

## **A BETRAYAL OF THE PEOPLE** by **Pierre Moyen** of Langley

Like most people, when I hear someone make a promise, I consider who they are before putting much faith in that promise. When **Steven Harper** promised to keep his hands off of the royalty trusts, I felt that his promise would be honored, because that is the image that he painted of himself. In him I saw an honorable man of strong faith. Sure, I've heard all those anecdotes about politicians being deceitful, and often as crooked as a dog's back leg as well, but I have met many who were as straight as an arrow as well. So after the disappointment of **Mulroney** and **Chretien**, who could blame me for getting sucked in by another politician who made a point of exhibiting his virtue while telling us what we wanted to hear. I obviously missed something.

While betrayal is a strong word, I make no hesitation to use it. If we accept the fact that there is an element of risk when investing on the stock market, what better than to have none other than our Prime Minister remove a specific fear that relates to the income trust sector of stock investing? After all, the finance minister for the previous Liberal government had treated trust investors to a financial bath with his blundering, and we were all so relieved when Harper promised that he would not meddle with royalty trusts. Wrong! Not only were the goal posts moved while the game was still on, but the players were all blind sided from a completely unexpected source as well. Oops, that source was that honorable man himself! Investors saw \$20 billion of their dollars go down the drain on that day, while Harper groped to save a mere Billion or so for his coffers. These coffers still contain \$10 billion of surplus dollars by the way. Little wonder that so many people are choked.

There were many options that the **Harper** government could have taken, and a number of them would have tightened up the tax loopholes that were seen as a threat to the federal government's

revenue. The loss of corporate tax from large institutions such as banks and telcos may well have negatively impacted government revenue, but many even question this as fact. I will not pretend to be a financial expert, but limiting the size of would be trust converters (cap limit) might have solved that issue if it was indeed real. Foreign investors could have simply been dropped from the eligible client list, while grandfathering their holdings if the 15% tax on them was unsatisfactory. How about a freeze on new applications for trust structuring? There is no shortage of ways that tax loopholes could have been closed, and no shortage of able people to advise of them. We should also remember that eventually the government would have recovered every cent of their precious tax, and then some, from sheltered RRSP's, RRIF's and pension funds. That's all tax money in the bank to government, but they might just have to wait a while, bless their shrunken souls.

I would like to point out additional fallout from **Harper's** betrayal of Canadians when he broke his promise. He also struck a blow to the confidence of almost every investor by doing so. People who put their money on the line to help create new ideas and promote the growth of our industries are an important component of Canada's economic engine. The oil patch is a great example, and its success owes a lot to royalty trusts. Without willing investors, those seeking finance would have to go offshore, or pry it from the very sticky claws of one of our banks. Say goodbye to entrepreneurs if their only choice to raise money was Canadian banks, who want more guarantees than Scrooge. Getting money from offshore might be easier, but there are pitfalls galore.

There are many ways to suppress anger. We do it all too often. On the other hand, disappointment is a horse of a different color in my opinion. That is because disappointment contains a degree of sadness that seems to cling to the one who disappoints, and the anger is renewed with every memory of that incident. You fooled me once **Mister Harper**. There won't be a second time.