

# Halton Hills Outlook

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## Their Outlook

### International politics takes a telling toll



**Your Business**  
 BY  
 DIANNE MALEY  
 Business Analyst

International politics is taking its toll on borrowers again. This time, the villain is free trade, or the lack of it. Last time it was the U.S. dollar. What next?

The benchmark Bank of Canada rate climbed higher Thursday for the fourth week in a row. The rise was not substantial, but it may well be followed by other, bigger ones. Eventually, this will spill over into business and consumer loan rates at banks and trust companies.

The bank rate is set a quarter of a percentage point above the yield on three-month Government of Canada treasury bills, which the central bank sells each week to raise money for the Government.

On Wednesday, when money traders heard the prime minister had suspended trade talks, they dumped the Canadian dollar. It fell a fifth of a cent in 15 minutes against its U.S. counterpart, but it recovered later.

Weakness in the currency is good news for dollar bears like Morton Shulman. Dr. Shulman seems to be alone in advising currency speculators to sell the dollar short - a sophisticated strategy that is not suitable for small investors.

**MORE COMPETITIVE**  
 A falling dollar is good news for exporters, too. It makes our goods more competitive in the American market, where 80 per cent of our exports go.

It is bad news for people planning to travel south for the winter, or for a week or so at Christmas. If you are planning to go somewhere the U.S. dollar is used, you may want to

watch for a day when the Canadian dollar is strong and change your currency ahead of time.

If you are worried about the long-term trend of the dollar, you could shift some of your investments into stocks, bonds or term deposits denominated in U.S. dollars. Bear in mind, though, that most analysts expect our dollar to rise against its U.S. counterpart.

The real bad news about dollar weakness is what it does to interest rates. Rates have risen about two full percentage points from their low earlier this year.

Fortunately, most people have kept a level head about the whole thing. Most borrowers have stuck to short term or floating rate loans.

Royal LePage, the big real estate company, says nearly half of its mortgage clients chose terms of one year or less in August. Only 15 per cent locked in for five years.

In the past, people have tended to stampede to longer terms with each rise in rates. They regretted it sorely when rates fell back again. This time, borrowers are behaving more sensibly.

**CONFIDENCE**  
 "In part, this is because confidence in the economy is strong and many clients believe that rates will not escalate sharply," a Royal LePage official said.

As usual, economists are divided in their outlook. By the end of next year, the prime business lending rate could be 8 per cent, 9.5 per cent or 11 per cent, different economists predict.

This is not very helpful. It is revealing that few economists take political events into account when forecasting interest rates. Yet politics will have a lot to do with what happens to financial markets over the next year.

Many people believe interest rates will not rise in advance of the American presidential election. This is not necessarily so. They soared in 1980, but of course, Jimmy Carter lost to Ronald Reagan.



### Sorting out what stays or goes

BY DOUGLAS ARMOUR  
 Herald Special

MPPs defeated in the Sept. 10 election were to have vacated their constituency offices Thursday and must have already left their legislative offices to make way for newly elected MPPs.

But questions about what should be left behind in constituency offices for legislative newcomers may linger longer than the former MPPs as there are no cut and dry rules about what files should or should not be passed on.

Incumbent MPPs who were not re-elected on Sept. 10 were given notice the day after the election that they had to vacate their constituency offices by Thursday, says Larry Waters, finance director of the legislature's administration branch.

Those MPPs were also required to vacate their legislative offices by the same date, but Waters says "no orders were necessary" because MPPs were quick to leave their offices.

Waters confirmed that with some exceptions, there are no rules concerning what files in a constituency or legislative office are transferred to new members. But members are encouraged to pass on files relevant to their constituency work.

"We can't tell them what constitutes a file that should be handed over or not. So obviously we're not giving them guidelines or rules on that," he says.

Waters says out-going MPPs must be destroying some files because there have been several requests for the rental of paper shredders.

The legislature's administration office has received some complaints concerning the transferring constituency office materials, but Waters added that they have been relatively minor in nature.

Beverly Biggley of the legislature's administrative branch says the rule of thumb is that active constituency files are passed on to the incoming MPP, while dead files are destroyed to prevent them from falling into the wrong hands.

Any confidential party files likely will be passed on to an outgoing member's party caucus and a former MPP with several years in office likely will also have numerous mementos from his years in office that he will want to take with him, says Biggley, who is coordinator of the members support staff and constituency office.

What is turned over will probably be worked out on a riding by riding basis, says Mike Breugh, veteran Oshawa MPP and former NDP caucus chairman.

"I would think that most members that are no longer going to be here would be sensible about turning over for example, compensation cases or case files that are still active because you wouldn't want to let those people just be stranded with it," Breugh suggested.

There are rules regarding administrative concerns, such as the transfer of constituency office leases, laid out in manuals given to outgoing and incoming MPPs by the administrative branch of the legislative assembly.

Office equipment, including furniture and stationary, owned by the government is taken back and reviewed by the legislative administration branches to determine what needs replacing. While things, such as copies of Hansard, belong to the former members.

"A member that's been around for five, ten years, (the equipment) it may be all their own (with) nothing of ours there," Waters says.

Like their predecessors, incoming MPPs receive an allowance totalling \$94,625 for office staff and expenses for their constituency and legislative offices, he says.

MPPs also receive \$10,100 for constituency office costs, such as rent, utilities and janitorial services.

New members, or veteran members in their fifth year in office, are given \$1,000 for office improvements. Also the legislature provides office furniture and equipment, stationary and other sundries.

MPPs are given allowance for advertising, printing, mailing, constituency and legislative travel and miscellaneous costs above and beyond their regular salary.

MPPs are paid a taxable salary of \$37,576 and a tax-free allowance of \$12,616. Ministers with portfolios are paid an additional \$27,532 and parliamentary assistants are paid an additional \$9,506. These salaries are being reviewed however, by the legislature's board of internal economy with a view to adding a four per cent cost of living increase.

Premier David Peterson receives an MPP's allowance plus \$11,689. Other allowances, including additional funds for housing, bring his salary into the \$90,000 range.

As Opposition leader, Bob Rae receives a \$27,532 in addition to his

regular salary as an MPP. The leader of the third party receives an additional \$13,824.

With the transfer of constituency and legislative offices almost completed, Waters says the focus of preparing the new MPPs for Queen's Park has shifted to getting them with office space and ensuring they have the proper supplies.

Decisions as to which office is given to which MPP are made by their respective caucuses based on the space provided by the administrative branch, with high profile MPPs likely to receive preferred offices.

And beginning next week, newly-elected MPPs will participate in a series of seminars introducing them to the administrative workings of the provincial legislature.

"Each branch will be giving a package as part of this wheel barrel - (which) I guess it will look like - that each member will go away with," says Waters.

Party caucuses are expected to hold informal orientation meetings to introduce incoming MPPs to the workings of various branches of government.

Queen's Park Bureau

### Poets' Corner

TRADING TEARS FOR SMILES

Only they  
 That fear God's sleep  
 are torn apart  
 rail and weep

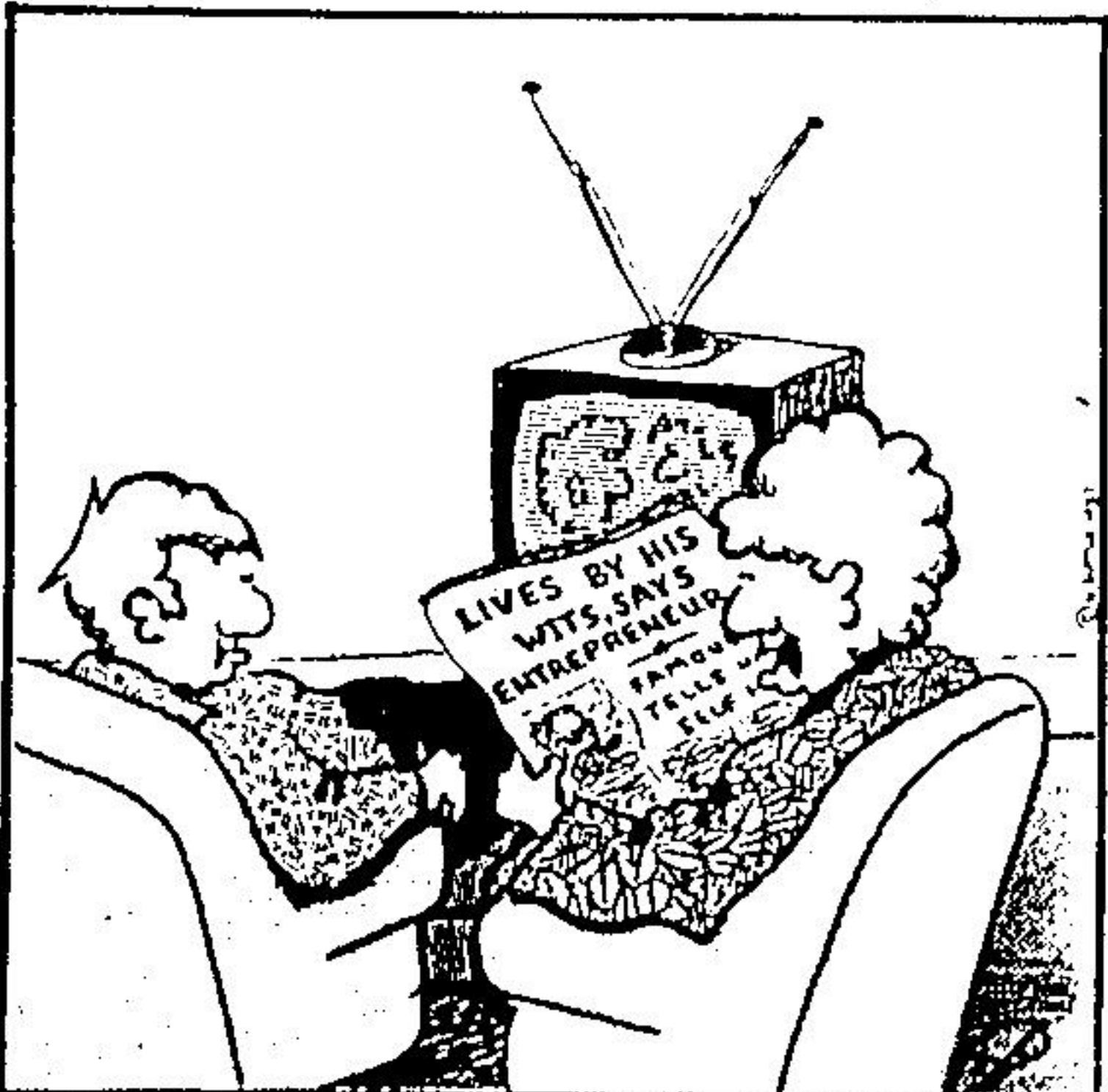
By faith  
 in His holy word  
 the grave's a door  
 to promises stored

Enter in  
 the Master's door  
 there's peace and rest  
 the cost all paid

Marlowe C. Dickson  
 U.R. - Beeton, Ontario

### Two's a Crowd

By BILL BUTTLE



"You ought to try this... you might lose some weight!"