

# Halton Hills Outlook

"OUTLOOK" is published each Saturday by the HALTON HILLS HERALD, Home Newspaper of Halton Hills, A Division of Canadian Newspapers Company Limited, at 45 Guelph Street, Georgetown, Ontario L7G 3Z6.  
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## Their Outlook

### Facing the slump

#### Ottawa

Stewart MacLeod  
Thomson News Service

If Prime Minister Brian Mulrooney and his key ministers feel flashes of frustration over the sagging support for free trade, you can scarcely blame them.

The grand strategy to carry the controversial agreement successfully through an election campaign, and into law, had been plotted and followed for years. And up until a few weeks ago, everything was on target.

But now, with perhaps not enough time to do much about it, the whole shebang seems to be coming unstuck. Recent polls - and there have been many - consistently tell us that support for the free-trade deal is slumping at a rate that's alarming for the Mulrooney government.

With only two weeks of campaigning left in an election dominated by the deal, opponents far outnumber proponents. And despite the best Tory efforts, there is no indication that voter attention can be effectively diverted to other, more popular, issues.

The 1988 general election will be fought mainly on free trade - something that was far from Mr. Mulrooney's mind when he ran for his party's leadership in 1983. Even after becoming prime minister the following year, there were no plans to make free trade the central issue in an election campaign.

The strategy all along has been to "low-bridge" the issue. In recent days, a great deal of publicity has been given to an 1983 internal document, from the prime minister's office, which said that free trade should be given a low profile. "The higher the profile the issue attains, the lower the degree of approval will be."

#### SMACK ON

The actual author of this "communications strategy" memo has never been identified, but recent events would suggest that he or she was no dummy. Since this election campaign began, free trade has attained a towering profile - along with tumbling public support.

Unfortunately for the government, the alleged disadvantages of the agreement have received more attention than the advantages, largely

through the television debates. With Liberal Leader John Turner and NDP Leader Ed Broadbent attacking the deal on two flanks, the prime minister was outgunned.

Opinion polls immediately began to reflect the public's concerns about free trade - and falling support for the deal itself. They also indicated that it was, by far, the most important issue in the minds of voters. The Tories were rapidly losing ground.

The prime minister and his key ministers accused the opposition leaders of uttering lies, distortions and deceit - and now the government's counter offensive is in full swing. Fighting fear with fear is probably the only strategy available, but as we watch things unfold, the ploy obviously has its dangers.

While neither the Liberals nor New Democrats have to change their tactics, or their well-developed lines, the Tories run a high risk as they heat up the war of words. Not only might it smack of desperation, but in warning voters about the alleged consequences of rejecting the deal, overstatement is inevitable.

#### ALREADY HAPPENED

It happens that some of the government's key spokespersons on free trade tend to be a bit bombastic or given to hyperbole. Neither Trade Minister John Crosbie or chief negotiator Simon Reisman can be considered laid back, and the prime minister himself has never been accused of understatement.

And once their credibility is questioned, they're not likely to make much headway convincing voters about opposition distortions. The prime minister had every reason to point out, with some annoyance, that statements Mr. Broadbent attributed to the Canadian Manufacturers Association during the TV debate were eight years old.

But now, what's getting more attention than that is the prime minister's suggestion that rejection of free trade might threaten two million Canadian jobs. The Economic Council of Canada, which is frequently quoted by the government for its support of free trade, has put the number closer to 22,000 - after 10 years.

Mr. Crosbie also over-quoted the council, prompting a spokesman from the agency to correct the minister. In the process, Canadians were reminded of the council's assessment that, while rejection of the deal would be unfortunate, it would not be catastrophic. "The standard of living would... continue to improve."

Even Finance Minister Michael Wilson, who seldom over-speaks, ran into criticism for suggesting the Americans might rip up the Auto Pact if free trade is rejected. While most of the flak came from those who disagree with that view, he was even chastized by one who agrees - Laurent Picard, a former member of the Macdonald Commission, which recommended free trade.

"He's right," said Mr. Picard. "But the Conservatives have known about that kind of thing for at least a year and are only telling us about it now!"

