made by my colleague, the hon. member for Broadview, about the oil companies.

Mr. Mahoney: Did he say something about that?

Mr. Saltsman: I am absolutely amazed at the position he took when he pointed out what the Carter commission recommended and what his government is doing. The assumption seems to be that this government has been generous to a fault in comparison with the Carter commission recommendations. That is about as dishonest an argument as I have ever heard in this House.

The central point of the Carter commission report was that equity between taxpayers be established, and the parliamentary secretary trots out the facts of the old age pension to show how much more generous his government is than Carter might have been. It is a totally misleading picture that he draws. He says nothing about the $225 million worth of taxes that we should be receiving from the resource industries, as recommended by Carter, and which we are not receiving. That would have gone a long way toward relieving old age pensioners of their burdens.

The exemption brought in by this government, which amounts to a few dollars for the old age pensioner, is not going to help them greatly. What is needed, and what was suggested in many of Carter's recommendations, is an increase in the old age pension. This is of more significance to the senior citizen than an exemption of a couple of dollars a year in the taxation system. The proposals attempt to make an essentially unfair system look better with the kind of cosmetic arrangement that the parliamentary secretary has suggested.

When discussing the Carter commission report it is grossly unfair to point to some of these areas without drawing the major conclusion made by the commission, that all taxpayers, all wage and salary earners including those in the middle-income bracket, would have their positions substantially improved and their tax substantially lowered if all the people who had been getting away without paying their fair share were included in the tax picture. There was not a word about that from the parliamentary secretary, and I think in all fairness to the debate he should have pointed that out.

Mr. Mahoney: Mr. Chairman—

The Deputy Chairman: Order, please. Is the hon. member rising on a point of order?

Mr. Mahoney: On a point of order, Mr. Chairman, I must decline the hon. member's invitation to apologize for dealing with matters relative to sections 109 and 110.

An hon. Member: What a contribution. How gracious.

An hon. Member: That brings you back to the facts.

Mr. Saltsman: The parliamentary secretary's gracious attempt to decline from engaging in this debate on the basis of relevance is new. I have never known him to be concerned about relevance before and I do not know what his great concern is tonight. He certainly was not very relevant in the remarks he made a short while ago.

[Mr. Saltsman.]

Mr. Mahoney: It is supposed to be relevant; it is in the headlines.

Mr. Reid: You do not give him the opportunity to be relevant.

Mr. Saltsman: You are not very relevant in the backbenches either. Well, you probably are. It seems to be a very appropriate position for the hon. member for Kenora-Rainy River.

Mr. Chairman, one of the advantages of a system of tax credits rather than of exemptions is that it would indicate the true level of taxation in this country. One of the difficulties of our present system of using the exemption basis rather than the tax credit is that it makes our tax system look far more progressive than it is. Our tax system is not progressive. When you try to increase revenues, those who have the money cry about how heavily they are being taxed when in fact they are not.

My colleagues have done a good job of pointing out that the person in the upper income bracket receives far more advantage from a system of exemptions than the person in the lower income bracket. Yet the person in the upper bracket complains about his steep taxes and does not mention the advantages he receives. If we had tax credits we could in fact obtain the revenue which we are getting now. I am confining my remarks to this particular section, but it is necessary to point out, Mr. Chairman, that the whole tax system is riddled with this kind of inconsistency.

The marginal rate does not reflect the depletion allowances that people in the higher income brackets receive. It doees not reflect their after-tax income because of the advantage they get under the dividend tax rate. It does not reflect their after-tax income because capital gains are not included, and under the proposed bill will only be half included. There is a misleading picture when those with higher incomes can say they are being heavily taxed and in fact many of them are not paying as high a rate as the ordinary person with an income below $10,000.

The Carter commission pointed out that the lower and middle income groups of this country were bearing the chief burden of the cost of government and the cost of social services in this country, and that it was unfair because everyone should pay according to their ability. The parliamentary secretary prefers to ignore this fact and to point out the little things in the report that are pot-boilers, that would arouse some emotion. Admittedly, there are some things in that report about which we do not feel too happy. But Carter was suggesting, in the context of equity, the inclusion of all forms of income. We feel that should have been done.

On numerous occasions, Mr. Chairman, we have pointed out the importance of everyone paying their fair share because in a system such as ours there is no such thing as tax avoidance. One man's tax avoidance is the next man's tax burden. To the extent that people in the upper income bracket receive special benefits, whether from resource industries or capital gains, wage and salary earners are paying higher taxes than they should.

My colleagues have advocated an increase in the basic exemptions to $2,000 for a single person and $4,000 for a married man, and have indicated they would prefer a tax