

We all remember Mr. Wilson's declaration in the House of Commons on March 6, 1984, when he said, "We would not raise taxes." We all remember the 1984 Progressive Conservative campaign handbook, which said, at page 97, "We can reduce the deficit without increasing taxes or reducing the level of social services."

Clearly, Mr. Wilson had not been listening to what he himself had been saying, or reading what his party had been writing, because on May 23, 1985, he did both. He increased taxes and launched his first of many assaults on our social services, after having said that it was not necessary, that we could maintain services and did not need to raise taxes.

Let me start with taxes. First, there was "a temporary 18-month surtax" on personal incomes. Eight years later, Canadians are still waiting for the end of that 18-month temporary period. The temporary surtax was to apply to "high-income earners". By "high income", the Mulroney team meant a family of four with an income of \$40,000. That is where the surtax would kick in.

The second tax increase introduced by Mr. Wilson was not, strictly speaking, a tax increase, but it would raise even more money than the surtax. Personal tax exemptions, such as the married exemption, would no longer increase with the cost of living. They would be de-indexed, increasing only by the amount that inflation exceeded three per cent.

Therefore, if inflation were four per cent, the personal exemptions would increase by only one per cent. This would take place year after year, and the value of the exemptions would become smaller year after year. In 1986, this change alone would raise \$635 million in extra taxes; and in years following it would raise billions. I think what they are calling that these days is a "tax grab".

Page 74 of the budget papers shows that this de-indexation of personal exemptions would cost a family of four making \$15,000 an extra \$62 in taxes. These lower income families also lost the benefit of the federal tax reduction provision. This meant another \$100 in taxes for our family of four, with an annual income of \$15,000.

Next, there was an increase in the Federal Sales Tax rate. Immediately upon taking office the Mulroneyites increased the tax from nine to 10 per cent, effective October 1, 1984. In his budget, Mr. Wilson increased it again to 11 per cent. This was the same tax that he was later to characterize as the "silent killer of jobs". That was when he was trying to convince Canadians that the GST was good for them.

The scope of this "silent-killer-of-jobs" sales tax was also expanded. It would now apply to confectioneries, soft drinks, pet foods, health products such as medicated creams and bandages, surgical and dental instruments, as well as energy conservation products.

Moving along, the excise tax on tobacco was increased. The excise tax on alcohol was increased. The excise taxes on transportation fuels were increased and there were special new taxes on corporations and financial institutions. That is not bad for someone who said, "We would not raise taxes." We should keep our ears cocked for some of his team members and proteges saying that this weekend, or in the next election.

But he was not finished. The Registered Home Ownership Savings Plan, which assisted young families to save money for their first homes, was abolished.

Turning to social programs, Mr. Wilson proposed to de-index old age security payments, so that there would be no annual increases unless inflation exceeded three per cent. The Mulroneyites abandoned that proposal when seniors across the country rightly charged that they had been betrayed. An identical proposal to de-index family allowances, however, became law.

The children of Canada were a softer touch for the Mulroney team. They were a safer target. They were much less likely to demonstrate on Parliament Hill, so Mr. Wilson also announced that starting in 1987 income tax exemptions for children, which stood at \$710 per child, would not merely be de-indexed, but would be reduced, first to \$560, and then to \$470. As we all know, for the 1993 taxation year, they have been eliminated.

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As if that were not enough, the income threshold for the child tax credit would be reduced by \$3,000, and the exemption for dependent children over the age of 18 would be reduced.

Was this all to reduce the deficit? That is what they said, but we know they congenitally do the opposite of what they say. One would have thought they could get a firm handle on the deficit, but no, because all the savings and all the new taxes paid even by the very poorest of Canadians, did not go to fighting the deficit. A large part of it was redirected for the benefit of Canadians who least needed the government's help. I am thinking in particular about changes, for example, to capital gains and RRSPs.

I will deal with capital gains first. In his 1985 budget, Mr. Wilson announced that individuals would be granted a lifetime capital gains exemption of half a million dollars. All capital property would qualify for the exemption, whether it was a villa in Bermuda or a vacant lot in downtown Toronto. Mr. Wilson, at page 6 of his budget speech, declared:

This is a measure designed to unleash the full entrepreneurial dynamism of individual Canadians.