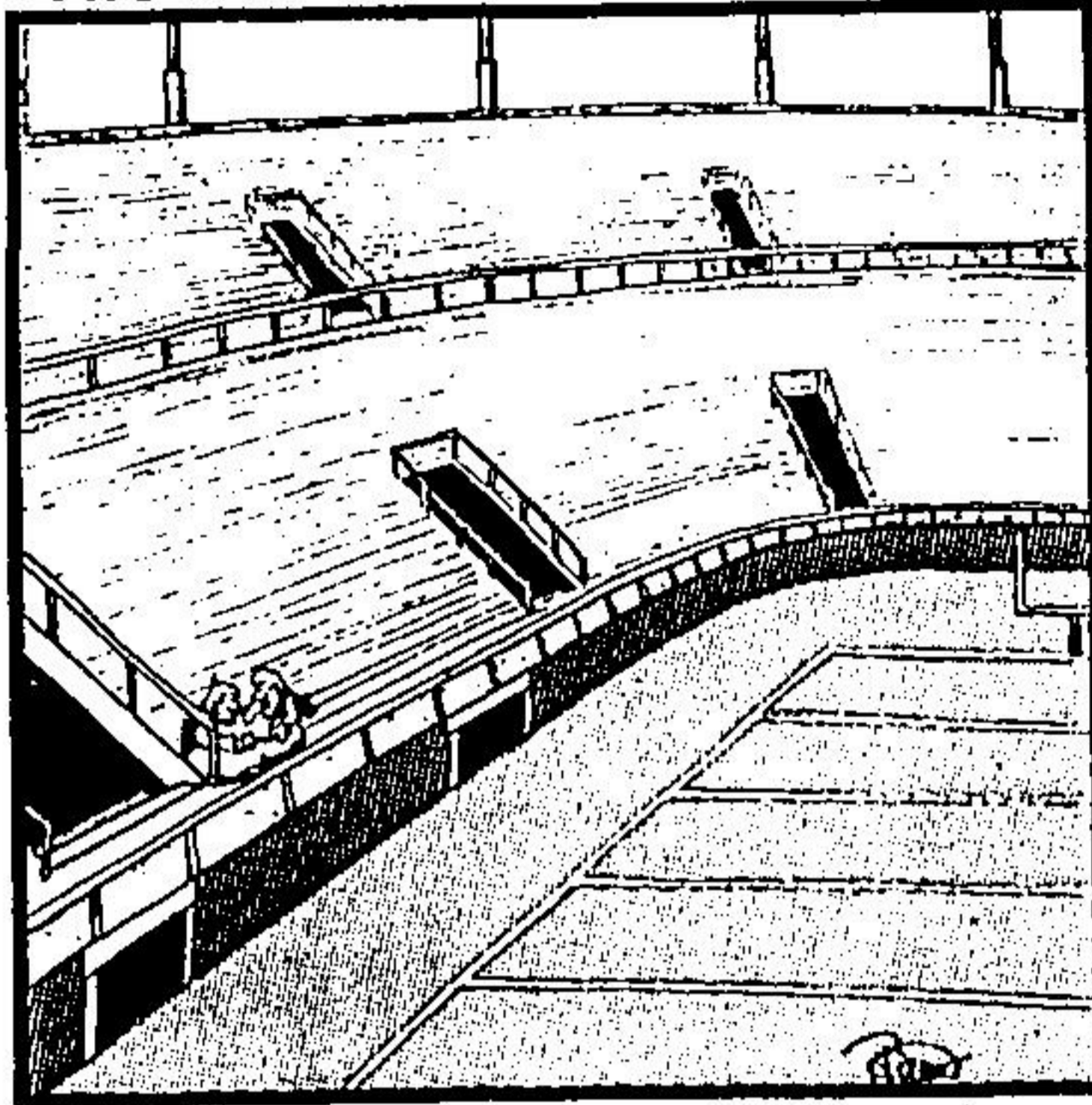
That's the trouble with fighting fire with fire. You never know who might get burned in the resulting conflagration.

But the Tories had little choice. It might have seemed a good idea to try that 1983 strategy of low-bridging free trade so it would get "benign neglect from a majority of Canadians," but it obviously didn't work.

Now, it's all or nothing on a blazing battlefield.

### Two's a Crowd

By BILL BUTTLE



"Starting to wonder why the tickets were so reasonable?"

### A little light on the subject



Your Business  
Diane Maloy  
Thomson News Service

As shareholders of Inco Ltd. push and tug over the company's plan to defend itself against predators, Donald Phillips, Inco's chairman, has tried to shed some light on the dispute.

Mr. Phillips says the proposed defence tactic, known as a sugar-coated poison pill, is designed to protect Inco shareholders from abusive takeover tactics. Shareholders will vote on the proposal late this month.

To understand his concern, one has to descend into the rough and tumble world of American takeover artists. There, you'll find a strange and unfamiliar cast of characters and events, requiring a new vocabulary to describe. There are poison pills, scorched-earth tactics, big-time speculators called "arbs", creeping takeovers and tricky maneuvers known as sweeping the street.

