

The rate of sales tax was increased from 6 p.c. to 8 p.c. Certain changes in the exemption list were made to eliminate double taxation on materials consumed in the process of manufacture commonly known as 'consumable materials'.

Changes were made in the schedule of excise taxes on automobiles with a limitation providing that the tax per automobile in no case shall exceed \$250.

The excise duty on Canadian brandy was reduced from \$4 to \$3 per gallon. The duty on spirits used in the manufacture of medicines, etc., was reduced from \$2.50 to \$1.50 per gallon.

The more important tariff changes were as follows: Intermediate Tariff on automobiles was fixed at $17\frac{1}{2}$ p.c. instead of former varying rates of $17\frac{1}{2}$, $22\frac{1}{2}$, and 30 p.c.; Intermediate Tariff on agricultural implements reduced from $12\frac{1}{2}$ to $7\frac{1}{2}$ p.c.; Intermediate Tariff on gasoline reduced from $2\frac{1}{2}$ cents to 1 cent per gallon.

Under the British Preferential Tariff the following were the more important changes: free listing of iron and steel machinery of a class or kind not made in Canada; the removal of existing specific duties on all yarns or fabrics wholly of cotton, and on yarns and fabrics of artificial silk; and a reduction in rate on all unenumerated commodities made of iron or steel.

Reductions under all tariffs applied to printing machinery and equipment, various requirements for public hospitals, and all articles imported for use of the blind.

An important change was the provision for allowing Canadians returning from abroad to import free of customs duties goods to the value of \$100, for their personal use.

In 1937 no changes were made in the rates of taxation. Several small items were added to the list of goods exempted from the sales tax, including articles specially designed for the use of the blind, raw and salted hides, certain refractory materials, spinal braces and parts thereof, ingredients used in canning fish, parts for grain- and seed-cleaning machines and art work and printing plates made therefrom for non-advertising purposes in periodical publications.

Tariff changes of considerable importance were effected in 1937, resulting for the most part from the revised trade agreement between Canada and the United Kingdom, signed at Ottawa on Feb. 23, 1937. Canada's commitments under the agreement were implemented by amendments to the customs tariff introduced during the course of the Budget Speech on Feb. 25.

The agreement resulted in reduction of the British preferential rate of duty under 179 tariff items. The concessions included reduced rates, or free entry, on textiles, including those of wool, cotton, silk and artificial silk, as well as on clothing and wearing apparel, knitted goods of all kinds, blankets and carpets; on glass tableware and cut glass; on various primary forms of iron and steel, and on a wide range of processed steel goods, including machinery, vacuum cleaners, and sewing machines, enamelled ware, and electrical goods; on leather and leather products; on boots and shoes; on numerous paper products; and on paints and varnishes, earthenware, canned fish, soaps, brushes, and silverware.

The 1937 Budget Speech also introduced a considerable number of tariff amendments not directly related to the trade agreement. Certain of these were merely technical in character, but others provided for reductions under all tariffs on fumigants, plastic materials, seamless well-casing, and other articles, and for reductions of the intermediate or both intermediate and general rates on a number of products of which plate glass and cotton clothing were among the most important.