

Halton Hills Outlook

Their Outlook

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Western Initiative: it's been done before

If you have some questions, or even a smattering of cynicism, about the new Western Canada Diversification Initiative, join the queue - it probably stretches all the way to Moncton where confusion still abounds over the new Atlantic Canada Opportunities Agency.

We're not questioning the government's good intentions in establishing these new agencies, but it seems we've been down this road a few times before. And those of us who attended a 1973 Western Economic Opportunities Conference in Calgary can't help being struck by the similarity of this latest initiative.



Ottawa Report

By Stewart MacLeod

The whole idea then, as now, was to ensure more western resources were processed within the region, and that the administration of industrial development be centred in the West. This commitment came after then Saskatchewan premier Allan Blakeney tore a strip off the "Ottawa mentality," and told Pierre Trudeau, the prime minister, not to bother reminding him that many federal bureaucrats were originally from Saskatchewan. "They're the worst kind," he said.

Anyway, there were endless predictions back in 1973 that the face of the West would change forever with this new initiative to diversify the economy.

And let's not forget the 1981 Western Development Fund. It was to be loaded with \$4 billion, administered by Lloyd Axworthy, Manitoba's representative in the Trudeau cabinet, and would, once again, change the whole face of the West.

ELUSIVE FIGURES

One of the difficulties with any new development initiative, particularly when it involves a restructuring of existing departments, is that it's virtually impossible to identify the "new money," as opposed to

what would have been spent without the new agency.

According to Mr. Axworthy, this new program, to be run by Indian Affairs Minister Bill McKnight - one of the brighter lights in the Mulroney cabinet - is nothing but a repackaging of existing programs. But then, Mr. Axworthy, despite his experience in the business, is not the most objective observer of Tory initiatives.

The same can be said about New Democratic Party Leader Ed Broadbent, who took a rather cynical view about the formation of the Atlantic Canada Opportunities Agency. He called it "an incredible hoax," an opinion not shared aloud by any of the premiers in the region.

But no premier is going to say he doesn't want a new development agency. However, one suspects some of these leaders have more doubts than they care to reveal. They, too, have taken a few trips down the same road.

If residents of Atlantic Canada still have trouble with the name of their new agency, it's not surprising. In a relatively short time, they've had to become accustomed to, among others, the Atlantic Development Council, the Atlantic Enterprise Program and the Atlantic Development Board.

MANY QUESTIONS

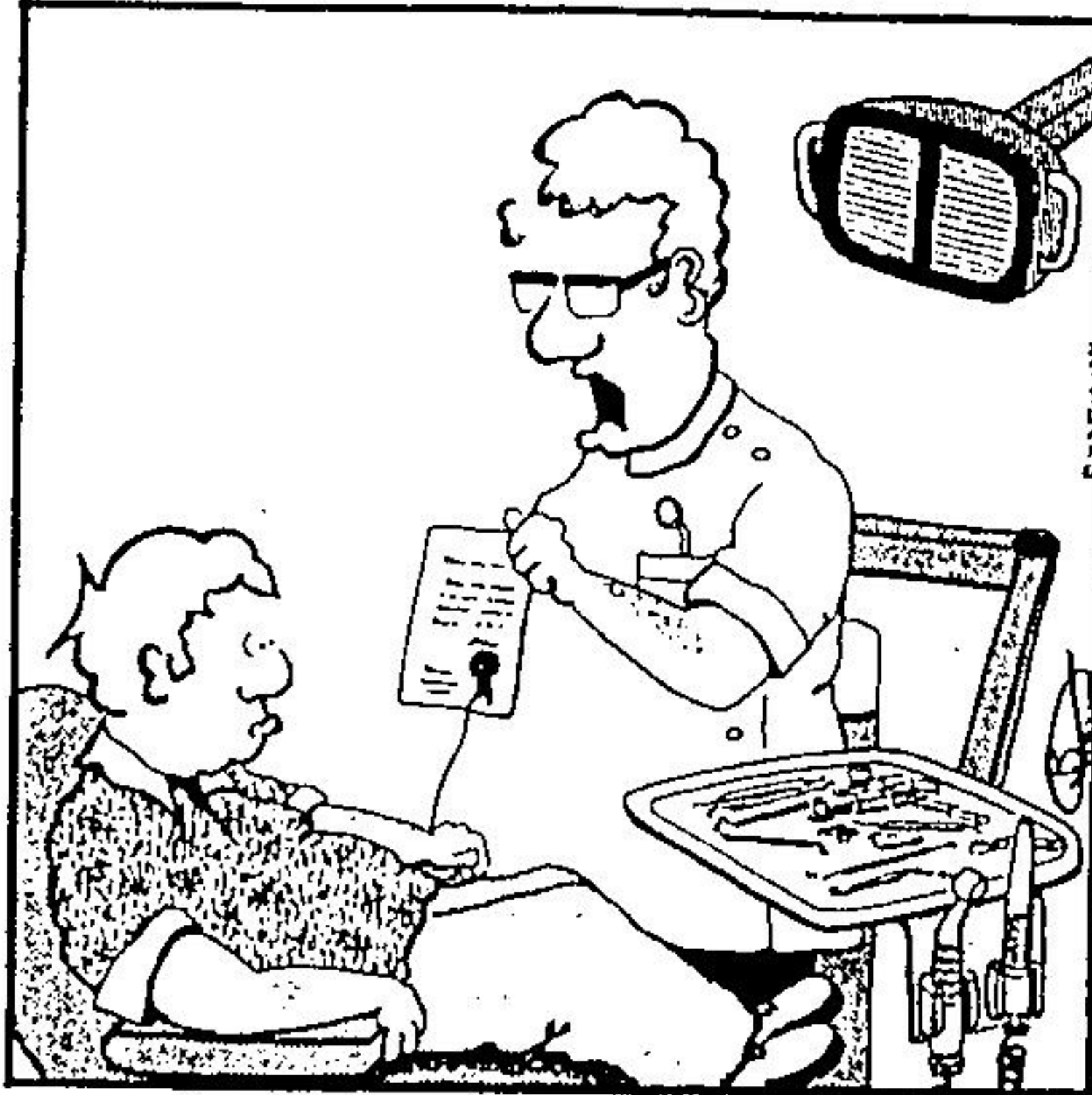
Actually, not a great deal is known about the new western program, since the announcement from the prime minister was rather general in nature. For instance, part of its objective is to "support business infrastructure to further the economic development and diversification of the western economy" and "to represent the interests of Western Canada in the development of national policies."

