degree of patriotic fervour induced by an outright state of war, and which may smoulder its way along for a considerable time. Moreover, unlike 1939, the United States with its vast resources is not lagging a year or two behind, but is in the forefront of an active policy to promote peace by strength. Present conditions do not call for any interim period of easy financial policy; they require, on the contrary, a prompt and effective anti-inflationary program.

The defence program and the foreign policy now before the house commit us to an approximate doubling of the rate of our expenditures on defence and on military production. This means that our defence program, including north Atlantic aid, must lay claim to twice as much of the materials, equipment, skills and energies that comprise our productive resources. There is not this much slack in our economy and despite all we can do by way of increased production some part at least of this increase in the claims of defence will have to be met by postponing or foregoing goods and services that we as a community might otherwise enjoy.

The impact of our enlarged defence program will conflict much more sharply with capital investment than with ordinary day-to-day consumer goods. We have had four years of intense capital investment and the current rate of construction and investment is at an all time high. Indeed, it was chiefly the further sharp upswing in the capital investment and construction boom in the second quarter of this year that gave rise to the renewed inflationary pressures both here and in the United States. A large fraction of our additional defence expenditure will be going into construction and retooling and into the production of equipment that will require large quantities of steel, base metals and building materials, and which will make heavy demands upon skilled manpower. It will compete with, and where necessary it will have to displace non-essential investment.

As soon as the scale of increase necessary in the defence program became evident early in August, the government issued directions that all other expenditure programs should be re-examined to see what could and should be reduced or deferred, particularly construction projects and major purchases of equipment. Most of our construction projects for this year were, of course, already under way, and it has been decided that it would be economical to finish nearly all of these where work has started or contracts have been let. It appears, however, that it will be feasible to defer a good many projects or major purchases in various departments. In addition, by reason of difficulties in securing sites, preparing plans and placing contracts at reasonable prices, the construction program as a whole will be held substantially below the total provided in the estimates.

This is not the only field in which activities and expenditures are being re-examined in the light of present priorities, and I expect that we shall be able to cut down certain operating programs and make other economies, apart from capital projects. I can assure the house that this search for economies will be pressed forward, and that in preparing the estimates for next year a rigorous standard of essentiality will be applied.

With similar considerations in mind I urge public authorities and private business to review carefully their current and future construction and investment projects and to keep them within the limits of immediately essential undertakings.

It may be said that these large additions to our defence expenditure do not appear so large when put against our total national production. In one sense that is true. A doubling of our previous defence program is the equivalent of laying claim to an additional 3 per cent of our gross national production. A 3 per cent additional claim when there is a good deal of slack in the economy would have little or no inflationary effects, but imposed upon an economy already fully employed it would be likely to produce inflationary pressures unless counteracted by such measures as we propose.

But inflation is not just a matter of arithmetic and percentages. It is also a matter of psychology and behaviour. A moderate inflationary stimulus, by reacting upon consumers' fears and businessmen's expectations, may pyramid sharply in the form of a rush of consumer buying and a building up of industrial and commercial inventories of materials and supplies.

The root cause of any sustained inflation is the existence of a flow of spendable income that is greater than the flow of goods and services available at current prices. When this disparity occurs the spending of this flow of excess income bids up the prices of the available supply of goods. The surest way of forestalling inflation is, therefore, to increase, if possible, the flow of available goods and, if necessary, to siphon off the flow of excess income.

The fundamental anti-inflationary policy is to maximize output, minimize waste and follow a pay-as-you-go policy. Part of the extra defence effort can be covered by making full use of productive resources that are at present idle and not fully extended, but there is not a great deal available here. A further part can be met by eliminating all forms of waste and stepping up efficiency and output, and I think we can do quite a bit here. But some part will have to be met by forgoing other forms of expenditure. The more we as a people can increase efficiency and output the less will be the real burden of these added defence costs.

A pay-as-you-go policy means that we as a government must fully and amply cover the whole of our expenditure by taxation and other budgetary revenues. In the present circumstances of high employment and active business this is the only honest financial policy. To plan to do less than this would be both irresponsible and a fraud on the public.

