

Howe) claims that it will be possible to build 80,000 houses in the present year, but 75,000 will be required annually to take care of our increased population.

Some seem to think Canada has been a static country. Let me point out that when I was born there were only 4,000,000 people in this dominion, whereas today there are 12,000,000. I say that, only to show that in the lifetime of one man, in a period of sixty years, our population has increased threefold. During those sixty years there have been seventeen or eighteen when we have had no immigration. In that time three wars have taken place, although we do not take much account of the South African war. It is known, however, that there was no immigration during either world war one or world war two; in fact, there has been none to speak of since 1931. On top of that we lost 100,000 of our male population in those two wars, but in spite of it all we have gone on and we now have a population of 12,000,000 people. I maintain that in the life of our own grandsons Canada will have a population in the neighbourhood of 35,000,000 to 36,000,000 people. We have every reason to be hopeful.

The minister was criticized for pointing out our difficulties, but he also pointed out the way we might go. We have our national debt and we know that the world around us is disturbed and unsettled. It is hard to fight against those difficulties, but the minister pointed out how we might go. I remember as a small boy learning to ride my first bicycle. I was going along a small path between two puddles. I failed to look at the path and kept my eye on the puddles, and I finally landed in the puddle. People who today are looking at our troubles—I do not mean that you should not know they are there—should know that if they keep on looking, that is where they will land up. That is where those people are trying to drive us at the present time.

I want to say a word or two about this surplus of \$367,000,000 in connection with which there has been so much talk. Some hon. members have charged that the surplus last year was somewhat of a phony surplus because it was revenue which included a yield from the sale of war assets. It is apparently considered that it would have been sound accounting for the government to have set up its purchases of shells, bullets, ships, tanks and guns and other supplies of war as investments in capital assets rather than as supplies of short-lived duration which could only sensibly be regarded as the current inventories of war. In this more sensible light the gov-

ernment's accounts showed at the time of purchasing these supplies the total amount of their cost as an outright expenditure, and it is, therefore, in accordance with sound accounting that the revenue received from the sale of this war inventory should be treated as current revenue. I believe the hon. member for Peterborough West (Mr. Fraser) even went so far as to say that he regretted that this money had not been used to reduce the debt. May I assure the hon. member that this is exactly the result of including this item in our revenue. The surplus on the last year's operation, as he will find stated in the budget speech, resulted in a reduction in our net debt of the same magnitude. There are some hon. members who seem to think the whole surplus was obtained from the sale of war assets, but if they will turn to the bottom part of page 14 of the appendix to the budget they will find a break-down of this surplus. It will be noted that the amount received from sales by War Assets Corporation was \$182,400,000, and that the remainder was made up in various ways.

Mr. HACKETT: Will the hon. member state whether that surplus was used to purchase bonds in the hands of the Bank of Canada or bonds in the hands of the chartered or private banks?

Mr. MAYHEW: I do not get the meaning of the hon. member's question. It was used to reduce our debt.

Mr. HACKETT: My question was whether it was used to purchase bonds in the hands of the Bank of Canada or bonds in the hands of the chartered banks?

Mr. HARTT: It is the same difference.

Mr. MAYHEW: I am sorry; I cannot answer that.

Mr. FRASER: One hon. member says it is the same difference.

Mr. HARTT: It is reducing the debt of the government.

Mr. MAYHEW: Another argument advanced by several hon. members is that the exemptions under the income tax should have been raised to \$1,000 for single persons and \$2,000 for married persons. Apart from the fact that our exemptions are now generally the highest in the English-speaking world, I would point out that the greatest benefit from raising the exemptions would go, not to the lower income groups who would be relieved of tax, but to the taxpayers remaining after the increase in the exemptions. I am informed that of the total reduction in tax that would