

the HERALD Outlook

Maverick's success may have been his downfall



**Your
Business**
Diane Maley
Thomson News Service

For some relatively minor breaches of US securities law, Michael Milken is facing up to 20 years in prison and a fine of more than \$1 billion (US).

Mr. Milken, 42, is considered the most important American financier since J.P. Morgan. Almost single-handedly, he has changed the way corporations raise money and finance takeovers.

The boyish-looking creator of the \$188-billion junk-bond market has helped bankroll the country's most prominent takeover artists by issuing high-yield, high-risk securities to finance their deals. In the process, he raised Drexel Burnham Lambert, the investment banking firm where he worked until January, from a position of relative obscurity to the top ranks of Wall Street dealers.

"He totally transformed the corporate landscape," Doug Henwood, publisher of Left Business Observer of New York, said in a recent newspaper report. "Nothing has been the same since."

The young maverick's success may have been his downfall. Mr. Milken and his clients struck fear and loathing in the hearts of corporate executives, who recognized that their companies could become unwilling takeover targets.

CHARGES LEVELLED
Last fall, the Securities and Exchange Commission accused Mr.

Milken and his firm of insider trading in league with Ivan Boesky, disgraced New York stock trader. The SEC is the national securities watchdog. Mr. Boesky is serving time for illegal stock trading. Apparently, much of the SEC's evidence in the Drexel case was supplied by Mr. Boesky.

Spearheading the assault on white-collar crime is Rudolph Giuliani, US district attorney for the Southern District of New York. Mr. Giuliani, who looks and talks like Elliott Ness, has vowed to clean up Wall Street; doing so has not hurt his career.

Throughout the long investigation, Drexel said it would stand by its number one employee and second-largest shareholder. But in January, it agreed to fire Mr. Milken as part of a plea bargain with the government.

Last week, a US grand jury added weight to the case by charging Mr. Milken and two of his associates with 98 counts of securities fraud and insider trading offences. The charges fall under laws normally reserved for the likes of Al Capone.

RIGHTEOUS EXCESSES
The whole sordid affair leaves one wondering if perhaps justice is not being overdone. The government is accusing Mr. Milken of stock parking - parking stock with a dealer to hide the true identity of the owners - and supporting a stock price in advance of a public issue, two fairly common practices that stray into grey areas of securities law. Observers say the government may have a hard time proving its case because of its sheer complexity.

Often when someone is charged with criminal activity, his friends and clients desert him.

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STAFF WRITERS

Brian MacLeod

Donna Kell

PUBLISHER
David A. Beattie

EDITOR
Brian MacLeod

AD MANAGER
Dan Taylor

SPORTS WRITER
Paul Svoboda

ACCOUNTING
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CLASSIFIED ADVERTISING
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PRESS ASSISTANT
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SNAFU® by Bruce Beattie



After dredging the bottom, Bernie decided to fish till he found his ball.

Parliament will be a barn burner



Ottawa

Stewart MacLeod
Thomson News Service

We've been wrong before, but this time it seems fairly safe to predict that this new session of Parliament will be a real barn burner. If not, it won't be for lack of incendiary material.

Just look at the issues. After all those costly pre-election promises, the government now is preparing drastic spending reductions - something that always sends the Liberals and New Democrats into a rage. There has never been a known case of the opposition parties agreeing with the government on what programs or projects should be cut. And we can virtually guarantee that no new ground will be broken in this respect.

There is a form of chaos surrounding air travel in Canada - to the point where opposition MPs are demanding the resignation of Transport Minister Benoit Bouchard. Despite his attempt to defuse the issue by appointing two judicial inquiries into air crashes, and serving an execution warrant on the Canadian Aviation Safety Board, the problems are not going away.

Mr. Bouchard, one of the more amiable members of the Mulroney cabinet, is almost certainly in for a rough ride over the next few months. Quite apart from problems in the air, including a shortage of traffic controllers, the minister will also have to deal with VIA Rail and its \$600-million annual federal subsidy.

There's the abortion issue, which won't go away either. There are the continuing environmental worries, particularly now that tons of gooey crude oil are being washed up on the Alaska coast, north of British Columbia.