We are being pressed and urged by many members of the house to resume a policy of comprehensive direct controls, to impose overall price ceilings and to reintroduce subsidies. The Prime Minister has already told the house that we do not propose, under conditions as we see them, to embark upon such a course at this time. I have already said that direct controls, of themselves, do not cure anything; indeed, they may often do more harm than good. At best direct controls can do little more than contain for a time the pressure of demand; they do not reduce those pressures, nor do they go to the root of the matter. Their proper role is to support and buttress or, if you like, to protect the flanks of fiscal and monetary policy when we have reached the point of the practical limits of taxation.

The royal commission on prices in its report last year reached the same general conclusion when it said:

> General price control should not be relied upon as an important instrument for stabilizing prices in peacetime. . . . Selective price controls may be useful in exceptional cases. Price control in any form, however, is no substitute for action designed to bring over-all demand into line with over-all supply. It disguises inflation. It does not remove the cause of the trouble.

In the second place, while it is true that direct controls can be begun on a selective basis, it is also true that if the inflationary pressures are sustained they have to be extended rapidly until they embrace almost every aspect of the economy—prices, wages, salaries, supplies, production, distribution, allocation and rationing. A policy of direct controls of necessity develops an appetite that grows by what it feeds on.

Finally, a widespread system of direct controls, no matter how skilfully and honestly administered, requires a huge and burdensome bureaucracy. People do not like controls, and we have to recognize the fact that, except in times of great crisis, they will resist them, evade and circumvent them. You cannot really enforce such controls upon an unwilling people; but during the war when we lived in the shadow of death, the people responded with an overwhelmingly voluntary approval and support of this regimentation.

Moreover, while such controls will be accepted and can be effective in a great crisis, they must be reserved for such periods. Under less severe conditions, direct controls of prices, wages, production and distribution —and they are inseparable—are incompatible with a free society and a free economy. I confess to some surprise when some of my hon. friends sincerely and vigorously oppose a degree of compulsion in the determination of railway wages one day and the next advocate the reintroduction of direct controls. In principle I share their reluctance for the former, but I cannot follow either their enthusiasm or their logic in the latter.

Finally I would say, without detracting in any way from the magnificent wartime job done by Mr. Donald Gordon and his associates, that the success of the wartime prices and trade board would have been impossible without three things: First, the fact that we pursued a vigorous anti-inflationary policy of maximum possible taxation supported by intensive savings campaigns; second, that the United States during the war years followed policies similar to our own; and third, overwhelming public support. The hon. member for Rosetown-Biggar has suggested that we can act independently of what goes on in the United States and he referred to the divergence between Canadian and American prices in 1946 and 1947. I can tell him from the personal knowledge of one who had the political responsibility during much of that period that the abrupt removal of controls in the United States in mid-1946 tremendously increased both the technical difficulties and the financial cost of our policy of orderly decontrol and it was only by a very narrow margin that we avoided a complete collapse of our efforts and managed to carry through an orderly retreat.

The royal commission on prices, if I may quote its report again, recognized this fact when it said:

> The fact that the government could hold Canadian prices down, even for a short period, while United States prices were rising, has led many observers to conclude that prices could have been held indefinitely at levels roughly approximating those of 1945. The evidence submitted by the officials most concerned suggests strongly that a continuation of controls on a scale necessary to accomplish this objective would have led to insuperable problems of administration and enforcement. The wartime controls were effective not only because the disparity between Canadian and United States prices was relatively small during the war but because of overwhelming public support.

But despite all these difficulties and vicissitudes our prices and cost ratios emerged from the post-war readjustments at not unreasonable levels, and by 1949 we appeared close to achieving a new and reasonably satisfactory equilibrium. It is a part of the tragedy of our time that just as we seemed to have this new equilibrium within our reach we should be forced suddenly to shift our balance.

As the Prime Minister has already stated, the government's policy is to counter the inflationary pressures that may be generated by our expanded defence program primarily by fiscal measures supported by such other measures as are appropriate.

