

the next five or ten years might bring about a great expansion of public revenue? I wonder if hon. gentlemen realize the implications with respect to debt conversion. When I saw on the order paper the other day the resolution of the Minister of Finance to enable him to borrow half a billion dollars for conversion purposes, I sent to the library for the speech of Mr. Goschen on debt conversion. I saw his resolutions and compared them with those of the Minister of Finance, and then I looked at Goulburn's speech. I said to myself, "Is it possible that my hon. friend thinks that this by-play is dealing with the conversion of the debt of the country?" Why, it is an insult to the intelligence of the house to introduce a resolution of that description and to talk about conversion, when these securities are selling to-day so as to yield more than 4 per cent on the market. Moreover, as the day of maturity approaches, these securities, after they have reached the peak, will decline in value, notwithstanding that they are tax-exempt. Surely my hon. friend must realize that; every thoughtful financial man does. If we are to deal with this problem why not let us deal with it as men charged with a solemn responsibility? We have some \$2,000,000,000 maturing in the next nine or ten years, and with the possibility of the interest rate going down there is a problem for us to face. The money market is open to us, and we are told by financial men that now is the appointed time; now is the time when money is cheaper than ever before or is likely to be, and that the demand for high class securities is considerable. Yet my hon. friend's method of dealing with the subject is to put a resolution on the order paper asking parliament to allow him to borrow half a billion dollars. That is his method of conversion. No wonder my hon. friend looks at me; he had not thought it was quite so bad until he heard it stated in this way.

Now let us go a step further. Whether or not the income tax shall be retained in this country depends entirely upon the skill and financial ability shown in the conversion of the debt. With two billions of securities maturing in nine or ten years, and with money at 4 per cent, there is the greatest opportunity that was ever offered to any Minister of Finance in this country. To seize that opportunity requires courage, skill, ability, knowledge; it requires willingness to devote some time to a study of the problem. It requires more thought about economies and less inclination to extravagance; it requires more consideration of the question as to how the money is to be secured rather

than how it may be spent. It requires the consideration of world factors that determine the price at which money can be obtained. Is this government giving the problem that degree of attention? Is there any evidence of such consideration of the question on their part? Let hon. gentlemen opposite ask themselves that question.

The gradual reduction of the income tax is something that is quite offensive to some hon. members of this house; they consider it an endeavour on the part of rich men to escape the payment of their just deserts. That is the light in which some hon. gentlemen view any attempt to reduce the income tax. I can quite understand their point of view. May I remind the house that last year I argued that, in my judgment, the fairest method of taxation in the world was to be found in the turnover tax. I have not changed my mind in that regard; I think there should be a turnover tax collected every month. Consider what is taking place in this Dominion to-day. How many people escape taxation in this country for the simple reason that they are insolvent when the time comes for the payment of the tax. How many men had an income which was taxable in 1925 but from which no taxation could be derived in 1926. How many men in 1926 with an income could not pay the tax in 1927. And how many more who had an income in 1927 will be unable to discharge their obligation in 1928? A turnover tax, I say, is the most equitable means of securing revenue in this regard. With such a tax one is always in a position to know what he has to pay, inasmuch as the tax is a part of the charge on the business and is payable monthly, as any other tax should be. I pointed out when discussing this question last year that the idea was not original with myself. I do not claim originality for it; it has been submitted to the house before and is endorsed by sound economists and financiers. I urge the Minister of Finance, therefore, to take it into his serious consideration.

Now, it is contended that the income tax is a tax which the rich man pays. But see what is happening in Canada to-day. Men are devising ways and means whereby they may escape the payment of income tax, and they are doing so under the law. It is well to bear in mind, as the House of Lords very properly pointed out, that there can be no evasion of the law so long as it is permitted by the very nature of the law which it is sought to enforce. That is the fact, as every lawyer knows; and so long as men keep within the law that is all they are required to do. I submit to you, Mr. Speaker, and to the government that

[Mr. Bennett.]