There are also the economic waves from the free-trade agreement, not all of them favorable for the government. Then there is the marathon controversy, and mounting opposition, over the Meech Lake accord.

LOTS MORE

The language fight in Quebec is still there, and so is the federal cabinet disagreement on how it has been handled. There are high interest rates, whose effects fall unevenly across the country. There will also be difficult federal-provincial fiscal negotiations.

As the government cuts back on its spending programs - perhaps even affecting the regional megaprojects that were announced with such fanfare before the election - we can brace ourselves for the uproar. There will be charges of reneging, lying and betrayal. In all probability, the 296 MPs will outshoot the members of the last Parliament, who frequently used such language as sleazebag, scumbag, liar and jerk.

The open leadership race in the New Democratic Party and the undeclared one among the Liberals will likely provide fuel for the flames. Not only is it important for potential successors to make an impression in this crucial session, but their supporters will also be there to cheer them on.

If things go as expected, we can probably draw up a list of leadership candidates based on performance during the daily Question Period. Anyone with the slightest interest in becoming a leader - and the numbers are far greater than the admissions - will want maximum exposure.

The most effective exposure for opposition MPs comes from chasing down big game - such as the prime minister or other heavyweights in cabinet. No one will pay much attention to a member who insults, say, the minister of state for forestry. But should he call the prime minister a sleazebag, there will be instant television exposure.

NOT EASY

That's why prime ministers have always had such a rough time when opposition parties are choosing new leaders. And it was probably in the back of Mr. Mulroney's mind when he gave Parliament such a long winter holiday.

Life is much easier for a government when there is no daily battle in the Commons. And it's much, much easier when opposition MPs are not trying to prove they are such great leadership material.

Book Review Second opinion diagnoses body of medicare

By DR. CHARLES GODFREY

It is common practice for patients to have doubts about their doctor's findings and to ask for a second opinion. Physicians, puzzled over a diagnosis or disappointed with clinical progress, may call on another doctor for advice. When we discuss health care today, it is not unusual to receive a plethora of second opinions. Indeed, the prescriptions we receive as to how our ailing health system can be cured are as common as advertisements for instant headache relievers.

Second Opinion (Collins, 371 pages, \$26.95), by Michael Rachlis and Carol Kushner, is another expose of what's wrong with Canada's health-care system and how to fix it.

Dr. Rachlis, a specialist in community medicine, and Ms. Kushner, a researcher of public policy, put their considerable skills together to diagnose the fevered body of medicare.

The symptoms are well known to the taxpayers. Rarely a day passes without a media account of death or severe illness because of waiting lines for health care. An in-depth story of how some sick person has received less than adequate care is sure to appear on the evening TV news.

This book is an exhaustive study of what the authors feel is the root cause of our troubles. They do this by exploring the many issues that are troubling consumers and suppliers alike. They look at the length of time people spend in an emergency department waiting for attention and examine what happens when a chronically ill senior occupies a bed in an active-treatment hospital while awaiting (for months) alternate accommodations in a chronic-care centre. But they go beyond that. They examine the price tag of \$46 billion (or one-quarter of each provincial budget), which is the amount spent by Canadians just to maintain our system in its state of chronic invalidism.