A company with more than \$500 million (US) in the bank is a sitting duck for these people. That's why Inco, which owns a big nickel mine in Sudbury, wants to give shareholders a gift of \$10 a share. That's the sugar coating.

Corporate managers go to great lengths to fend off unwelcome bidders. When Brascan sold its Brazilian power utility for a bundle of cash in the 1970s, it attracted the unwelcome attention of Edward and Peter Bronfman, who ended up taking it over. In the heat of battle, Brascan nearly bought F.W. Woolworth, the American retailer. This would have used up all its money and left it up to its corporate ears in debt. The idea seems to be to buy something, anything, to make the company less attractive.

**TOO MUCH MONEY**  
Inco earned a windfall earlier this year when nickel prices soared. Whether giving the money away is the best thing to do is difficult to say. Shareholders can't seem to decide, either. "It's a horrible dilemma,"

said William Allen, a Toronto money manager. Refusing a fat dividend could anger clients.

Inco's \$500 million apparently has some would-be raider, perhaps an American, salivating. (Inco was founded in 1902 by J.P. Morgan, an American if there ever was one). To fend off this real or imagined buyer, Inco's management has come up with an all-American cure.

The tactic, the latest thing in American raider-repellent, would be the first of its kind in Canada. Usually, though, companies wait until they see the whites of the bidder's eyes before they resort to it. Does Inco's management know more than it is letting on? Is there a real, live bidder out there?

Before we say 'bring on the bids,' let's remember that these desperate measures really do put management in a better bargaining position. From there, it can negotiate a higher price for shareholders if someone makes a bid.

But the downside may well be greater. Management may succeed in scaring bidders away, depressing the stock price. In their haste to make themselves less attractive, they could jeopardize the company's financial health.

Inco would have to borrow half of the \$1.05 billion it plans to distribute to shareholders. Canada's top credit-rating agency, Dominion Bond Rating Service, is so concerned about the plan that it cut the company's rating.

#### WATER IT DOWN

The way the poison pill works, Inco would give shareholders rights to buy new stock at half price if an unwelcome suitor turned up with 20 per cent of the shares. This would cut the raider's holdings in half, making it more expensive for him to seize control.

About a third of the company's shares are held in the United States, a percentage that changes from day to day. An American looking to take over Inco may find a way to buy enough shares in the market to put him in control without having to negotiate with management or shareholders in Canada.

A raider could try a creeping takeover, buying Inco stock quietly as it comes along. Or, he could pull an even sneakier trick, sweeping the street.

### Why not a stand?



Staff Comment

By BRIAN MACLEOD

The debate on free trade has managed to overshadow what has to be called the single most controversial issue in Canadian politics in the 1980s - abortion.

Even before Canada's abortion law was struck down by the Supreme Court last January, debate on the issue raged as so called pro-lifers and pro-choicers attempted to lure politicians into their camps.

The sad fact is Canada's leaders have failed to take the lead on the issue.

Of the three potential prime ministers, only NDP Leader Ed Broadbent has said openly what his government will do about abortion. But even that was a party decision. He inherited the position rather than established it.

He was lucky. Prime Minister Brian Mulrooney and Liberal Leader John Turner have shown what they're made of by failing to take a firm stand on the issue.

With the population about evenly split on the abortion issue no politician wants to risk losing the support of either faction by taking a stand.

Unless politicians see a clear gain in taking a position, they just won't bother.

Brian Mulrooney says his government will hold a free vote to try to "depoliticize" the issue.

John Turner said he would also hold a free vote.

But he won't even say what he thinks about the issue claiming he doesn't want to impose his will on the people of Canada.

But how about your constituents in the riding of Vancouver-Quadra, Mr. Turner. Don't they have a right to know how you stand?

And what will another free vote solve. Didn't the Conservatives already try that once?

Ed Broadbent says a new law isn't necessary because the decision should be left between a woman and her doctor.

Hurray. Someone actually stated what he thinks about the issue.

However, the abortion issue won't be solved until the people truly have their say.

And they're not going to have their say with weak-kneed leaders who have continually avoided it.

If Mr. Mulrooney - who has been in power four years but never really solved the issue - and Mr. Turner - who won't say what he thinks - can't solve it, then the people should.

Let us have a referendum. It's often said politicians are elected to make tough decisions on behalf of the people.

Obviously, two of Canada's leaders aren't tough enough to make the decisions.

These are our leaders. The best Canada has to offer. The people who will lead us into the 1990s and beyond. The founding fathers of the 21st Century.

Think about it. It's really quite pathetic. Isn't it?

### Berry's World

MIND IF I SMOKE?

NO, GO AHEAD!



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