

the HERALD Outlook

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Who will buy those big, glitzy department stores



Diane Maley
Your Business
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Who will buy America's department stores? Glitzy Bloomingdale's, posh Saks Fifth Avenue, are going begging for buyers. Marshall Field's also is up for sale.

Bonwit Teller, B. Altman and Co. and Miller and Rhoades Inc., all retailers, have filed for protection under U.S. insolvency laws while they sell off assets.

The problem with selling now, it seems, is timing. The North American expansion is going into its eighth year. Would-be buyers believe the best retail sales are over, at least for the current cycle, and earnings growth has peaked.

But the problems with department stores run deeper than that. For the past 15 years, Canadian stores such as Eaton's, Simpsons and The Bay have been struggling to find a new place for themselves in a market that has gone increasingly to cut-price specialty store chains, whether K-Mart, Canadian Tire or Consumers Distributing.

SHOPPERS' PARADISE

For a while, it seemed that running an old-fashioned department

store had become too expensive. Clerks became increasingly scarce, delivery less frequent and catalogues non-existent.

Then the stores took a big step up-market, opening fancy boutiques and food departments. In the large cities at least, department stores are the place to shop. After all, where else can you stroll through aisles bedecked like a sultan's palace, Christmas shopping to the strains of a harp or a grand piano?

Still, most of us can count at least one local department store that is no more. Regular shoppers will admit they miss it, even though the new shopping malls with their big parking lots make shopping faster and easier.

Bloomingdale's, which its owner, Robert Campeau, thought would fetch \$2 billion (U.S.) or so on the open market, looks to be worth a lot less than Mr. Campeau anticipated. One Japanese store chain is said to be preparing a \$1.3-billion bid.

Yet, Bloomingdale's will continue to thrive, no matter who owns it, because of its position in the New York market. A more interesting question, perhaps, is whether big department stores in Canada will enjoy a renaissance. I think they will.

Department stores are part of our heritage, mirroring our dreams and fantasies. They are part of our past preserved in the present. The whole world has changed, but department stores have changed less.

SNAFU® by Bruce Beattie



"First thing I'll do is go back to the day before I was married and call the whole thing off!"

Have we lost interest in high bank charges?



Gil Hardy
Ottawa Bureau
Thomson News Service

OTTAWA-Whither the Clara De Gruchys and Go-Go Pizzas of yesteryear? Or the Jack Mastandreas, for that matter?

If these names ring only the faintest of bells, think banks. More precisely, think bank service charges.

Just 18 months ago, the country was gripped with the issue as the Commons finance committee studied changes to the Bank Act. In the process, the above-mentioned became symbols of the often ridiculous charges levied by banks.

Clara De Gruchy was charged \$2 by an Ottawa branch of the Bank of Nova Scotia to change a \$20 bill into two \$5 bills and \$10 in quarters. The same bank started charging Go-Go Pizza, of Oshawa, 40 cents for every roll of change it requested.

Another, unnamed, bank charged Jack Mastandrea \$5 for depositing a cheque that was incorrectly filled out. Jack was one year old and the \$25 cheque was a birthday gift from his grandmother.

At the height of the controversy last spring, the finance committee reported it had 2,000 letters from Canadians complaining about service charges.

Once the dust settled, the banks agreed to drop a variety of charges on basic services. They also promised to do a better job responding to customer complaints.

At the same time, the government introduced legislation requiring banks to clearly list all service charges and to provide at least 30 days notice of fee increases.

LOST INTEREST?

So, has the sound and fury abated with these changes? Have Canadians' lost interest, so to speak, in the issue? The answer ap-

pears to be yes.

New Democrat MP John Rodriguez, who raised Clara De Gruchy's amazing story in the Commons, says the number of complaints to his office has slumped. Last spring, he was averaging 25 complaints per week.

"That has dropped off considerably to a couple a week at the most," the Nickel Belt MP said in an interview. "I do get the odd one, but it has certainly tailed off."

The federal Office of the Superintendent of Financial Institutions has seen the same deflation of concern.

Between August, 1988 and August, 1989, the office heard from 158 Canadians unhappy with bank service charges and another 110 who felt the same way about other institutions such as trust companies, pension plans and insurance companies.

"I would say in the last six months we have had four complaints about bank service charges," said spokesperson Nancy Murphy. "But the bank service charges issue was never really very high on the list of the kinds of enquiries we have received in the last year and a half."

Most carping to the office these days concerns mortgage agreements, not service fees. Murphy credits the banks with the downturn.

"They came down very quickly and part of that is a result of the banks' work to set up mechanisms where people can complain right out loud to the people they're dealing with, rather than us," she said.

TOOK STEPS

Rodriguez, never a bank booster, grudgingly concedes that the banks are cleaning up their act.

"I think when the finance committee turned up the rock, everybody scurried for cover. The banks realized they had a real public relations mess on their hands and they've taken steps to make sure it's handled a lot more professionally and sensitively than in the past."

The nature of the complaints has also changed.

"We find that what most people really need is to get in touch with the right person at the head or regional office of their bank to solve their problem," Whynot said.

We've studied transportation 80 times



Stewart MacLeod
Ottawa
Thomson News Service

All the fuss over the Meech Lake business has been a terrible distraction of late, allowing other scintillating, even historic events to slip by without comment.

One of these events, surely, is the new "Royal Commission on a National Passenger Transportation System for the Twenty-First Century." Now if that's not an event of historic proportions, I don't know what is.

Not because of what this massive nine-member panel is likely to recommend, mind you. It's historic because it happens to be - get ready for this - the 80th royal commission since Confederation to study transportation in Canada. No, we're not kidding. Eighty.

