ished the excuse that they cannot give higher exemptions, by quoting the Carter report which states where these extra amounts could be found. If the taxation system of this government had been based on ability to pay, we would not have to ask the government to raise the exemptions to $2,000 for single people and $4,000 for married persons. The government would have done so, not out of compassion but because the economists who wrote the Carter report told them that that was the thing to do and that that was the way in which to run a sound economy.

I want to point out that with the cost of living rising as it is, it is perfectly ridiculous for us to be stuck with exemptions which have improved so little since the famous first exemption of $1,000, 22 years ago. Surely it is ridiculous that there is no relationship between the rising cost of living and the way in which the exemptions have been increased. I do not believe any study has been carried out or any correlation made between the exemptions and the rise in the cost of living. If so, we have certainly not heard about it from the government.

In my opinion, if this government had been doing the right thing we would not now have to plead for these exemptions. We would have had the government carrying the study to fruition, that is to a guaranteed income, and thus all Canadians would have an income on which they could live. An escalator clause could have been added to raise income in accordance with the cost of living and we would not be having to ask for these exemptions today.

I say to the government that the very least they can do now is try to make up for their glaring neglect in ensuring that people have an income on which they can exist, an income which should rise in accordance with the cost of living. The least they can do is to raise these exemptions to $2,000 for single people and $4,000 for married people, and even that is far from what is required today.

A scientific survey should be carried out as to how much it costs to live, and the taxation rates should be set in accordance with it. Those of us who are in this House sometimes feel that the big danger when people get into government is that they become so insulated and so remote that they do not know any more what people on lower incomes are thinking and how they are feeling. There are no people as blind as those who do not want to see, nor as deaf as those who do not want to hear.

I wish I could bring the collective voice of people on low incomes to sound out here in the House. Then hon. members on the other side could hear the opinion of the great majority of low income people across this country. Sometimes one has a great sense of frustration in trying to get this government to hear and to react in time. No doubt in time they will be brought to make changes, but it may be too late then for many families.

Remember this, Mr. Chairman, when we urge that exemptions be raised we urge for something else along with it. I know a great many families who are practically giving up hope because they have to exist on their present income. They feel they are being taxed to death, taxed to keep people on social assistance, taxed for roads, taxed for schools, taxed for everything. If these exemptions could be raised even to the amounts we are suggesting, it would put heart into a great many people who today feel they simply cannot carry on because the burden is too

crushing. I am not exaggerating; I am repeating what I am hearing and what you people would hear if you were not tied so tightly to the party discipline which makes you put wax in your ears and blinkers on your eyes.

I appeal to the backbench members, if there are some of you who do not have parliamentary secretaryships and who are not yet tainted with the virus of ambition. I urge you to listen to the people in your ridings. If you are afraid of speaking out in the House, do it behind the scenes. I appeal to you not to break down the will of people who are wage earners and who contribute to the taxation of this country in the measure they can. Do not make them bear burdens that do not belong to them. I wish that even at this late stage the parliamentary secretary would reconsider this section and try to achieve a little more fairness in it. Let him do so even from a selfish point of view. It would do far more to recoup the fortunes of the Liberal party than almost anything else.

I should not be giving him that kind of advice, and his party would have to do a great deal more to save themselves. But at least they should work in that direction. If they will not listen to reason, let them raise the exemptions for reasons of simple self-preservation because, believe me, if they go on acting in this way with regard to the low income people they will need all the self-preservation measures they can take.

Mr. Mahoney: Mr. Chairman, the hon. member for Winnipeg North Centre earlier today cited the Carter commission report as his authority for saying that a tax credit system was desirable in Canada. He said that the report recommended a tax credit system. The hon. member for Vancouver-Kingsway, who has just spoken, cited the Carter commission report as her authority for saying that it advocated greatly increased exemptions. I think it would be useful at this point to remind the committee of just what the Carter commission did say in terms of the areas relevant to the provisions proposed in sections 109 and 110 of the bill before us.

• (9:30 p.m.)

In the first place, the Carter commission report did not entirely recommend a system of tax credits. As usual, the hon. member for Winnipeg North was about half right—

Mr. Orlikow: That is half more than you are ever right.

Mr. Mahoney: —and that, of course, has an obverse side to it, which is rather typical. The Carter report did recommend a system of basic exemptions for single and married persons and for dependent children. The single rate that exists and is proposed under the current bill, according to the Carter recommendations would be replaced by two personal rate schedules, one for families, in accordance with the family unit concept of the commission, and the other for individuals. The basic exemption Carter proposed for individuals was $1,000, exactly as it is today, and not the increase to $1,500 that is proposed in this bill. The basic exemption for the family unit that Carter proposed was $2,100, not the $2,850 that is proposed in this bill.

Carter did not deal with exemptions for dependent children, moving instead to a tax credit system. He recommended that the tax credit for the first child be $100 and