

# the HERALD Outlook

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## "Yuppie" refugees heading your way



**Diane Maley**  
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Thomson News Service

They're heading north, south, east and west. They could be heading your way this very moment. And when they get there, things may never be the same.

No, they are not killer bees. They're refugees from Toronto. They're hitting the road in the BMWs, Toyotas and Jeeps with their pockets stuffed full of inflated housing dollars, looking for a better life.

Until recently, they were content to move a few miles outside of the city, driving back and forth to work each day. But the highways have become too congested. And house prices within an hour's drive of the city are high.

So people who are fed up with the crowding, the noise and the stench of the city that people love to hate are moving away: to Alberta, British Columbia, Nova Scotia; to Peterborough and Belleville and Kingston; to London and Kitchener and any other city large enough to offer employment but small enough to offer some peace and quiet.

This is doing weird things to the housing market. House prices in Toronto and its bedroom communities are under pressure to fall. But the country's "second-tier" cities are beginning to do relatively well.

Ten years from now, the population could be more evenly spread among a number of cities, the way it is in the United States, rather than so much of it being lumped in and around Canada's three major metropolitan centres, Toronto, Montreal and Vancouver.

### PROBLEMS ARISE

Used to be, people in smaller

towns could sit on the front porch and watch the flowers grow. Now, they sit and watch the housing developments go up. The change has done wonders for house prices, but it has made it more difficult for people to find a little peace and quiet.

When the people who are fed up with the city are journalists, they write about their decision to leave. We've seen a lot of this lately. The new refugees blame house prices, traffic and a growing feeling of uneasiness over tensions among people of different backgrounds.

Then there are the street gangs and the purse snatchers who turn the simple act of walking down the street into an adventure.

There is also the problem of the Americans. The proximity to the U.S. border has turned Canada into a nation of smugglers. Canadians have always envied the Americans' lower clothing and gasoline prices, for example. Lately, people have been slipping south of the border to buy food.

### BUFFALO LOOKS GOOD

The real estate prices south of the border are often a fraction of what they are in Canada does not help. If the Americans don't watch out, they'll have a stampede of Canadians rushing to buy houses in border towns, commuting back to Canada each day to work.

All in all, big-city residents are growing discontented with their lot. They are seeking solace elsewhere. So if one day, while you're sitting on the porch, you see a caravan of young, formerly urban professionals wending its way toward your town, be kind to them. They've had a hard time.

If you're feeling really generous, you might sever a little piece of land from the corner of your property and offer it to them for \$100,000 or so. They'll thank you for your generosity.

But be warned: these people tend to move in herds. First you see one or two, the scouts. Then comes the stampede. Next thing you know, you'll have crowded highways, smelly air and high house prices. You could pick up and move, but to where?

## SNAFU® by Bruce Beattie



"We give them manicures just before their nails are long enough to reach."

## Finance Minister faces an uphill battle



**Stewart MacLeod**  
Ottawa  
Thomson News Service

The more one looks at the colossal challenge facing Michael Wilson the more one wonders why anyone would agree to become minister of finance. And to think that he doesn't earn a penny more than, say, the minister of veterans affairs.

If ever a federal minister faced an uphill battle it is Mr. Wilson, whose occupation and preoccupation right now is convincing Canadians that they should learn to love the new nine-per-cent tax on most goods and services.

It would be a tough sell under the best of conditions - that is, if most influential groups in Canada were supportive. But the finance minister starts his campaign in the face of opposition that borders on revolt. Even some members of the Tory caucus are beginning to talk of rebelling - and most of their constituents haven't yet had time to become familiar with all the painful details of the tax, scheduled to come into effect Jan. 1, 1991.

A majority of provinces have serious objections. And, as Mr. Wilson prepares to unleash his sales force, Quebec Premier Robert Bourassa is preparing for his Sept. 25 election - by campaigning against the tax, not only for fiscal reasons but on jurisdictional grounds.

Ontario Premier David Peterson has expressed serious concerns about the tax, and so have senior officials in most other provinces. British Columbia Finance Minister Mel Couvelier predicts Mr. Wilson will be forced to back down.

If he is, it's probably the end of his political career. Seldom has so much personal credibility been staked on one issue. Tax reform

has been Mr. Wilson's priority since he entered the cabinet in 1984.

### SUPPORT CRUMBLES

It's his view - and he profoundly hopes that a majority of Canadians will soon adopt it - that the present federal sales tax, imposed at the manufacturers' level, is nothing short of rotten. And a vast majority of the Canadian business community would agree.

It's the remedy that causes the political problems. There may be few doubts that the tax, imposed at the retail level, is basically more effective. And there is no doubt the system works reasonably well in other countries.

But Canada is not a country like most others. We also have retail taxes imposed at the provincial level - except in Alberta - and Mr. Wilson proposed to make Canada the only country in the world with two separate retail taxes.

For many of us who are not even aware of the present hidden tax, it's going to be a bit of a shock to see nine per cent added to our sales slips. But then we'll still be hit with the provincial tax - which will also be applied to the federal tax. In other words, our taxes will be taxed.

I think it's fair to say this is not something that easily sells itself.

Remember the tough time the Mulroney government had selling free trade - with the full support of the business community and a majority of the provinces, including Quebec?

That little initiative could be kid's stuff compared with this sales campaign.

### LITTLE WONDER

It's not surprising that the provinces have deep reservations about the new tax, since it will clearly limit their room for future increases. It's one thing to raise the provincial retail sales tax to, say, nine per cent from eight, but when consumers suddenly see themselves paying a 17-per-cent tax, it will take a very gutsy provincial finance minister to start adding to that.

That's no doubt why Mr. Bourassa will be telling Quebec voters that Ottawa should keep its

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## Michael Wilson hopes for flag waving

**Vic Parsons**  
Ottawa Bureau  
Thomson News Service



Finance Minister Michael Wilson hopes average Canucks will be so impressed by the potential benefits of his new sales tax that they'll wave the flag and be prepared to give up one in every hundred of their 1991 spending dollars.

That's one of the downsides of his proposed Goods and Service Tax (GST), to be applied on everything from diapers to coffins, and haircuts to pedicures.

Wilson believes the GST is a necessary step to a healthier and wealthier economy. His forecasters say it'll mean new economic growth of about \$9 billion, and the creation of 35,000 jobs in 1991, rising to 60,000 in 1992.

But first, regrettably, there will be a onetime inflationary burst as the new tax comes in.

The latest Finance Department estimate is that the GST will bump up consumer prices 2.25 per cent in the first year. That's in addition to any other inflation that may be working through economy.

But Wilson says he'll take steps, through increases in the refundable sales tax credit, indexation of pensions and other social benefits, and a lowering of the tax rate for middle-income earners, to offset that inflation for poorer households.

Nevertheless, he admits, the GST impact will rob average Canadians of one per cent of their after-tax spending power in 1991. High-income families will feel the bite even more. But over time, he insists, real buying power will increase.

### REQUESTS RESTRAINT

This is where the finance minister makes a wish. He hopes you good-spirited folks won't ask for pay raises to make up for losses arising from GST-inspired inflation. Wilson warns excessive demands would delay the touted benefits of the new tax and could compel interest rates to rise.

Such appeals for moderation have historically fallen on deaf ears. It's tough to convince wage-earners, when prices are rising all around them, that they should bite the bullet and restrain demand. Already, organized labor is rejecting the idea.

