

Halton Hills Outlook

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Their Outlook

Advisors should have saved their breath



Ottawa

Vic Parsons

Tom Kierans and his merry band of energy advisers might just have well saved their breath.

You remember Kierans. He's the president of the investment firm McLeod Young Weir Ltd. of Toronto and the man the federal government selected as chairman of the 22-member group that was to point the way for energy policy into the 21st century.

The exercise cost taxpayers \$3.5 million. But it seems the advice, made public a month ago, wasn't really wanted.

Let's just quote a couple of sentences from the Kierans report.

"Subsidizing megaprojects that are uneconomic under current perceptions of the market distorts the allocation of resources. It can also retard the development of a flexible, adaptable and economically efficient energy economy serving Canada's long-term security interests."

So, why is the federal government pouring \$400 million into a \$1.3-billion heavy-oil upgrader at Lloydminster that will produce oil at \$25 U.S. a barrel - about double current world prices?

Ottawa's contribution will be in addition to about \$300 million from the Alberta government and \$220 million from Saskatchewan.

To be fair, the energy advisers' report did say that incentives for megaprojects might be provided for other policy goals, such as job creation and regional industrial benefits.

Such is the case for job-impoverished Newfoundland, where the costly Hibernia oil project will benefit from federal largesse. It should go some way to reducing a jobless rate that hovers about the 17-per-cent mark.

DEFENDS PROJECT

In fact, Energy Minister Marcel Masse has defended the federal Hibernia investment by arguing that Ottawa will recover its expenses with interest if oil prices are in the \$17-to-\$19 U.S. per barrel range

There might be some quibbling about the exact numbers, but there is at least some justification for Hibernia.

The Lloydminster project, which straddles the Alberta-Saskatchewan border, is another tale.

Politics is evidently a major factor in the case of the upgrader. The project overlaps into the ridings of Deputy Prime Minister Don Mazankowski and Bill McKnight, the minister responsible for Western economic development.

And, naturally, after seeing money thrown out to Hibernia and to an assortment of Quebec projects, it was the West's turn.

But why Lloydminster, which ranked last in priority on a list of energy megaprojects? After the Kierans report came out, at least one analyst said if Ottawa accepted its recommendations, the less-economic heavy-oil project would be quickly rejected.

However, the governments have tried to justify the upgrader on grounds that the jobless rate in the Lloydminster area has been about 3.5-per-cent higher than the national average of 7.9 per cent.

ABNORMAL CONDITIONS

They may have a point. But consider that Saskatchewan has been hit by drought this year, which would have had some local impact on unemployment. A return to more normal conditions next year would alleviate this year's difficulties.

In fact, the latest forecast from the Conference Board says Alberta will show the greatest provincial economic growth this year. Saskatchewan's economy contracted this year because of the drought, but, in 1989, it is expected to show the largest expansion at a rate of five per cent. That will mean a full recovery from the disastrous crop of this year, plus a bonus.

Both provinces now have jobless rates below the national average, and that isn't expected to change next year.

The silliest aspect of this desertion from Tory marketplace philosophy is the timing.

The announcement of the \$25-a-barrel project came just a few days before oil prices hit a two-year low of \$13.50 a barrel. Moreover, some analysts predict \$10-a-barrel oil by year-end as the OPEC oil cartel opens the taps.

KIT 'N' CARLYLE © by Larry Wright



Professionals probe pyramid pitfalls



Your Business
Diane Maley

Thomson News Service

I wonder whether a person who wins a lottery ever thinks about all the people who have lost. True, they may have lost only a dollar, but they've lost just the same.

And when someone makes a bundle on the stock market, does he think about the poor sap who sold his stock too soon? Or the fellow who hangs on too long?

For every winner, there's a crowd of losers, they say. Rarely is this as true as it is with that age-old scam, the pyramid. That's where I recruit you and another person to put up money. You and the other person in turn recruit two people each, who suck in another couple of folks each. Altogether, there are 15 of us and the money all flows back to me.

The next step is for you and the other person to build your own pyramids, each persuading 14 more friends to hand over their hard-earned cash to you. This way, everyone gets to be number one - provided the whole thing stays in motion.

