

February 20, 2007

Mr. James Flaherty  
House of Commons  
Ottawa, Ontario K1A 0A6

Dear Mr. Flaherty:

Thank you very much for your recent letter. I truly appreciate your response to my comments, and thank you for the careful explanation of your Tax Fairness Plan.

Certainly the issue concerning the government's reversal of its position on the taxation of income trusts in Canada, has attracted many arguments for and against. Financial pundits on both sides of the argument have sharpened their pencils and calculated the costs and benefits to government and to Canadian citizens. Now I would never question the authority of a sovereign government to raise or lower taxes on its citizens and corporations to meet its fiscal responsibilities. But to me, the issue to be considered is the essential integrity of a government and parliament that has failed to operate in an honest, fair and open manner. It brings to mind, Mark Twain's statement, "HONESTY IS THE BEST POLICY – WHEN THERE'S MONEY IN IT."

I have been an investor in capital markets around the world for over 30 years. There are a number of factors that influence my investment decisions, and every trade is made after carefully weighing the risks and rewards that accompany each opportunity. High on the list is always the question of the stability, honesty, and integrity of the particular government. Investing in Canada was always considered desirable, because these qualities were assured. The risks of adverse government actions in Canada, were to my mind, negated by the fact that Canada is an open democracy where issues are debated and voted upon in a fair and open manner. When the issue of "tax leakage" came up in the past, the government debated whether or not to abolish the trust tax structure and the markets fluctuated according to the strength of the debate for and against.

Mr. James Flaherty  
February 20, 2007  
Page 2

Suddenly, without fair warning, on October 31, 2006, all this changed. You announced your Tax Fairness Plan, which resulted in the immediate loss of approximately \$30 billion by investors. How can you consider this fair? Had the Mark Twain adage been considered, the Harper Government would not be embroiled in the present fiasco, with its very credibility being questioned. The public hearings have brought sunlight to this issue and clearly demonstrate the weakness of your Tax Fairness Policy, and the hardship it has created for senior citizens, royalty trusts, and ordinary investors.

In a perfect world, your Tax Fairness Policy would be reconsidered, giving attentive consideration to the current debate.

Yours respectfully,

Marvin Gottlieb

CC David Wilkins  
Michael Wilson  
Georges Rioux  
Bob Mills  
Maxime Bernier  
Andrée Champagne  
Pierre Paquette  
Blair Wilson  
Jim Peterson  
Percy Downe  
Judy Wasylycia-Leis  
Brent Fullard