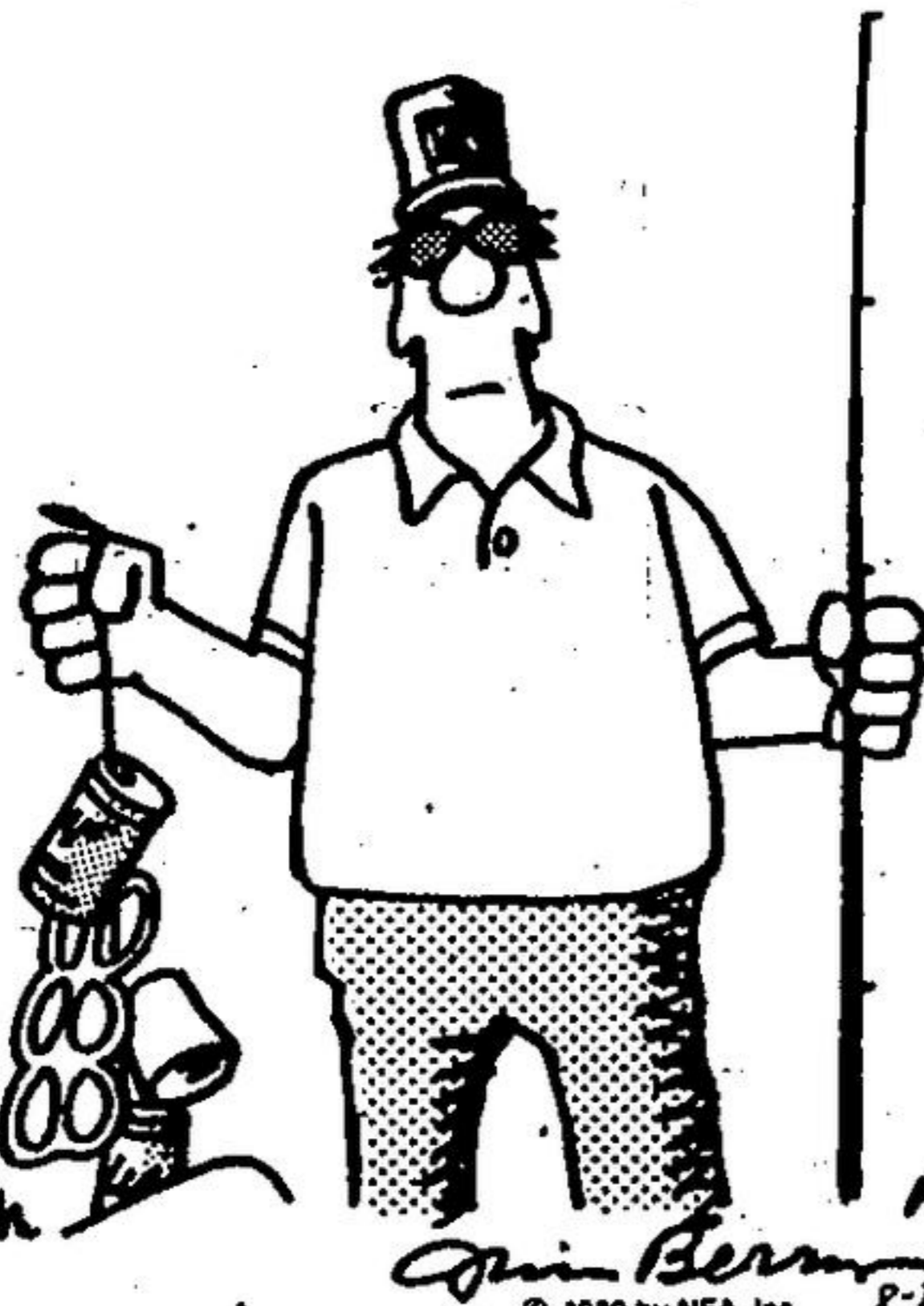
Recall that in 1974, then-finance minister John Turner appealed for voluntary restraint. That flopped, only to be followed a year later by wage-and-price controls. Wilson denies the need for such controls, but those of a suspicious mind might also remember Pierre Trudeau ridiculing the idea a year before he introduced them himself.

Anyway, it is clear that Wilson wants to sell restraint. "We will take the message in a very public way," he said.

For success to be within reach, Wilson and colleagues will have to establish credibility, always a problem in politics. Take, for example, the government's argument that consumers will save when the current manufacturers' sales tax is removed at the end of 1990.

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## Berry's World



CATCH OF THE DAY