

Mr. JOHNSTON: The people are concerned with what you are going to do with it. The people want some relief. Give the government your suggestions.

Mr. LESAGE: I am going to make my suggestions to my hon. friends of the Social Credit party in French, because I thought the hon. member for Pontiac (Mr. Caouette) would be here, as to what should be done about their "union des électeurs" and I am starting now. I am convinced that hon. members will be pleased tomorrow to read the translation in *Hansard*.

Mr. JOHNSTON: I hope you learned something from the hon. member for Pontiac. He gave you a good talk the other day.

Mr. LESAGE: I think the hon. member has a good deal to learn. He should first read French history and see what happened when a man by the name of Law, a financier, tried exactly the system the hon. member is proposing now and sent France into bankruptcy, and Law's actions were a background of the French revolution.

Mr. JOHNSTON: I read some French history in the budget to the effect that over ninety per cent of the farmers in Quebec are receiving less than \$1,500 a year.

Mr. LESAGE: It is too bad that the hon. member does not understand French.

Mr. JOHNSTON: But I can read the budget.

Mr. SPEAKER: Order.

(Translation):

Mr. LESAGE: I have here what amounts to a tale on Social Credit by de Maupassant. It is the story of Mr. Law, a very clever piece of writing by Henry de Jouvenel in his book *Huit cents ans de Révolution Française*. I may have time to read it later on.

(Text):

I do not have to repeat the reasons given by the Minister of Finance for being careful at this time. I do not have to repeat what I said at the beginning of my remarks about the obligation which would be ours to replace by indirect taxation the revenue the government would lose by a further cut in direct taxation, but Mr. Speaker, I believe I should insist on that subject in my mother tongue.

(Translation):

When on Wednesday last, the hon. member for Pontiac (Mr. Caouette) rebuked the hon. the Minister of Finance (Mr. Abbott) for

failing to remove the tax on incomes of less than \$3,000, he mentioned the hundreds of so-called "pressure cards" he had received clamoring for removal of the tax.

I have received a number of such cards myself. The only point they make is that members should be as generous with the taxpayers as they were with themselves when voting themselves a \$2,000 exemption. I feel it is high time the people knew that \$2,000 exemption only did justice to the members of parliament. Indeed any taxpayer is entitled, in computing his tax, to deduct from income such expenses as are directly incurred in the discharge of his duties as long as they are justified and whether they be travelling expenses, living expenses or what are commonly called office expenses. In the performance of their duties, as members of parliament, hon. members incur yearly travelling, accommodation and administrative expenses well in excess of \$2,000. Before hon. members were granted that exemption, they were in an unfair situation because the right to deduct those expenses from their taxable income was not recognized. The \$2,000 exemption did not place the members of parliament in a privileged situation; on the contrary, that provision only partially decreased an injustice and placed them on an equal footing with the remainder of the taxpayers.

Let us see what would be, under the present circumstances, the effect of an increase of that exemption to \$3,000 on the public finances. We must start from this principle, because it is the only sound one in economics, that the government must take in taxes what it spends on public administration and on social security programmes, particularly on old age pensions and family allowances. The Minister of Finance figures that personal income tax receipts will amount to \$695 million in 1947 and \$625 million in 1948. If exemptions were brought up for everybody to \$3,000, the revenue would amount in 1948, according to my information, to about \$200 million, which means a two-thirds reduction or \$425 million on the expected returns. If the Canadian people hope that the government will continue to pay for old age pensions, family allowances, pensions to blind and health services, which cost more than \$400 million a year—and I am convinced that such is the wish of all my constituents—we will have to find elsewhere the money required for those ends. If the funds are not secured through direct taxation, they must be obtained through indirect taxation.