

the HERALD Outlook

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Economically, things could be worse



Diane Maley
Your Business
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What scares you more: layoffs in the East Coast fishery, in the auto industry in Central Canada and at Woodward's stores in Western Canada; the looming economic war between the United States and Japan; the fall of Campeau Corp.; the skidding Japanese stock market or the news that our galaxy is plunging headlong into a celestial vortex at the rate of 397 miles a second?

Relax. Things could be worse, especially for those of us who are still working. It will take the galaxy billions of years to reach the centre of the vortex. The auto industry is cyclical, so it will recover in time.

No one likes to hear about layoffs. But the prospect of financial collapse sends chills up people's spines. We like to be scared by the thought of something exciting happening, especially on the stock market. That partly explains why the media tend to dramatize the news a bit.

Indeed, poring over the financial pages these days can make your heart stop. "Renewed inflation, European unrest give world stock markets the jitters," one headline blares. It makes you shudder.

The experts are not very reassuring, either. If the economy is to grow, anxious analysts ask, where will the growth come from?

Nobody is spending, not government, business or people.

IS IT THAT BAD?

Meanwhile, the soft-landing crew seems to have left town. They were the analysts who said the economy would slow nicely, with no possibility of a crash landing.

So it is reassuring to read that the Conference Board of Canada says growth will slow over the next two years, but we will escape recession. The economy will shrink for only one quarter, rather than the two that are required for a technical recession.

"There is going to be a slump," says James Frank, the board's chief economist. "But we're not talking about a disaster like the one that occurred in 1982 and 1983 at all."

Back then, the economy shrank for six quarters, or 18 months.

But the Conference Board's interest rate forecast is gloomy. Interest rates, measured by the prime business lending rate, will fall no more than 80 basis points, or eight-tenths of a percentage point, over the next two years.

The prime serves as a benchmark for consumer, small business and mortgage loan rates. Big businesses strike a better deal by going directly to financial markets for funds.

INFLATION EVIL

Interest rates must stay high to fight off inflation, the board concludes. If the Bank of Canada were to let rates fall, it would bring down the Canadian dollar. This would make imported goods more expensive to buy, fuelling inflation.

The board predicts the spectre of the goods and services tax in 1991 will cause a bunch-up in spending late this year as people rush to beat the tax. People will buy things like houses and other big-ticket items, the board predicts.

SNAFU® by Bruce Beattie



"We didn't save any money keeping the thermostat at 68 degrees...not after buying sweaters for everyone."

How to be popular — invade a small country

Kevin Bell

Washington Bureau
Thomson News Service



George Bush was popular when many were calling him a do-nothing president. Now that he's done something, such as invade a foreign country, his popularity has gone through the roof.

If Republican National Chairman Lee Atwater is to be believed, President Bush's performance is approved by a dizzying 83 per cent of the voters. An independent poll puts his rating at 79 per cent. Figures that high were never matched by Ronald Reagan; whose approval rating peaked at 73 per cent.

Who would have thought 18 months ago, when Bush was trailing Gov. Michael Dukakis of Massachusetts by 15 percentage points in the race for the presidency, that Bush would become one of the most popular presidents in the history of the union? At least for the time being.

Today, the economy of Massachusetts is in shambles, Dukakis is in disgrace in his own state, and Bush gleefully accepts praise from Republicans and Democrats alike for the successful invasion of Panama.

The public euphoria over the invasion was, perhaps, captured best by the New York Post. The now-famous jailbird photograph of deposed dictator Manuel Noriega took up all of the paper's front page, with huge letters boasting "Canned Pineapple," a reference to Noriega's unflattering nickname, "Pineapple-face."

Some observers, swept up in the motion of the successful invasion, predicted that Bush had already clinched the 1992 election with the surrender of Noriega to American authorities.

The rating is certain to fall. But.

even before the invasion, when Bush was being called "a wimp" and "too timid" for sitting back and watching the earlier attempted coup in Panama crumble, the president enjoyed approval ratings that topped his predecessor's.

When Reagan was president, his advisers tried hard to get him on the television news every evening by setting up appealing opportunities for television cameras to capture Reagan delivering a speech or in a symbolic pose. But Bush's advisers aren't obsessed with the president's media image.

An analysis of television coverage of the White House shows that in his first year as president, Bush appeared in national TV news stories only one-third as many times as Reagan did at the beginning of his first term.

The Bush White House has been so dull that TV reporters turned to the presidential mutt, Millie, for some color. Millie appeared in more stories than three of Bush's cabinet members.

Whatever Bush is doing - invading Panama or giving tax breaks to the rich - Americans seem to like him.

Americans sometimes use the word "Canadian" with indifference or affection.

But the use of the word in the last week has been accompanied with a particular type of venom usually reserved for the Japanese, who are steadily gobbling up American real estate. The reason is the Campeau Corporation's takeover of two American department store chains and their subsequent severe financial problems.

It was "corporate rape" by a Canadian who had no inkling of how to hawk merchandise, huffed one commentator on national television.

"It took the special genius of Robert Campeau, chairman of the Campeau Corporation, to figure out how to bankrupt more than 250 profitable department stores," said The New York Times.

Thanks to protection under U.S. bankruptcy laws, most of the department stores will be selling goods long after Campeau has retreated to Canada, one reporter added.

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Copps won't cop out



Stewart MacLeod
Ottawa
Thomson News Service

It would be easy to write off Sheila Copps as an also-ran in the Liberal leadership race - except that we've no idea what she will be up against.

Yes, we know who the major candidates will be - Jean Chretien and Paul Martin Jr. - and that a few others are likely to enter the contest. And we also know that the 37-year-old Ms Copps is starting out well behind the two front-runners in terms of money and organization.

But we don't know how either Mr. Chretien or Mr. Martin will perform over the next five months, how they will be perceived and received by Liberal delegates, and how other candidates may peel off votes. Nor do we know the effects of Ms Copps being, in all probability, the only female in the race. She will certainly be the only serious female candidate.

What we do know, however, is that she should not be underrated - as she was when she ran for the Ontario Liberal leadership, and surprised most people by coming in second to David Peterson. She has, to use her own words, "matured" a lot since those days and some of her attributes, including fluency in French, will be a much greater advantage in the federal contest.

As she announced her candidacy in Ottawa, Ms Copps seemed a much different person than the rookie MP who came here in 1984 to become a strident member of the infamous Liberal "rat pack."

DIFFERENT SIDE

"I am not there to oppose any longer," she said. "I am there to propose." At the same time, she argues that she hasn't basically changed; it's just another side of the real Sheila Copps that's being exposed as she sets out to criss-cross Canada in search of support.

"I represent small-town and every-person Canada, and the other two candidates don't," she said. This was an obvious reference to Mr. Chretien and Mr. Martin because she also referred to Power Corp.

Mr. Chretien's daughter is married to the son of Power Corp. President Paul Demarais, and Mr. Martin is a former vice-president of the company.

Her remarks gave an inkling of the type of battle we can expect when the warfare moves down to the trenches. There is no doubt about it, the fiery, articulate and passionate Hamilton MP could be a formidable foe. For one thing, she has very little explaining or apologizing to do - unless we are going to get into such personal affairs as failed marriages.

Her political performance over the past five years certainly shouldn't cause her any embarrassing moments. Sure, she may have over-reacted when she jumped over chairs in an attempt to get at Sinclair Stevens during a committee hearing, but those TV clips won't hurt her.

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Berry's World



Jim Berry
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"SAY — would you folks be interested in serving on a jury in Miami?"