AIRPLANE RIPOFF

A popular version of the pyramid ripoff, known as the "airplane," is making the rounds in Toronto, professing to yield its victims an 800 per cent return, risk-free. Each person puts up \$2,300, and when his or her turn comes, walks away with \$17,600.

Sadly, the pyramid has become a fad among people who should know better - professionals, bankers, stockbrokers and business people. Players of the airplane game are well-hoed people with desirable addresses. Which explains why they

get so upset when the police racket squad bursts in and arrests them.

They can't see that they are doing anything wrong. "It's just like a lottery," they say. Not so. Soliciting others to invest money for profit is illegal. Luring your friends into cheap scams is also immoral.

Police who break up these "investment" parties pass their growing popularity off to yuppie greed; others say it's a sign of hard times coming. Whatever the case, it's dumbfounding to think that your lawyer or your real estate agent may be engaged in pyramiding in her spare time.

The airplane is like the old-fashioned chain letter, where the originator made money so long as the chain was unbroken. But the chances of keeping the whole thing afloat are slim when you think about it.

DANGEROUS PYRAMID

A pyramid is created. Assume it splits again and again, so that a new round is created daily. At the end of two weeks, 262,143 people would be involved, according to a recent news report. At the end of three weeks, 33,554,431 people would be touched by what one person set in motion.

People who got in at ground level would make money, but eventually, many others would get burned. You can't spin money out of nothing without end. So why do so many otherwise respectable people try to do it?

It could be part of the much-publicized decline in ethics, blamed for the insider-trading scandals on Wall Street. More likely, though, people simply do not stop to think what they are doing.

As a local police sergeant observed: "It's when they're getting their fingers rolled in the black ink for fingerprinting at the station that it really hits them." People charged by the anti-gambling squad will have criminal records if found guilty.

Academics not enough

Staff Comment

By DONNA KELL

As the school year opens up once again, former students are reminded of their heritage.

And as the chilly winds of September blow into autumn, and yellow school buses plod up and down urban streets - often backing traffic up for blocks - I realize that I have lost my identity as a student.

Twenty years ago, I entered the system that we call formal education, and for 18 of those years, I learned the conventional way, attending classes (okay, not all classes) and "learning."

But after going through the challenge of five schools, including two post-secondary institutions, I realize that learning is not limited, and should never be exclusive, to the classroom.

The truth is, there's a reality out there. In Europe, there's a great scarred land, where history pervades the countryside, and where wars were lost and won. The lakes and rivers of Canada, beautiful, blue and freshwater, don't reproduce well in textbooks when compared to the limitless interpretation of the human eye. And berries, fruits and flowers (not to mention certain tiny animals) look much different on the dissection table.

This is not to say that school, the institution, doesn't teach us anything. It teaches us how to analyze, how to learn about foreign things, and makes us realize there are other continents, other peoples out there.

It also provides a social scenario, a place to meet people and learn the intricate, fun, skills of friendship. It gives us a stage for our talents, an audience for our achievements and an ear for our questions about the future.

And school provides us with teacher role-models who supplement parental input, giving us a view to adulthood. But a strictly in-house education just doesn't cut it in this world. And students paying thousands of dollars in post-secondary education might also consider a trip to a foreign country, several months in another province or an historic conversation with local seniors.

The length of a student's time in school can be considered necessary - more time spent in school, lower jobless rates - but school and learning should not be directly equated with the brown brick building around the corner, where the same faces are seen daily, and lessons are learned from textbooks. Experience can be the best teacher. And life can be the best school.

You're speeding down a hill at 100 km an hour, and your peripheral vision catches a sign that flatly declares 50 km MAXIMUM, but you know it's too late. You're in Hungry Hollow, and you've got to get out. Your sluggish pre-1985 vehicle won't propel you up the hill unless you give it a little more gas... there, you're up the steep incline, slightly disuaded by the flashing amber light near the summit, but you made it, and you find yourself driving north on Mountainview Road.

Looking furtively for a police cruiser...

SNAFU © by Bruce Beattie



"Herb's a die-hard coffee drinker. When our water main broke, he used water from the jacuzzi."