By not recognizing recent increases in costs when establishing the lending values of new houses, the Central Mortgage and Housing Corporation has already taken action to limit the dollar value of its housing loans. This means that the house builder or buyer, financed by the corporation, now has to provide in a higher down payment the increased cost of building materials and labour that has occurred in the past few months. In some cases this may mean a decision to postpone building and, if so, the pressure on construction materials and labour will be lessened—a field in which defence requirements will be particularly heavy. In other cases the higher down payment will absorb current purchasing power and reduce the mortgage on future income.

In the matter of farm improvement loans the policy will be to reduce the proportion of the proposed expenditure financed under the act and to accelerate the repayment of such loans in a reasonable and practicable manner.

Another move in the same direction is the decision we have made to introduce a bill empowering the government to limit the use of consumer credit. During the past two years there has been a very rapid expansion in the volume of instalment buying and other forms of consumer credit. The size of down payments has been decreasing and the time over which payments are spread has been lengthening. The inflationary effects of these methods of anticipating the use of one's income are universally recognized. We shall be asking parliament to authorize the government to impose limitations on this form of credit expansion in the interests of economic stability and in carrying out its responsibility which the federal authority must assume for the regulation of currency and credit.

These and such other indirect controls as may become appropriate will support our main policy of a fully balanced budget, and the program as a whole will attack incipient inflation at its source. In this way, and certainly at this stage in our affairs, a great panoply of direct controls with all their regimentation, bureaucracy and arbitrary decisions can be avoided. My colleague, the Minister of Trade and Commerce, will, however, be asking parliament for special standby powers to direct distribution of essential materials, if and when necessary in order to meet both increasing defence requirements and essential civilian needs. I do not propose, however, to expand upon the nature of this bill at this time.

Every corporation, organization, institution and individual can serve both its own and the common interest by following similar and consistent policies. We as a government will endeavour to keep our house in order. If others will do the same these new inflationary pressures can and will be neutralized.

It will, of course, be clear that no one country can fully insure itself against inflationary pressures that have their origin outside its own borders. In the international sphere great progress is under way in matters of defence, through the North Atlantic treaty organization, to ensure security through active collaboration. It is important that this progress be matched in the economic and financial fields if we are to avoid difficulties and dangers that will seriously prejudice defence. While each country must take its own appropriate steps to neutralize inflationary pressures originating within its own borders, we cannot escape the fact of the dominant influence of the United States, and the effects which its economic behaviour has on all other countries. For this reason we welcome the statements of policy on this point that have been made by the President of the United States.

The increased defence expenditures being thrust heavily upon every country by these new manifestations of Russian imperialism, now open and unmasked, call for sound economic policies; and it is the duty of every country to deal promptly and effectively with the inflationary pressures generated within its own jurisdiction.

I now come back to our own position. As I have already explained, our revenues for this year under the present tax structure are estimated to be $2,610 million, and I have estimated our expenditures at $2,654 million. On this basis our prospective deficit would be $44 million. It is therefore my duty to propose to the house prompt and effective measures which will cover fully our anticipated expenditures for this current year.

My first proposal relates to the tax on corporation profits. At present the rate is 10 per cent on the first $10,000 and 33 per cent on the remainder. It is proposed that both these rates be increased by 5 per cent, that is, to 15 and 38 per cent respectively. This change will come into effect as of September 1 and will therefore apply to a proportionate part of the profits of any company having a fiscal year ending after that date. I estimate the increase in revenue from this change will be $13½ million during the remainder of this fiscal year and $85 million in a full 12 months period. I am proposing no other changes in taxes affecting corporation profits, nor do I propose any changes in the personal income tax.

