

**Hon. Mr. Haig:** Well, honourable senators, I feel like answering that question in the way that the Leader of the Opposition in the other house answered another question a few days ago, by saying that that is not my problem, that it is the Government's problem. I am telling you that the problem exists and that the Government had better solve it.

In the years between 1930 and 1935, when I was a member of the Manitoba Legislature, the fellows would say to me: "Well, Haig, wheat is away down to 50 cents a bushel, and men are unemployed. What are you going to do about it?" I asked them, "What would you advise?" They replied: "That is not our problem; that is your problem, for you are running the Government of this country. But when we get in we will show you."

**Hon. Mr. Crerar:** The Government may not think the danger exists. They may have different views about it.

**Hon. Mr. Haig:** Maybe that is so, but I think they do realize the danger. I think they know there is trouble or they would not be making such frantic efforts through the Bank of Canada and other institutions to control inflation. I have in my hand one of the principal Liberal papers published in Canada—the *Winnipeg Free Press*—and it points out that in the Speech from the Throne inflation was not recognized as a problem in this country and no recommendations were made on how to deal with it. Up to date the Government have not dealt with it at all.

They are not selling our wheat. They are doing a lot of talking about the wheat we are selling, but on the 1st of October there were in storage in this country 825 million bushels of wheat, a two- or three-years' supply.

Honourable members, the people of Canada, except those in Manitoba, Saskatchewan and Alberta, think that we in the west are always talking about wheat. Well, grain—wheat, oats, barley and flax—is our staple product, and it is our hope to realize on that product. Now, it is bad enough to have to go through the vicissitudes of drought conditions, too much rain, a grasshopper plague or what have you, but when we have the crop cut and stored in the granary and then find we cannot sell it, I say to you that a real problem exists. Men and women come into my office and say: "Mr. Haig, we owe your clients money, we admit that we owe money to them, and if you wish you can take the land away from us. What are you going to do about it? Are you going to put us out on the road?" Well, honourable senators, I have not done that yet and I don't

suppose I will ever do it, nor that anybody else will do it. But there is no end to this problem.

I say that our country is in a very bad position. The United States, rightly or wrongly—wrongly, I think—is giving its wheat away. That country sold 400 million bushels of wheat to India and took rupees in payment, then turned around and lent the rupees back to India to build roads and bridges. Well, it will never get that money back; in fact, it doesn't expect to, but it has got rid of the grain stored in its elevators, granaries, boats and other places. We cannot do that, so we have to deal with our surpluses in a different way. These things are piling up. You do not need to take my word for it. You can ask any merchant who is trying to sell his goods, and he will admit to you that he is having difficulties in meeting the competition of Germany and Japan and other countries on world markets. He will tell you that Russia now realizes that the better way to take a country is not by guns and cannon but by trade, and that she is pursuing that formula. But we are not in a position where we can do that. It may be that our labour is too expensive. It may be that our taxation is too great.

Let me give you an illustration. I am sure all honourable senators know of the Hudson Bay Mining and Smelting Company, located in Flin Flon on the boundary of Manitoba and Saskatchewan. My honourable friend from Churchill (Hon. Mr. Crerar) knows about it, for that riding elected him every time that it got a chance to do so. The company bought its mine from the man who discovered it, and pays a royalty to the provinces of Manitoba and Saskatchewan on the mineral produced. In the course of its operations the company makes a profit, but one-half of that profit is taken away as a corporation tax by the dominion Government, in return for which the dominion Government gives nothing, not a thing. It never cost the dominion Government a nickel to set up that industry. The company has \$20 million invested in the whole project. I think that one year it made a profit of \$9 million, out of which amount \$4.5 million was exacted by the dominion Government as a corporation tax. This is the only country in the world where that kind of thing is done. Even Britain, in spite of the straits to which she is reduced, while she taxes corporations she credits stockowners to the extent of the taxes paid by the corporation.

**Hon. Mr. Euler:** We get a credit of 20 per cent.

**Hon. Mr. Haig:** Yes. But that is not 100 per cent. The federal Government has given