

had to be left aside by us for the duration. This also applies to very greatly needed C.B.C. headquarters in Toronto and Montreal. Plans and specifications were completed four years ago for the Montreal building and preliminary studies have been made for the Toronto building. Yet we were not permitted to proceed with the projects. The same applies to all types of equipment which we badly need, including that of the important international shortwave radio station which we are now building for the government of Canada.

We are again accused of running our business on a sound financial basis. It is amazing how certain people angrily demand a balanced budget from public enterprise, and are the first to criticize if the financial operations of such services show a surplus. I have met the same situation in other services I had the honour to administer and where, I am proud to say, business was run as it is at the C.B.C. I can assure you that it is difficult at times to resist the temptation to run into a deficit; this is the simplest thing in the world to do.

I have tried to establish before this committee that the very nature of our business makes it impossible for us to make a profit in the ordinary sense of the word. But if the fact that every year we spend less money on current expenditures than we receive during the corresponding fiscal year results in our being accused of making a profit, then we have to plead guilty to making a profit for Canadian listeners, using mostly their own money. Or we may put it this way. If the fact that a man decides to spend \$1,000 in one year to do a certain job and only spends \$900, means that he has made a \$100 profit, then we do make a profit.

Mr. Carson speaks of "Government subsidized radio monopoly" and goes on to analyze our surplus items. I am very sorry to admit that most of his nice figures unfortunately do not represent cash investment or liquid reserve of any sort. They are simply book entries, which means that according to usual financial practice our physical assets and small reserves are worth just what the balance sheet says. Mr. Carson will understand what I mean.

May I repeat here that the only real assets we have are represented by real estate and equipment we own, totalling \$798,118; liquid assets in the form of a cash reserve of some \$500,000 to take care of any emergency which may occur at any time in a business which fortunately has been very stable in the past, but may become erratic on very short notice; \$50,000 actually appropriated to specific improvements to our plants and \$100,000 reserve to be used in adjusting the salaries of employees coming back from the armed forces. We also have a \$200,000 working capital which may vary from month to month according to the state of our bank account.

All this is a very moderate financial situation for a business with an annual budget of \$5,500,000. I do not want to take too much of your time discussing this matter of surpluses. I feel that I have already covered the point very thoroughly both last year and this year, and it is sufficient for me, I believe, to refer you to pages 59-61 of last year's parliamentary committee and pages 281-282 of this year's proceedings.

I might add here that since I wrote this brief I have made a suggestion to the auditor general that in our annual financial report instead of stating we have a reserve for depreciation, which is not a real reserve, this figure should be called deduction for depreciation and obsolescence which it is the real fact. We have no cash reserve, and we have no funded reserve for depreciation. I might also add that the \$50,000 actually appropriated to specific improvements is to be used very shortly in building a frequency modulation station on an experimental basis to introduce the system in Canada.