Also, while \$1.2 billion sounds like a lot of money, it seems to shrink a bit when you consider it's to be divided among four provinces over five years. As one researcher pointed out, it represents less than one per cent of provincial spending in the region.

Ottawa handed out almost as much last year in a special grain payment to struggling farmers.

Two's a Crowd

By BILL BUTTLE



"Keep this for going through metal detectors."

All across the nation firms are making money

All across the country, companies are making money.

In Thunder Bay, Great Lakes Forest Products' profit soared to \$2.05 a share in the first half of 1987 from 26 cents a share a year earlier, fuelled by strong demand for pulp and paper.

In Calgary, BP Canada's profit rose to 40 cents a share from eight cents a year earlier, as oil prices bounced back.

So whether it rises or falls is more than passing interest.

NAGGING PROBLEM

Canada faces the nagging problem of how to get all regions up and running. Central Canada is booming but the other regions are not.

The federal government's new regional development initiative will help in a small way. But the real help will come from sustained economic growth.

Hoping the five-year-old expansion will continue may seem unrealistic. But a missing component - business investment in plant and equipment - is stepping in to save the day.

Consumers have tired of their spending spree. Consumer debt is up and sales of big-ticket items, such as cars, are down.

The impressive profit growth means companies can afford to spend money again. When the rebuilding is done, they'll be in better shape than ever before.

This is particularly important in resource-based export industries, such as forestry, mining and oil and gas.

Canada faces severe competition from other countries, making modern efficient plants essential.

The Globe survey shows that some of the best profit growth this year came in the resource sector, where profits jumped 132.3 per cent from the second quarter of 1986.

LEGACY OF FEAR

Plunging resource prices and crippling recession left a legacy of fear in the industry. Each year since 1982, companies would announce capital spending plans, only to pare them back later.

Big projects were delayed time and again.

This year, all that money is finally going to show up in the gross national product.

All the good news has some economists worried. They fear inflation will come bounding back. The first sign, they say, will be wage settlements. Seeing all these good profits, workers will begin demanding more money.



Your Business

By DIANNE MALEY
 Business Analyst

In Toronto, Royal LePage's profit rose to \$1.03 from 60 cents, buoyed by the booming real estate market.

And in Sudbury, Inco staged a dramatic turnaround, particularly in the second quarter. Inco's second-quarter profit rose to 11 cents a share from one cent in the second quarter of 1986.

PROFITS CLIMBING

Corporate profits leaped 38.5 per cent in the second quarter, a Globe and Mail survey shows.