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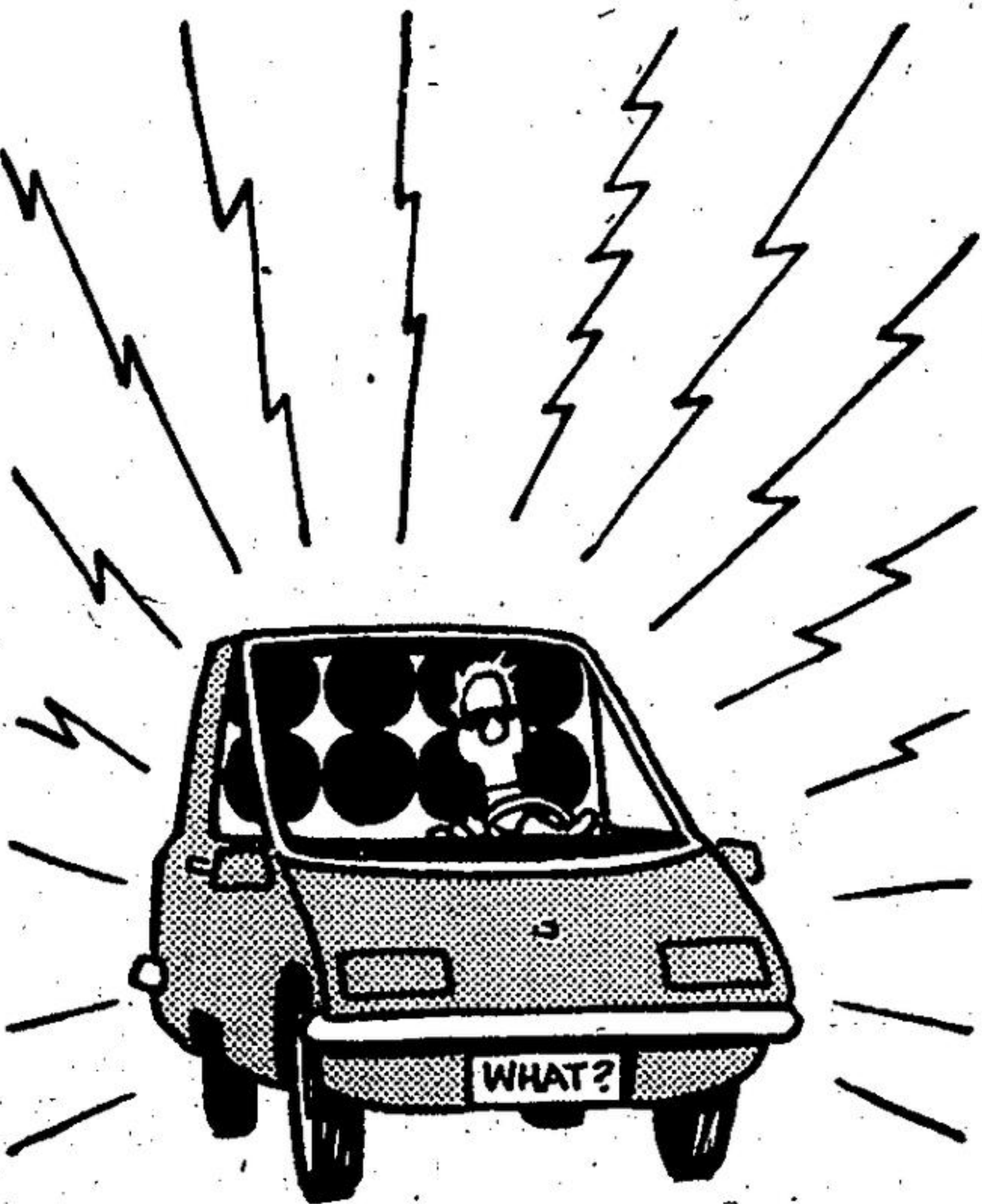
They cite where money is being spent to maintain medicare, which they point out is the envy of many other countries, and charge that billions are being squandered every year on useless or inappropriate medical services.

Having listed the complaints in the system, Dr. Rachlis then puts his finger on the ulcers that have appeared. The average length of stay in a Canadian maternity ward is four times what it is in US hospitals. That is money wasted. Coronary-care units are loaded with uncomplicated heart-attack cases, which will use up two weeks of hospital service and thousands of dollars and may even be the cause of blood clots that result from bed rest and lead to further coronary problems.

But there is more. Why do Canadians lose their gallbladders 10 times more frequently than Danes? Do that many Canadian women really need to have hysterectomies or mammectomies? Isn't it true that an astonishing percentage of patients in hospital have serious side effects from taking their doctor-prescribed medications? Or are they anemic simply because of the blood samples that are taken for testing?

-Dr. Charles Godfrey is a consultant with the Rheumatic Disease Unit, Wellesley Hospital, Toronto.

Berry's World



Jim Berry
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