

I quote the very words uttered by the leader of the Social Credit party, the hon. member for Peace River (Mr. Low):

Indirect taxes are hidden taxes which increase the cost of production and the cost of living.

They are levied at various stages of the production of goods and, therefore, as each middleman must make a profit on the tax itself, the latter is increased manifold before it is passed on to the consumer. Thus, for instance, according to the budget, the present 8 per cent sales tax will bring in \$325 million during the next fiscal year. If the government decided to raise the level of exemptions to \$3,000, they would lose \$425 million, and if they wished to recover that amount by raising the sales tax rate, it would be necessary to boost it to approximately 20 per cent. This means that the prices of some essential products would be increased not only 12 per cent, but that much plus the additional, I should say the multiplied profit accruing to the agent, the wholesaler and the retailer. The prices to the consumer, in the case of certain articles, would thus be increased 50 per cent or even more. The small wage-earner would suffer therefrom, as he would be compelled to pay the increased cost of goods and necessities of life. That is one of the main reasons why I submit that direct taxation, income tax being the finest example of this method, agrees better than any other with the principles of distributive justice.

Mr. Speaker, since I still have a few minutes at my disposal, I should like to quote a few excerpts from a book written by M. Henry de Jouvenel and entitled *Huit cents ans de Revolution Française*:

The financial genius that was Law or Lass conceived every form of modern credit. He showered them on a distressed country with the cheerful faith of an inventor who ascribes universal powers to his discovery.

That applies to our social credit system, does it not?

M. de Jouvenel continues by pointing out that up to 1721 Mr. Law had scattered all over France paper-money worth billions. A further excerpt will underline the similarity with the Social Credit policy and that of the Electors' Union.

No more debt, no more taxes, no more bankruptcy, no more class distinctions! Life had become one grand festival where, as at the open air stock exchange of the rue Quincampoix, according to Buvat, "thronged all kinds of people, scholars of the Sorbonne, priests and friars who took part in the trading, as well as lords and lackeys, courtiers and criminals, courtesans and duchesses who danced and fraternized.

Mr. GAUTHIER (Portneuf): Hear, hear.

[Mr. Lesage.]

Mr. LESAGE:

... Many grew rich so quickly that footmen who had become masters continued to climb, through force of habit, behind their newly bought carriages... Under the magic wand waved by the Edinburgh goldsmith's son, precious stones, velvet, silk and gold adorned at a moment's notice the shoulders of beggar girls and destitutes... Millions were pouring from the printing press...

They were printing money just as the supporters of social credit would like to print it.

Millions were pouring from the printing press. Bourdon, a café waiter, picked up 30 and Chambéry, a floor polisher, collected 40. The Chaumont woman, a small-ware dealer in Namour, garnered 100. Duhauchamp, a painter suddenly engaged 90 servants. The sale of high titles became such a prosperous business that the comte d'Evreux, of the House of Bouillon, married the daughter of Crozat, a former lackey, although she was but thirteen years of age. The marquis d'Oise, of the Villars-Branças family, still in a greater hurry, became engaged, in consideration of an annuity and an endowment of 4 million, to the two-year old daughter of a financier, André, whose 10,000-pound notes were exchanged, a few months later, for a lunch.

It was an area of madness in which the whole social hierarchy collapsed.

Then came the selling out and afterwards the crash of stocks, and finally the flight of Law and panic.

All classes were ruined, and they voiced the same lament in front of the bank's closed doors; the first comers were smothered, and the corpses were then picked up and brought under the smashed windows of Law's house, under the Louvre balcony, in the gardens of the Palais-Royal. Public execration was rising, and no longer made any distinction between, law, the regent and the king.

Pestilence became rife, as happens in every sinister era, and it killed 100,000 people. In 1721, bankruptcy and death had ended the feast.

Social credit had been resorted to, Mr. Speaker.

A dishonoured government, a nobility and a clergy who were disgraced, a people who felt their sufferings all the more because their fall had been sudden, after they had believed for a full year that they had attained happiness; weakness at the top, anger at the bottom; such were the results of Law's sojourn in France.

I shall have concluded in one minute, Mr. Speaker. With the permission of the house—

Mr. SPEAKER: I am sorry, but I must remind the hon. member that he has spoken for forty minutes.

(Text):

Mr. LESAGE: By leave of the house, Mr. Speaker, I would ask for time to say one word more.

Mr. SPEAKER: If the hon. gentleman has unanimous consent.

Some hon. MEMBERS: Agreed.