cent. The president and others who have commented on this financing of the United States government attribute its success to orderly reduction. How different is this from the haphazard methods employed by the government of Canada!

In regard to the debt reduction in the United States, I wish to refer to the address delivered by Ogden L. Mills before the Bankers' Forum of the American Institute of Banking, in New York on December 19, 1927. Mr. Mills, after setting out in detail the refunding operations, to which I have already briefly referred, uses these words:

> This cannot be done in a haphazard way, but calls for foresight, planning and the setting up of a schedule of maturity dates which will make available maturities to which the sinking fund appropriations and foreign repayments may be applied.

I commend consideration of these words to the Minister of Finance because they may be helpful to him in any refunding he may undertake, and in arranging maturity dates for future financing. I bring this matter again to the attention of the government because of its great financial importance, and because I believe that foresight and planning will materially assist in the ultimate retirement of the whole of our Canadian funded obligations. Again I point out and recommend to the minister that these matters should be considered in a businesslike way and treated in accordance with the most effective plan that the best business minds can devise. That is all I wish to say on the subject of debt retirement.

I shall now undertake to say a few words on the question of the income tax and I shall emphasize the improvement made in England in tax collection methods as a result of constant and persistent efforts covering more than a century. I shall point out that lower rates of income tax do not necessarily lower the revenue and I shall quote United States and Canadian experience in that connection. Last year, in speaking in this house, I made certain comments on the Income War Tax Act of 1917. This year that act is still under discussion as it probably will be as long as it remains on the statute books. So far as I have been able to discover in listening to speeches made by hon. members, there appears at the present time to be little disposition to ask for the repeal of the legislation instituting this tax; but like all other tax enactments, it is subject, and very properly so, to close scrutiny and inquiry as to desirability, practicability and incidence.

Before 1914 there was very little intensive study in this country of tax systems, and particularly of direct taxation. Revenues were not large; the burden of taxation was not heavy, and if taxation was not imposed on sound principles or with due regard to equity, no great injury was done. All this has been changed. Indifference has given place to great concern. Tax bills are scrutinized, and there is uppermost in the minds of many taxpayers the question: Are our revenue laws based on sound theory, and are they made in the light of the most recent experience? No system of taxation is perfect, and I think it is a fact that there is no approach to perfection in the Income War Tax Act. We on this side have not asked for its abolition, but we submit that its application should be fair, effectual and equitable.

At what level will an income tax produce the most money? If that field of inquiry is opened and explored, the results will be surprising, and after minute examination of the experience of other countries and even our own, we are led to the conclusion that it cannot be answered unless all those who should legitimately contribute are required to do so. But without enforcement the rates do not accurately determine the revenue to be derived at any given level. In Canada we have not yet reached the stage of income tax development where we receive the best returns. The method of levying and the method of collecting could both be very much improved. In spite of the efforts that have been made to bring about good results, the act as administered has brought about a lopsided collection of revenue. The government has approached this question as though it were easy of solution, but it is not.

What has been the experience of Great Britain? They have laboured with the problem of evasion for a hundred and five years. The first income tax act was enacted in 1798, with an exemption up to £60; in 1799, the rate was graduated on incomes from £60 to £200. Above £200 the rate was ten per cent. The basis of the existing income tax law was enacted in 1803. In that year the rate was made five per cent, and it produced substantially the same revenue as when the rate was ten per cent. This corresponds to recent experience in other countries. In 1806 important amendments were passed to prevent evading. From 1816 to 1842 there was no income tax in Great Britain. In the latter year Sir Robert Peel introduced an act based on the 1803 act, including the amendments to prevent evasion. Since 1842 the tax has continued. The rate in that year was sevenpence on the pound and in 1874 it dropped to twopence on the pound. In 1856 and 1861 select committees of the house were appointed to consider: