

that my freedom of action is restricted. Further to that, the Comptroller of the Treasury is the particular one who is consulted in the usual course of events and I do not think that I should try to superimpose my opinion on any department.

Q. No, it is not a question of superimposing at all, it is a question of this matter of consultation. I rather gathered from your remarks that you had given approval to the practice of consultation with your department by other departments who had these problems having financial or accounting aspects to them.—A. Yes. You see, my staff generally are in the departments, they are not all in the Confederation Building, they are working with the accounting sections; they are right in there and available for consultation all the time. When we can't get the explanation we want right away we don't write to someone, we go to them and ask them to produce their records and then we ask them; why did you do that? The point I was trying to make clear there, sir, is this; that when a matter is referred to Justice for an opinion, Justice should have the whole story before them with every implication of it; then they would be in a better position to render an opinion.

*By Mr. Isnor:*

Q. Mr. Chairman, there is a question I would like to direct to the witness which relates to the balance in the Foreign Exchange Control Board's account. We see in section 4 a reference to the fact that the financial statement of the Board opened with a deficit figure of \$28,000,000 and that a profit of \$10,000,000 was made during the year without reducing the amount in the deficit account at the end of the year. Now, my question is this, from an accounting standpoint, should not that \$10,000,000 have been shown in that account?—A. Are you discussing now this matter of reference to the Department of Justice?

Q. No, I am asking you to brush aside the legal aspect of it for the moment and deal with it purely from the accounting standpoint.—A. From an accounting standpoint the exchange fund account is a straight trading account where you have your gains and your losses and where one should be offset against the other. The consolidated statement which was recently laid before the House of Commons showed a deficit of \$28,000,000 carried forward from the war years despite the fact that there was \$10,000,000 surrendered as revenue last year, and so much further this year. Personally, I think that that \$10,000,000 should have been applied against that deficit of \$28,000,000 and reduced it to \$18,000,000, and that the interest amounts indicated herein should have been treated in the same way.

Mr. MUTCH: The fact is we got that \$10,000,000 back but we have nothing to show for it as against our earlier deficit.

The WITNESS: Yes.

Mr. CASE: On a point of order, Mr. Chairman, perhaps I may not have heard the witness correctly; as you know, it has been rather difficult to hear all that has been said even where I am sitting. I have one point in mind which I would like to have cleared up, namely: did I hear Mr. Sellar correctly when he was speaking a moment ago about the legal aspect of this matter in reply to a question because I think he said, at least as I heard it, that a retired judge would be a better man to give an opinion rather than someone picked up off the street. What was his reference to someone being picked up off the street.

The WITNESS: What I meant by that, Mr. Chairman, was that you have to study all these questions and you have got to have a competent man who would give impartial consideration to them, one who is capable of hearing the argument by both sides and giving a competent judgment. It is with that thought in mind that I made the statement I did to the effect that a man with fifteen or twenty years experience as a judge would be a better man to do that sort of thing than, as I said, a man whom you just picked off the street without any legal training and so on.