

classes than on the well-to-do. Our income tax is the sole federal tax that can be and is adjusted to the income of the payer. Under these circumstances I should hesitate to propose any material reduction in income tax rates and this for no personal reason for I know of no one who is hit harder by our income tax than the salaried person.

Our present Sales Tax is the successor of a modified form of Turnover Tax and in a general way seems to be a better tax. It is levied upon fewer people and is thus subject to better government supervision. Moreover the people who pay it, being manufacturers, have generally better means of estimating it as compared with other classes in the distributive process. It does not discriminate in favor of the integrated industry and the producer who deals directly with his customer although this is a discrimination which has its desirable side.

As to the probable yield of a 1% Turnover Tax in Canada I doubt very much whether it would be as productive as the existing Sales Tax especially if the latter were imposed on all sales. I base my conclusion on the German and French experiments with Turnover Taxes. The total value of all Canadian products in 1924 has been estimated at \$4,500,000,000. In this valuation there is confessedly much duplication, how much we do not know exactly. At a guess, and a very extravagant guess, the total net value is not more than \$4,000,000,000. German, American and Canadian authorities tell us that a 1% Turnover Tax would produce