

Who, exactly, were these individual Canadians whose "entrepreneurial dynamism" was going to be unleashed by the Mulroneys? They certainly were not members of those families of four making \$15,000 who would see their taxes increase following the de-indexation of personal exemptions and the elimination of the Federal Tax Reduction program. These families would be hard pressed to make ends meet now that they had been harnessed to the tax wheel in order to provide the money needed to unleash the dynamism of others.

Who were these others? The answer is provided in the Revenue Canada publication "Taxation Statistics", at page 287. For the 1990 taxation year, total capital gains deductions totalled more than \$6 billion. Who claimed these deductions? The Revenue Canada publication shows that individuals with an annual income of \$80,000 or higher claimed more than \$4 billion of those capital gains deductions. That is where the money went. The money that was taken from the lower middle class and poor through the front door was shovelled out the back door to rich people, at least to people who look rich to those from whom it was taken. Those are the ones who they were determined to help.

As we have seen, this gift to the few, paid for by the many, was going to cost real money, not just peanuts. In the very beginning that much was clear. On page 45 of the 1985 Fiscal Plan, there is a chart showing that in the 1985-86 fiscal year, the capital gains exemption was projected to cost the treasury \$300 million. This was \$80 million more than the government was going to receive through de-indexation, the surtax and the elimination of the federal tax reduction, all combined.

In 1985, Mr. Wilson, despite his tough talk — the Mr. Wilson whom Ms Campbell has welcomed as a mentor — was not increasing taxes on the lower and middle classes to fight the deficit. He was increasing their taxes because he needed the money in order to provide a capital gains windfall for the wealthiest of Canadians.

As I have said, it would cost \$300 million in the 1985-86 fiscal year, and the following year it would cost \$600 million while it was still being phased in. How many billions of dollars has this cost the federal treasury since then? In 1990 alone it cost more than \$6 billion, according to Revenue Canada.

The other gift to the wealthy that Mr. Wilson unveiled in 1985, was increased contribution limits for RRSPs. Before the Mulroneys came into power, Canadians could put up to \$5,500 into a RRSP. These contributions are tax deductible and they may grow within the RRSP, tax free.

In his budget, Mr. Wilson announced that contribution limits would be raised, in phases, to \$15,500, or 18 per cent of earnings, whichever was greater.

What individuals did Mr. Wilson think could afford to plunk \$15,500 into an RRSP every year? He could not have been thinking about that family of four with an annual income of only \$15,000. For those families, Mr. Wilson de-indexed personal exemptions, eliminated the Federal Tax Reduction, increased excise taxes, increased sales taxes, and slapped the sales tax onto previously exempt products such as snack foods and bandages. He was not thinking of them.

To contribute \$15,000, keeping in mind the overall limit of 18 per cent of total income, you would need an annual salary of more than \$85,000. That is who Mr. Wilson and Mr. Mulroneys were worried about; individuals making more than \$85,000 a year. They needed help. Their welfare was more important than the deficit or the welfare of middle-class families struggling to raise their children. The priority was allowing these high-income individuals to hide an extra \$10,000 from the tax man, while asking all other Canadians to empty their pockets.

Though this change was phased in more slowly than Mr. Wilson originally wanted, how many billions of dollars has it cost the treasury since 1985?

That was Mr. Wilson's first budget. There were new taxes for all Canadians, allegedly to fight the deficit, but in fact not used to reduce the deficit. Those new revenues were transformed into scrumptious bonbons for the wealthiest of Canadians so that they would be well nourished when it came time to unleash their dynamism.

What was the net effect? Did it do any good? Page 19 of Michael Wilson's 1985 Fiscal Plan shows for the 1986-87 fiscal year sales and excise tax increases of \$1.380 billion; personal income tax increases of \$1.650 billion; a \$600 million capital gains present to the wealthy; a \$40 million RRSP present to the wealthy; and a reduction in corporate taxes of \$540 million.

What was the final result? For the 1985-86 fiscal year it was a \$34.4 billion deficit. In 1986-87, Wilson did somewhat better, bringing the deficit down to \$30.6 billion; but at what a cost to all but the most privileged Canadians?

That is the story of how the Mulroneys team launched Mr. Wilson's "clear and realistic medium-term plan". It was certainly a fulfilment of government's classic role of redistributing the wealth of the nation — redistributing it by taking it away from the poor and giving it to the rich. It is reverse Robin Hood; take it from the poor and give it to the rich. It was a plan that kept their Bay Street friends happy, while failing utterly to deal with the deficit, no mean feat, and all in the name of doing something about the deficit. But now those well-nourished friends say that the deficit is proof that all other Canadians are eating too much and demand that the Mulroneys team work even harder to dismantle what is left of Canada's social programs.