They have climbed steadily for three quarters, sending a clear signal that the economy has finally shaken off the after-effects of the 1982 recession.

This is good news for Canadians. Companies will begin building new plants or modernizing old ones, creating jobs and wealth.

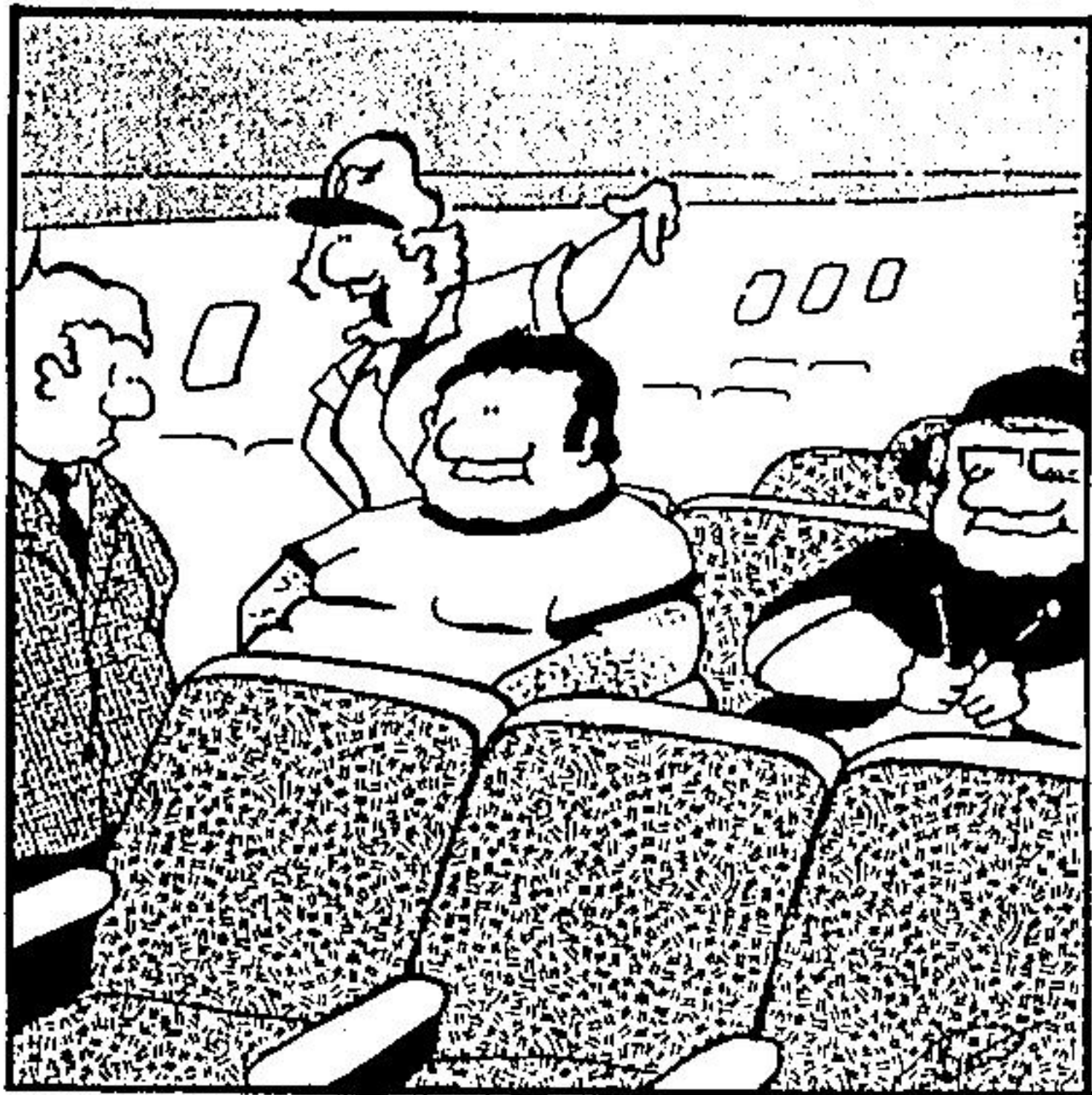
Abitibi-Price, for example, is upgrading its Thunder Bay mill. Service companies such as Royal LePage are creating new jobs.

As the good news rolled in, the stock market bounded. The Toronto Stock Exchange index rose to its highest point in history, creating wealth for the three million or so people who own shares directly, and the millions more who own them through pension funds.

Historically, the stock market has been an indicator of things to come.

Two's a Crowd

By BILL BUTTLE



"See? there's 23B right in the middle!"