I should also want to illustrate the real situation of the consumers, the workers of Canada in relation to prices they now have to pay and those prevailing 20 or 22 years ago, according to a scale showing the gradual increase in the cost of living.

Thus, the consumer price index, in June 1971, was 135.0 in relation to the basic year 1961. The converted consumer price index for all items based on 1949 was 174.4.

• (3:20 p.m.)

It must be noted that the food and housing sectors, which are key sectors affecting every citizen, and especially those in the lower income bracket, show an index above the 135.0 average, that is 135.9 and 137.5 respectively, according to the Statistics Canada daily bulletin dated September 16, 1971. Those are government figures.

When establishing an index for the personal income tax basic exemptions, we find that this index has obviously remained at 100.0 for the last 20 years, since the amount of basic exemptions has not changed during that period. Compared to what we find in the proposed bill, this index would become 150.0 for single taxpayers and 142.5 for married couples.

Therefore, this index is at a much lower level than the consumer prices index. The compensation, if we can talk of compensation, is therefore only partial and inadequate, taking into account the galloping growth of the cost of living and the frantic increase of almost all indices having a direct incidence on the low income taxpayers.

Moreover the proposed basic exemptions put us far below the poverty levels set by the Economic Council of Canada in Chapter 6 of its Fifth Annual Review entitled "The Challenge of Growth and Change". One should take into account that those definitions are not absolute ones but approximations based on available data. These estimates have been compiled by Statistics Canada.

Two sets of figures can be arrived at. You can consider as poor all people who spend 70 per cent or more of their income on food, clothing and housing. In this case, the level would be at $1,500 for single people and at $2,500 for families of two.

You can also consider as poor all people who spend 60 per cent of their income on food, clothing and housing. In that case, Mr. Chairman, the level would be at $2,000 a year for single people and at $3,500 for families of two or for married couples without children.

In the first case you could consider 30 per cent of the Canadian people as poor and in the second case more than 40 per cent. Apparently the government took into account only the first calculation in setting up the new basic exemption rates. It should be noted that it represents a very moderate and conservative poverty level.

It is said, at page 103 of the Fifth Annual Review of the Economic Council of Canada—I quote:

> Poverty in Canada is real. Its numbers are not in the thousands, but the millions. There is more of it than our society can tolerate, more than our economy can afford, and far more than existing measures and efforts can cope with. Its persistence, at a time when the bulk of Canadians enjoy one of the highest standards of living in the world, is a disgrace.

[Mr. Lambert (Bellechasse).]

Then at page 104 there is this very interesting statement:

> To feel poverty is, among other things, to feel oneself an unwilling outsider—a virtual nonparticipant in the society in which one lives. The problem of poverty in developed industrial societies is increasingly viewed not as a sheer lack of essentials to sustain life, but as an insufficient access to certain goods, services, and conditions of life which are available to everyone else and have come to be accepted as basic to a decent, minimum standard of living.

I cannot speak at great length at this stage as time goes quickly, but let us consider this and see whether it would not be possible to improve conditions further so that more Canadians could have access to that natural wealth available to us and that everyone may enjoy easy circumstances, and I do not mean to become a millionnaire.

According to the Minister of Finance, a good taxation system should respond to a country's economic and social needs. It should relieve the lower income taxpayer whose tax burden is too heavy on account of the cumulative effect of income taxes, sales tax and property tax at all levels of government. People in the low income bracket bear too great a share of the taxation burden.

And the figures I quoted prove it. There was no change in the basic exemptions for more than 20 years. There was nevertheless a substantial increase in the provincial and federal sales tax. The government sees the increase in exemptions from $1,000 to $1,500 and from $2,000 to $2,850 as the most general and basic measure to grant tax relief.

Having shown that individuals are more heavily taxed in 1971 than they were in 1970, I quoted figures that are available to hon. members and the Minister of Finance, who is being invited to amend this bill so as to allow the small wage earners to enjoy larger exemptions and, consequently, a decent living.

However, to have the necessary money to administer the public sector and provide the services people expect, the government will have to find that money somewhere. This is why, seasonably and unseasonably, faithful to the mandate I got from my electors in Bellechasse, I feel it my duty to again tell the government that a thorough monetary reform is essential to put the Canadian dollar at the service of Canadian people.

Mr. Chairman, I am well aware that the government could issue savings bonds for its own financing but, for instance, if I agree with the idea suggested a few weeks ago on the CBC network by a Bank of Canada official to the effect that Canadian taxpayers benefit from the issue of bonds by the government in that the taxpayers may get interest on the savings they want to use to buy government bonds, he should have added that all government bonds bought by chartered banks are used by them as reserves which permit them, under the law, to create new credit by multiplying by fourteen—if they want to—the total amount of the government bonds, which means that a $1,000 bond may be used to create new credit amounting to $14,000 and on which chartered banks can collect interest.

As for such interest, it is paid by Canadians and that is why we want this financing system to be changed so as to relieve the Treasury of this burden—interest paid to these banks which are exploiting Canadian credit to their benefit. That is what Mr. Edison had to say on this question. I would like to quote his words on bonds and currency.