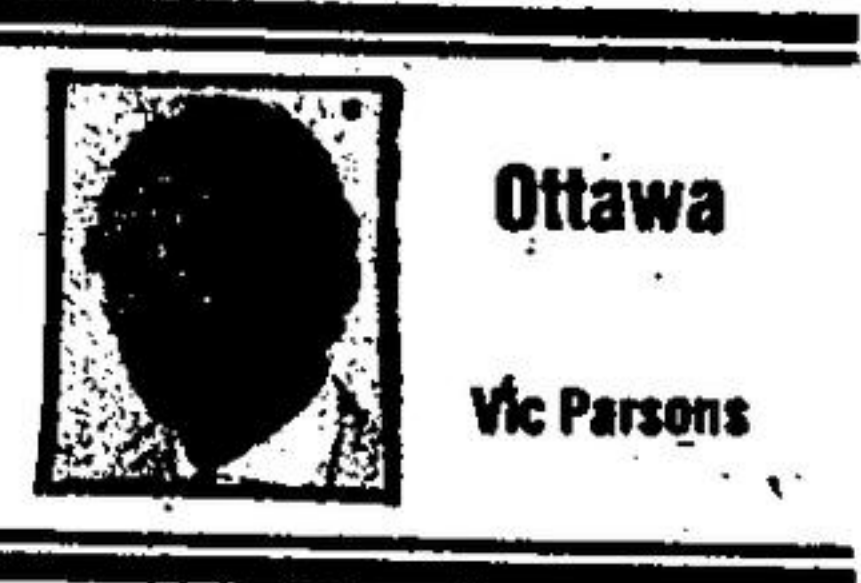


the HERALD
Outlook

Elvis Droodge learns how to eat crow



Ottawa
Vic Parsons

NOTE: There is no Elvis Droodge. This type of conversation, however, is one many MPs would like to have with John Crow.

The full-blooming red and yellow tulips on Parliament Hill had temporarily banished the sombre thoughts of Elvis Droodge as he made his way from the Commons toward the Bank of Canada.

There had been few happy days lately for the MP for Upper Elbow-Venison Tickle. His riding had been hit hard by layoffs in the fishing and forestry industries. The drydock he's counted on as a job creator had been axed by spending cuts. Constituents moaned daily about tax increases and high interest rates.

But today, he had had a stroke of good fortune. During an early-morning jog along the Rideau Canal, he met John Crow, the Bank of Canada governor. When Droodge expressed fears about interest rates, Crow astounded the MP by inviting him for a chat. Was it the exhilarating day? Or was Crow on a caffeine high, he wondered.

As an MP from an outlying region, Droodge knew interest rates had taken a heavy toll. Builders and small businesses were feeling the impact. A strong dollar, boosted by the rates, was hurting exports from his resource-based riding. When high interest charges had increased Ottawa's deficit more than expected, the government had slashed regional development spending and cut back on unemployment insurance.

As the tally of jobless rose in Upper Elbow-Venison Tickle, Droodge fancied he heard a distant grumbling. It was a fearsome sound - much like that of an approaching earthquake.

OPPORTUNITY KNOCKS

Now he has an opportunity to probe the central bank governor, to see what Crow has on his mind and, possibly, to hold out to the folks back home the hope of better times ahead.

He's have to be careful. Central bankers are loathe to say flat out that interest rates will go up or down. One has to make interpretations. That's why journalists can reach opposite conclusions from the same set of remarks.

He enters Crow's office. After the usual pleasantries, Droodge gets to the business at hand.

"These interest rates, John," he

begins, "some say you invite recession."

"The important thing," the governor replies, "is to avoid the inflation booms and busts that we have experienced before. The Bank of Canada has taken these actions in a forehanded or timely manner to ward off the excesses, the overshoots, the overheatings that contain the seeds of their own inflationary destruction."

"But can't we have lower rates in some parts of the country?" asks the MP. "My area is suffering greatly from your inflation-fighting in southern Ontario."

"It is totally impractical," Crow grimaces. "We have a unified financial market in Canada. That means that funds flow readily from one end of the country to another and they are simply not going to stay in one place at a lower rate of interest when a high rate of interest with equivalent risk is available somewhere else."

"Is the remedy not worse than the disease?" Droodge presses. "Taxes have to be raised to pay a deficit that is riding because of your higher rates."

CONFUSING WORDS

The answer comes: "I do not think that in a more inflationary situation than we have one would get lower interest rates in the end by printing more money in an attempt to lower short-term interest rates by increasing the amount of liquidity available to the relative demand for it."

Droodge knows that Crow speaks four languages. He wonders which one the governor is using now.

He tries another approach. "You say one of the problems you are trying to correct is heavy borrowing by businesses. But aren't high interest rates likely to hurt job-creating small businesses more, while cash-rich, merger-minded big corporations get off lightly?"

