

penditure are put in capital expenditures; and may I say again it is relatively unimportant whether Major Cashin, as the former finance minister, made an error in his budget, and underestimated or overestimated his expenditure, or whether his predecessors or his successors did the same thing. I suggest, with all due respect to the Finance Committee, what is important is what was our position in 1934, and what is it today? Because, as you know, the terms of reference ask us to go back to 1934, and study the changes that have taken place in the economy and bearing in mind the extent to which the revenues of recent years have been due to wartime conditions, to examine the position of the country from that time on. That is what I propose to do very briefly. I presume that nearly every member is going to have something to say. We have had two very long, very well-delivered speeches — one extremely pessimistic, and one extremely realistic, in my opinion. But these points come to me in the survey of the 1934 - 1947 period. In 1934 I believe we owed \$100 million.... And today we owe, deducting our liquid assets, \$35 million. In 1934 the people had \$25 million in the Savings Bank, today they have \$80 million. In 1934 our people had insurance worth \$52 million, today they have insurance worth \$100 million. The cash surrender value of this insurance in 1934 was worth \$9 million, today it is worth about \$22 million. Today we have fixed government assets of something in the vicinity of \$140 million. Now the Finance Committee gives our fixed assets in the vicinity of \$110 million. I believe they have not added in the value of Gander airport, and the cost of it should be the value of it. We may not be able to put it on the block and sell it for that, but I am putting in the cost of it as the value of it.... Included in that, of course, is the \$72 million value that has been put on the Railway. That value has been put on by the management of the Railway. I don't know where you could get any better value for the Railway than by going to the Manager and asking him, and I must say that I think it very unethical of Mr. Smallwood to suggest that we, as the Ottawa delegation, gave figures to the Canadian government which we knew to be incorrect.

Mr. Smallwood Point of order. I did not say, and I did not suggest that the Ottawa delegation had given the Government of Canada any figures or

any information knowing them to be incorrect, and I ask Mr. Higgins to withdraw that remark.

Mr. Chairman That is so. The figure of \$72 million, so stated Mr. Smallwood, had been handed to the Ottawa delegation, because it was received from the Railway management.

Mr. Higgins Mr. Smallwood did say that we knew we were fooling them when we gave it to them.

Mr. Smallwood I did not, and I ask Mr. Higgins to withdraw both remarks, this one and the one before. I will read my comment to you if you don't.

Mr. Higgins If you don't like it, or if you don't prefer to take my word for it, you can have the stenographer read it back.

Mr. Smallwood I will have the stenographer read it, or the recording that went over the air, or anything you like. I hope, Mr. Chairman, when he finds that I did not say them he will withdraw them.

[In the absence of a transcript, the Chairman was unable to rule on Mr. Smallwood's point of order. Mr. Higgins agreed to withdraw the remarks so that debate might continue]

Mr. Smallwood I thank Mr. Higgins, Mr. Chairman.

Mr. Higgins You need not thank me, Mr. Smallwood. To revert to our figures from 1934 on, our revenue from 1934-35 was \$9,624,000. Our revenue in 1946-47 was \$37,250,000. Our expenditure in 1934-35 was \$10 million, and our expenditure in 1946-47 was \$25 million. We have had a surplus of revenue over expenditure now since 1941, and you all know that expenditure has not been curtailed. Therefore there can be no doubt whatsoever that at the present time at least this country is self-supporting, and we have been self-supporting since 1941. I say also that I am satisfied that our present high expenditure, our present high revenue, is due in a large measure to war expenditures. I think we must all agree to that, but I am prepared to agree with the Finance Committee's contention that our continuing high revenues are, in a large measure, due to the growth of our main industries and general world conditions. I am satisfied that if, as it must, the exchange problem can be handled, that these revenues will continue comparatively high. I am prepared to agree with the Committee's figure of \$30 million as a fair revenue for the foreseeable