We have, of course, given thought to suggestions that we should reintroduce an excess profits tax, but I think members in all parts of the house who had experience with our wartime excess profits tax will agree that such a tax is not desirable under present circumstances. To be efficient and fair an excess profits tax needs a recent base period representing normal operating conditions for various classes of business, and a tax related to the average profits of the last three years would not be likely to yield much revenue during the next year or two. But the more important objection at this stage is that an excess profits tax, particularly one at a high rate, becomes an invitation to extravagance and waste in corporate management, whereas, as I have already said, what we need most urgently now is maximum efficiency and production. I have no doubt that all hon. members know or will have heard of cases of such waste and extravagance. Furthermore, in spite of our best efforts to make an excess profits tax as fair as possible there are bound to be severe inequities under this kind of legislation. Under conditions of total war, many businesses would be compelled to accept these inequities and hardships. I am reluctant, however, to impose this severe type of regulation under present circumstances.

I should also point out that there are provincial corporation income taxes, and that the total income tax payable by corporations in the two central provinces will be 22 per cent on the first $10,000 of taxable income and 45 per cent on the remainder. These are very high rates both on total profits and on any increases in profits. For such reasons as these, we have come to the conclusion that an excess profits tax under present conditions would be neither economically sound nor fiscally useful.

I have proposed no increases in the personal income tax because I realize that the cost of living has gone up about 3½ per cent during the past 12 months and there can be no absolute assurance that there may not be some further increase in prices. Moreover, I wish to avoid increasing any taxes that will in any way discourage production, efficiency and output. While our rates of personal income tax are far below their wartime peaks, they are still no easy burden, and I feel that we should hold this important source of increased revenue in reserve.

In the second place I propose some increases in the taxes on alcoholic beverages. The resolutions I am tabling provide for an increase of $1 per proof gallon on spirits and 5 cents per pound on malt used in the production of beer. This will increase the present rates to $12 a gallon and 21 cents a pound respectively. Equivalent changes will be made in the customs duties on these items. These changes should yield an increased revenue of $10 million during the remainder of this fiscal year and about $22 million in a full year. I am not proposing any changes in tobacco taxes, which are already very high. American rates of taxes on tobacco are much lower, and we would face considerable difficulties if we further widened this difference.

I turn now to commodity taxes. Hon. members will recall that in the budget of March, 1949, we gave effect to a drastic simplification of our commodity tax structure. In place of a multiplicity of classes of commodities and rates of tax we rearranged all commodities and taxes into three broad groups. First, there was the group consisting of beer, wine, spirits and tobaccos with special and very high rates of tax; second, the general sales tax; and third, a group of commodities, including radios, motor cars, tires, furs, jewelry, cosmetics and so on, which are subject to an additional 10 per cent tax. At that time I said that this rearrangement and simplification gave us "a commodity tax system in which adjustments to varying fiscal requirements can be made by adding to or subtracting from the list of goods covered, or by raising or lowering the general rates applicable". Our fiscal needs now make it necessary to derive more revenue from this field.

In selecting the particular measures to recommend to the house we have tried to take no action that would cause any significant increase in the costs of the day-to-day essential items of consumer expenditure. For this reason I do not propose any change in either the rate or the application of the general sales tax; although I should point out, in passing, that our present sales tax, particularly with its almost total exemption of food, fuel and building materials, does not deserve many of the criticisms that have been levelled against it. The commodity tax increases that we are proposing will fall on less essential goods or goods which lie more on the fringe than at the core of our basic standard of living, and in most cases they are the kind of goods the purchase of which can usually be postponed.

We are asking the house, therefore, to increase to 15 per cent the rate of tax on all goods now subject to the additional 10 per cent, and we are also asking the house to add to the list of goods subject to this extra 15 per cent tax. The list of goods to be added to this 15 per cent tax group includes household electrical appliances (but not stoves, washing machines or refrigerators), motorcycles, and certain items of sporting equipment. The complete list is given in the resolution. These commodity tax changes will produce increased revenues of $17 million this year and $34 million in a full year.