You're probably thinking this is a miscount, that the total number of ALL royal commissions since Confederation totals 80. No, there is no mistake in this respect. The ludicrous total for all commissions is 450.

But, let's concentrate only on transportation, since this is the subject of the latest royal commission. And it's perhaps worth mentioning another historic aspect: this might be the first time a royal commission has been appointed after the government made it amply clear what it intended to do about transportation.

First, it was announced that VIA Rail passenger service would be cut in half and then came the revelation that there would be a new royal commission into transportation. Traditionally, the studies have come first.

But we had a special case here. The government was determined to trim its \$600-million annual subsidy to VIA through a cutback in service - while, at the same time, equally determined to give Canadians some reason to hope that all was not lost.

Who knows, by the time we head into the next election campaign, in 1992 or so, there could be a freshly minted royal commission report urging the establishment of a fantastic new rail passenger service in Canada. Naturally, the government would commit itself to giving these recommendations priority attention in its next mandate.

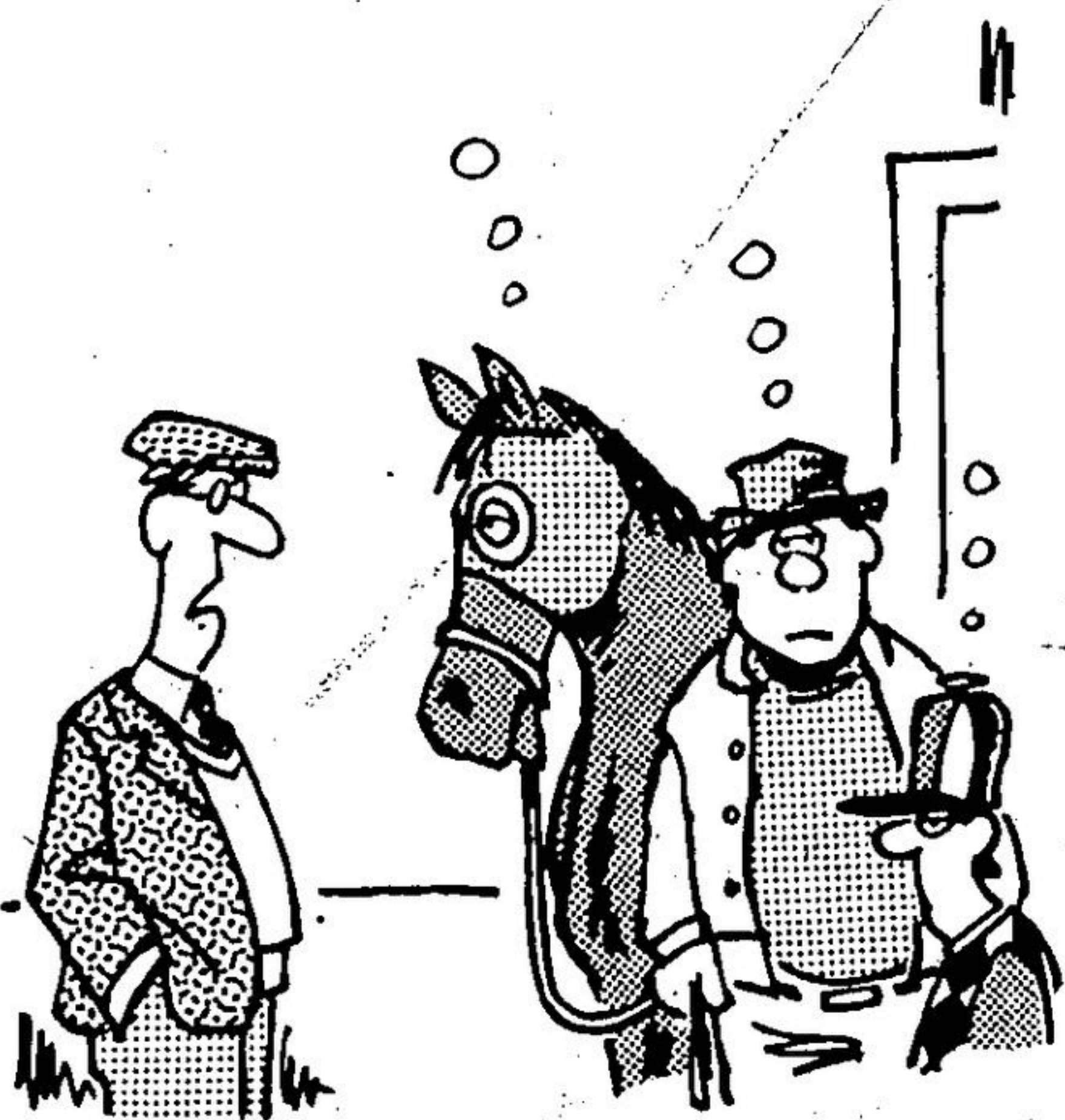
Royal commissions are great for that sort of thing. Even the establishment of such a study indicates a positive approach - such as when the Mulroney government set up its Rail Passenger Action Force in 1984.

That group, incidentally, recommended a revitalization of passenger trains in Canada.

Oh, well, its views are probably out of date by now.

So, to make sure the government gets the proper guidance, to help Canadians get around in the next century, we have this new royal commission, probably the largest ever to study transportation in Canada. We say "probably" because you can no doubt understand the difficulty of researching the composition of 79 previous commissions, whose works are yellowing in the national archives.

Berry's World



Jim Berry
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"Oh, for the good ol' days, when only the HORSES got doped up!"