"I do not find it very easy to discuss policy in terms of individuals," Crow responds. "We have to look at broad economic behavior in terms of the effects of our policy."

"But how do you know that you won't push us into recession?" Droodge asks desperately. "Can you guarantee your anti-inflationary policy will work?"

"We can't guarantee anything in this world," Crow says enigmatically. Droodge thought the governor was much like an ancient Greek oracle.

The MP leaves. The azure sky does nothing to make him feel better.

On the way to his office, Droodge meets the bulbous-nosed veteran MP, H.J. Stoneycroft.

"Well, Droodge," Stoneycroft cries. "Does the Guv offer any relief from these damnable interest rates?"

Droodge thought of the oracle. "I think he said 'No.'"

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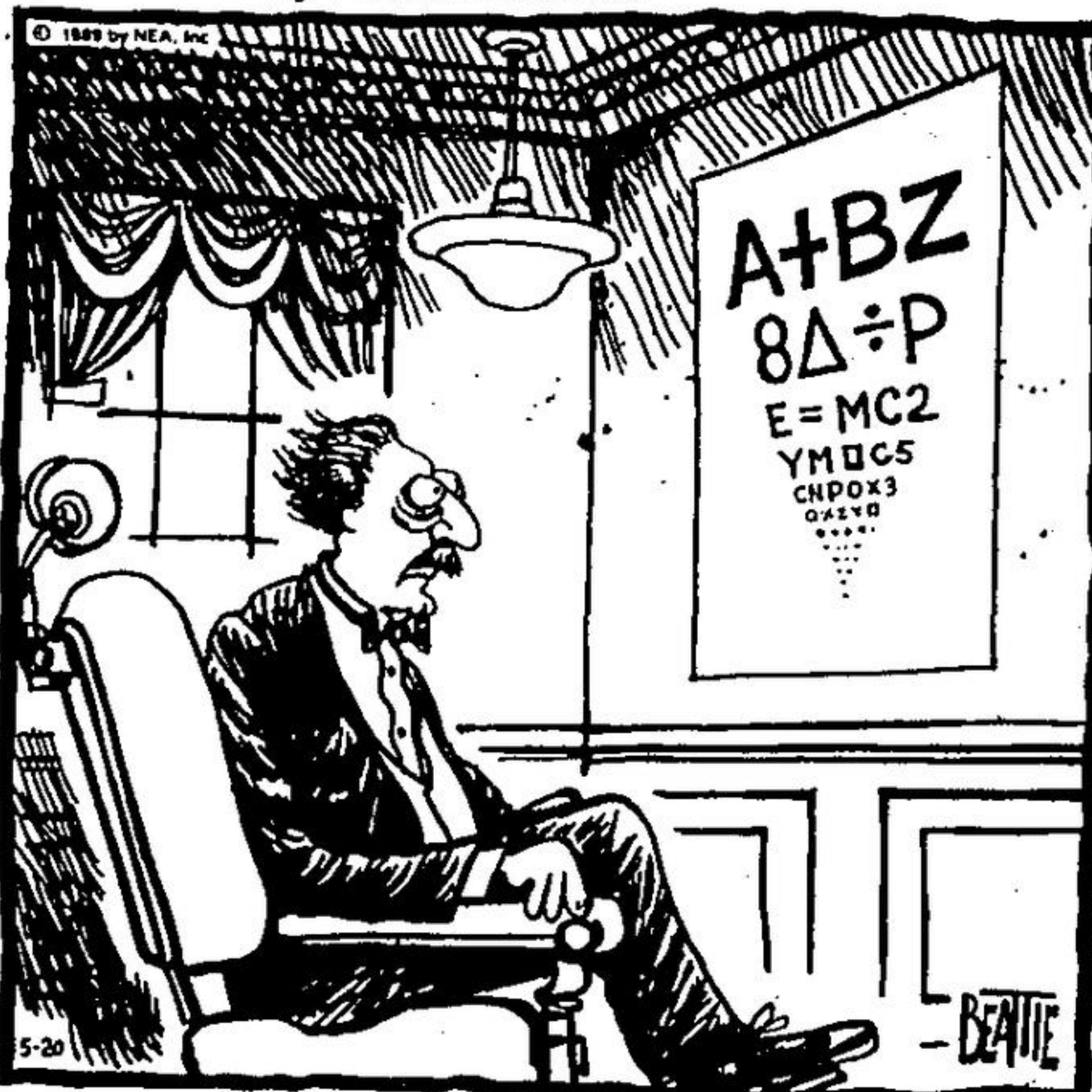
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Three lines into his eye exam, young Einstein had a momentous realization.

The best places don't come cheap



Your Business
Diane Maley
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The best places to live in Canada do not come cheap.

So far, the real estate bust that has devastated Toronto and Vancouver has been slow to spread to other regions, raising the possibility that these two cities could suffer recession while the rest of the country remains healthy.