Finally, in seeking sources of revenue which are both fair and productive we have returned to soft drinks, candy and chewing gum. I realize that these taxes will not be popular in many quarters, but having regard to the times in which we live I am satisfied that it is fair and just to ask these forms of consumption to contribute substantially to our defence requirements. I propose, therefore, a new tax of 30 per cent on the manufacturers' selling price of all soft drinks, candies and chewing gum. It is estimated that this will add 1 cent to the cost of those commodities in this class that now retail generally at 5 cents. The revenue we shall derive from this tax is estimated at $18 million during the remainder of this fiscal year, and $48 million in a full year.

Under the terms of the resolutions I am tabling all changes in commodity taxes will be effective as from midnight tonight, and the increased rates of corporation income tax will apply as from September 1, 1950.

All these tax changes add up to an increased revenue of about $59 million during the balance of this fiscal year, and will produce about $190 million in a full year. For the convenience of hon. members and with the consent of the house, I should like to insert in *Hansard* at this point a short table which summarizes the revenue effects of all my proposals.

Mr. Speaker: Is it the pleasure of the house that the table be placed on *Hansard?*

Some hon. Members: Agreed.

Mr. Abbott: The table is as follows:

Increased Revenues From Proposed Tax Changes

	Remainder of Current Fiscal Year	In a Full Year
Corporation income tax......	$13,500,000	$ 85,000,000
Alcoholic beverages...........	10,100,000	22,100,000
Special excise taxes at 15 per cent	17,300,000	34,400,000
Soft drinks.....................	8,500,000	24,000,000
Candies and chewing gum....	9,500,000	24,000,000
Total	$58,900,000	$189,500,000

Mr. Smith (Calgary West): Did the minister mention ice cream with the soft drinks?

Mr. Abbott: No. That was under the general sales tax. It was never included in the special 10 per cent bracket.

Mr. Cruickshank: Is there any tax on margarine?

Mr. Abbott: No. After giving effect to these changes I estimate our total budgetary revenues for the year ending March 31, 1951, at $2,669 million, and if expenditures do not exceed the $2,654 million referred to earlier, I shall expect a small surplus for the year of about $15 million.

In conclusion may I emphasize the strong and healthy position of the Canadian economy and our undoubted capacity to meet and carry the responsibilities with which we are faced. The new demands which are coming upon us are substantial and will require us to postpone some of those developmental expenditures which we would like to undertake and which would be sound long-term investments, but which will now have to yield place to expenditures which will contribute more directly to our national security.

Our budgetary position is strong and our credit rating never stood higher. Hon. members will have noticed that last month we were able to call a $100 million 4 per cent loan in the United States ten years before its due date and pay off half of it in cash and to refund the remaining $50 million on a 25-year basis at a net rate of about 2·69 per cent. I am informed that no foreign loan has ever been placed in the New York market on as favourable terms.

Mr. Smith (Calgary West): Payable in New York?

Mr. Abbott: In New York, yes. It was a New York loan that was being refunded.

We hope that developments in international affairs during the next two or three years will not require us to increase our commitments much beyond the scale already envisaged. The revised tax structure I have outlined this evening will yield us revenues of about $2,800 million in a full year. This is no light burden but it is within our carrying capacity and is not, I believe, at a level which would produce a serious impairment of initiative and production. If, despite all our efforts, further burdens come our way we shall still expect to follow a pay-as-you-go policy to the practicable limits of its application. It is by following a sound and honest policy of this sort that we shall contribute most effectively in our financial policies to the three objectives I have mentioned—national security, political and personal freedom, and economic strength and stability.

I wish to table now the budget resolutions:

Income Tax Act

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide:

That in respect of income of a corporation from and after September 1, 1950, the rate of tax be increased from 10 per cent to 15 per cent on income not in excess of $10,000 and from 33 per cent to 38 per cent on income in excess of $10,000.

Excise Tax Act

Resolved, that it is expedient to introduce a measure to amend The Excise Tax Act and to provide:

1. That the excise tax on goods mentioned in Schedule I of the act that are at present subject to the rate of ten per cent be increased to fifteen per cent.

2. That there be imposed, levied and collected an excise tax of fifteen per cent on the following:

(a) electrical appliances and equipment adapted to household use, viz., blankets; chafing dishes;