

expenditures this next year within the total revenue that we could foresee in the economic conditions I have described. We decided that we should plan to do this, and that, except in the event of a deterioration of economic conditions or an unexpected emergency, we should hold our expenditure in the coming year down to approximately \$2,400 million. Consequently, the Treasury Board, at the cabinet's direction, made substantial reductions in the estimates submitted by various departments, particularly those involving construction or the expansion of activities not of an urgent or highly productive nature. As a result, the main estimates, laid before the house on February 24 were held down to a total of about \$2,309 million, despite the increase in costs of social security and defence and the expenditures required for federal services in Newfoundland. Moreover, we propose to continue this same policy in considering supplementary estimates, unless a major change in the economic outlook occurs. However, we must anticipate some supplementary and further supplementary estimates, including substantial amounts for the 1950 deficits of the Canadian National Railways and Trans-Canada Air Lines. In addition, I would expect to make some provision in our accounts for reserves against our active assets and for contingent benefits under the Veterans Land Act. On the other hand we may expect some short-fall of expenditures below the limits provided in appropriation votes, but this is likely to be lower than in recent years, due to the outlook for more stable economic conditions and to the pressure put on the departments to keep estimates down to the minimum practicable amounts. All in all, I think we can reasonably expect to keep our expenditures in this new fiscal year to a total of about \$2,410 million. On this basis our budget surplus should amount to around \$20 million.

In so far as our prospective cash position is concerned, we must take into account non-cash items in revenue and expenditure and other cash receipts and disbursements. After adjusting our probable revenue and expenditure for non-cash items I believe we can expect a cash surplus somewhat higher than the budgetary surplus. To this we should add cash receipts in annuity, pension, and similar trust funds, and various deferred credits and suspense accounts. Taking all these items together we should have something in excess of \$200 million dollars in cash over and above that required for cash expenditures.

Against this we must set our disbursements other than budgetary expenditure and redemption of our own securities. We shall probably require something over \$100 million for housing loans and investments, including the married quarters program for the armed services, and nearly \$30 million for Veterans Land Act loans. There will, I expect, be other minor loans and investments. There remains to be drawn \$85 million under the United Kingdom loan agreement, but drawings on this loan will be offset in part by repayments on loans previously made to the United Kingdom and other governments abroad. On the whole, I would expect that our total cash disbursements would about balance with our total cash requirements for all purposes--apart from the sale, purchase, or redemption of our own securities, and apart from possible advances to or repayments by the Foreign Exchange Control Board because of changes in the size of our exchange reserves. As I have already indicated, it is impossible to forecast with any assurance whether our exchange reserves will increase or decrease by a significant amount and therefore whether we shall need to advance further Canadian funds to buy exchange, or can expect repayments on advances outstanding. On the whole I would not expect at present a movement in either