In Thunder Bay, Ont., for example, development is spreading out from the city centre at a breakneck pace. And a few hours outside of Toronto, people still are tripping over each other to pay \$350,000 and up for a waterfront cottage. In a country as cold as Canada, that's downright phenomenal.

Although the best spots are purely subjective, by snooping around Ontario and talking to people elsewhere, I have come to the conclusion that the best places to live in Canada are all a respectable distance from Toronto.

For jobs, house prices and a style of living friendly to kids and dogs, my personal favorite is London, Ont., a clean, prosperous and cultured city of 300,000 that is benefiting from the flight of businesses from Toronto. Nearby St. Thomas, a bedroom community, offer the same amenities.

Close on their heels are Kitchener-Waterloo, a university town where the Mennonite market is among the best outdoor bazaars in the world, Belleville and Peterborough, Ont., all of which are benefiting from Toronto's excesses.

Not all the good spots are in Ontario. Victoria, a perennial favorite, is still high on the list. Dartmouth, N.S., is gaining on more expensive Halifax, a 20-minute drive away. St. John's, Nfld., too, has charmed visitors

with its European flavor.

VALLEY LIFE

For writers, painters and academics, Wolfville, N.S., in the heart of the Annapolis Valley, is a favorite spot, complemented in Western Canada by the Okanagan Valley in British Columbia. Communities such as Kelowna, Vernon and Penticton offer a laid-back lifestyle at prices that are reasonable by Vancouver standards.

A surprise on the national landscape (although not to those who have been there) is Whitehorse, with its striking setting and strong sense of community.

If money is no object, the scene shifts a bit closer to Toronto, with Caledon, Port Hope and Cobourg looking mighty attractive, all within an hour's drive of the city. Another expensive but pretty spot is Millbrook, a short drive from Peterborough and Port Hope.

SOME BARGAINS

Zeroing in on southern Ontario, the best buys would seem to be Woodstock, a small city in the centre of an agricultural area not far from Stratford, and Picton in the heart of beautiful Prince Edward County.

Southern Ontarians with a hankering for cottage country would do well to forget Muskoka and start exploring Lake Erie. Turkey Point, near Simcoe, is a particularly nice spot.

Lately, with talk of recession or worse in the air, more people are looking for a few acres in the country; if worse comes to worse, they can plant potatoes and sit out the depression, so the thinking goes. Try as one might, though, it is hard to find cheap farmland anywhere in Canada.

The best bet for those with a gloomy view of the economy is to look for a small piece of land far from Toronto or Vancouver - northwestern Ontario comes to mind, although the growing season is short. And remember, pay with cash.

Stonewalling will succeed



Queen's Park
Derek Nelson
Thomson News Service

TORONTO-It appears Solicitor General Joan Smith will keep her job.

This will send out interesting signals to other members of the Liberal government.

As most people are aware by now, Smith visited Lucan Ontario Provincial Police detachment in the middle of the night to check on allegations of police abuse of a son of a family friend.

She claims to have been misled into believing the parents were unavailable, although she met the father in the parking lot of the police station and still went inside.

She says she did this because two police officers had seen her in the parking lot, so, as a courtesy, and to "assure them that I had no interest whatsoever in affecting anything in the course of justice," she continued in.

She spoke only of the allegations of abuse, "summer's advent and some casual things, and left," she told the legislature here.

Later, after a further tale about police brutality, she checked again with the OPP, this time by phone.

She did all this knowing that the solicitor general, as the minister in the government responsible for the police forces of Ontario, must maintain an arm's length relationship with day-to-day police activity.

As OPP spokesman Bob Guay said later: "It's unusual that a minister show up at a detachment. It is perceived (by investigating officers) as pressure... when she's on the scene."

The executive director of the Ontario Police Association, Richard Houston, said: "I don't think there was any intent to influence the system of justice, but there was certainly poor judgement involved in her going down there."

Yet, remarkably, Smith not only continues to insist her conduct was proper, but that she'd do it again and for anybody, not just people who know her.

NDP Leader Bob Rae summed it up succinctly: "The question here is judgement and standards, and, I might add, double standards."

CANNOT DISTINGUISH

"The people of this whole province are going to have to bear some responsibility for having a solicitor general who cannot distinguish between the right thing to do and... (what) was clearly the wrong thing to do in terms of a private response to a particular issue," he added.

Premier David Peterson, who thought the issue serious enough to ask for a secret report on the incident, doesn't agree.

Nothing serious enough happened at the police station to warrant Smith's dismissal from her job, he concluded.

And that's that.

Peterson's stonewalling will succeed in the sense that Smith will stay in her position until a cabinet shuffle later this summer.

But the overall message it sends to other Liberal cabinet ministers, and would-be cabinet ministers on the back bench, has to be somewhat mixed at best.

WHAT WOULD HAPPEN IF EVERYBODY IN CHINA JUMPED UP AND DOWN AT THE SAME TIME?

