

of goods more than in September of the previous year. Well, that is easily explained by the lifting of the embargo on cattle. There is no question that the moment the embargo was lifted our receipts of American exchange increased greatly.

The government have guaranteed flax growers \$4 a bushel, and there is a huge amount at present stored in western Canada—I am not sure, but I think it is 12 million bushels. It cannot be sold anywhere. It cannot be sold in Europe, for instance, because under the United States regulations it is declared to be a surplus product in European countries. The government are also guaranteeing a price for potatoes down in New Brunswick and Prince Edward Island; and a price for apples—but perhaps I had better not mention that.

Hon. Mr. Howden: Is there not still a demand for flax for boiled oil?

Hon. Mr. Haig: There is, but the flax already in storage is sufficient to meet the demand. This flax will be disposed of in time, perhaps some years from now. In the meantime our farmers are not going to grow flax, unless the government give them another guarantee, and I do not think the government will be foolish enough to do that.

These problems and many others facing us today could be solved if we had a better system of exchange. The sooner exchange becomes a commodity that can be freely sold in the world, the better it will be for Canada. What surprises me is that a Liberal government would defend such controls as we have in Canada. When the Foreign Exchange Control bill first came before us, I advocated that the control be limited to a certain number of years. I see that we are to have another bill before us this session. Well, if I were a C.C.F. supporter I would ask for nothing better than the present Foreign Exchange Control bill in perpetuity, for if that party got into office it would need nothing more than that measure to enable it to stay in office and run this country. That is a bad situation. I am against the control, and I intend to oppose the bill to the best of my ability when it comes before us this year.

I was going to say something about the income tax, but I see that Liberal members of another place are talking about that. It seems to me strange that they should do so. I thought that last year the Minister of Finance would make a really serious amendment to the income tax law. By their own admission the government have collected this year at least \$600 million more than they need to carry on the business of the country. That was a straight tax on the people, and it helped to create inflation and increase the cost of living. After all, the men and

women who work for wages and salaries are not so much concerned about the amount of their incomes as shown on their employers' books, as the amount of money that he or she receives after the tax is paid. What is important to them is not how much they make, but how much they take home. For instance, when the bookkeeper in my office prepares the cheques for the payroll, she first has to deduct the income tax.

Hon. Mr. Kinley: The employees cannot spend that amount, so it does not add to the inflationary trend.

Hon. Mr. Haig: No. There is the difficulty. The members of my staff say to me: "Mr. Haig, you used to pay me \$80 a month. Since then my salary has been increased to \$100 a month, but I still receive only \$80. I want \$125 a month so that I will have \$100 net". That problem is common to every business. My office acts for certain unions, and those people make no bones about the reason for their demands. They say that back in 1938 they received a net take-home pay of \$100 a month, and that now, regardless of what we say about taxes, unemployment insurance and all the other things, they have to have that amount in their pockets. The fact that certain members of my staff who once received \$100 a month now demand \$125, means that I have to charge more for my services—and that is exactly what I do, and so does everybody else.

Hon. Mr. Horner: Are there no controls on your charges?

Hon. Mr. Haig: In theory there are, but not in practice.

I believe that the first thing that must be done is to increase the income tax exemptions for both single and married people. In addition to that, a general cut of income tax across the board would benefit everybody. People in every occupation who receive a certain amount of money want to invest a portion of it in the enterprises of this country. There is no country in the world that is in greater need of enterprise-capital than Canada. We have great natural resources and unlimited possibilities; Canadians are energetic people, and if they can invest their earnings in industries at home the difficulties resulting from borrowing abroad for this purpose will be avoided. I think our income tax rates are out of proportion to what a young country like Canada can afford.

I come now to the main subject of my remarks. About three years ago I stood up in this house and said that I thought the British wheat agreement was the rottenest deal I had ever heard of. If I could use stronger language about that agreement today I would, but without being unparliamentary