the HERALD Outlook

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Is Robert Campeau personally bankrupt?

Diane Malcy
Your Business
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When Robert Campeau's U.S. retailing empire filed for protection under U.S. bankruptcy laws, few people stopped to ask: is Mr. Campeau himself bankrupt?

Well, that was the headline in The New York Times last Friday. The Times concludes that yes, indeed, the Canadian businessman is in dire financial straits.

The conclusion is inescapable. In January, the National Bank of Canada said Mr. Campeau had failed to make payments on a $150-million loan. It seized securities Mr. Campeau had pledged as collateral.

On Wednesday, the Bank of Montreal said Mr. Campeau had defaulted on a $21-million loan. Again, Mr. Campeau pledged his securities as collateral.

Trouble is, the securities are not worth much. If Mr. Campeau is personally liable for the loans, as seems likely, one wonders where he will get the money.

BOB'S BROKE

"Bob is as broke as his company," says Ira Gluskin, a Toronto money manager. Mr. Campeau put everything he had into the company he founded more than 40 years ago.

As his U.S. retailing empire lunged toward bankruptcy, Mr. Campeau begged and borrowed in a vain attempt to shore it up. He borrowed against his Canadian assets to lend to his U.S. subsidiaries. In so doing, he may have ruined himself and his family.

"If Bob is on that National Bank loan with his personal covenant, he is bankrupt," said Harry Rannala, a Toronto stock analyst. The bank refuses to say whether Mr. Campeau is personally liable for the loan.

The Times finds it remarkable that such a wealthy man did not diversify his assets. Last summer, Mr. Campeau was worth more than $500 million.

But people who know Mr. Campeau are not surprised. He believed in himself and his company.

"Campeau Corp. was Bob Campeau's life," said Michael Babad, who co-wrote a biography of the entrepreneur. "The great bulk of his wealth has been tied up in the company's stock."

FAMILY LOSES

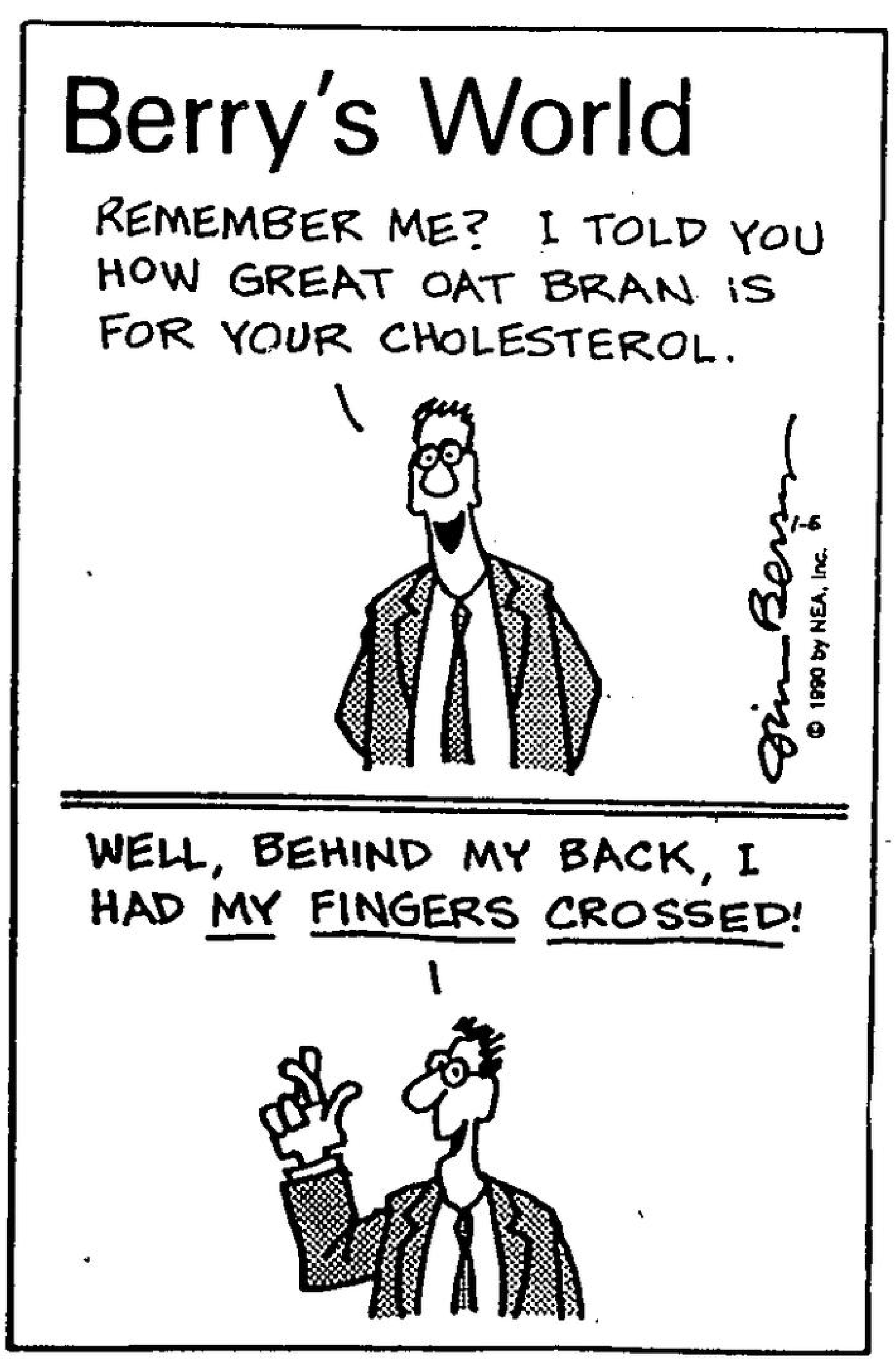
His children's wealth, too.

"He gambled almost everything; his own personal stuff plus the children's trusts," said his son-in-law, Robert Archambault. "It is quite devastating."

Mr. Campeau has not filed for personal bankruptcy, The Times notes. But speculation is rising that he may have to.

My guess is that if there is any way he can avoid it, he will. If the banks will give him some time, chances are Mr. Campeau will repay them.

As one former Campeau director says: "Bob's irrepressible, so he'll be back. Bob will always find something interesting to do and a way to make money. He's a survivor."



SNAFU® by Bruce Beattie

Ed hasn't even peeped in 35 years...

Must we take Meech Lake on the road?

Stewart MacLeod
Ottawa
Thomson News Service

It's bad enough that certain politicians in Canada talk out of both sides of their mouths when discussing the Meech Lake accord, but surely to Heaven we can confine the confusion to our own country.

But, no, Quebec Premier Robert Bourassa has to take the show on Europe. I bet Europeans just love to hear about Meech Lake.

Within Canada, the two versions differ, depending on whether the audiences are French- or English-speaking. In anglo Canada, there is a tendency for politicians to say the accord will not give Quebec any new powers, nor will it alter the balance of power in the country. Within Quebec, audiences are frequently told that it's the most significant breakthrough since either the Magna Carta or sliced bread.

There are more contradictions than that - particularly about the consequences if the accord is rejected. The way some, such as Jean Chretien, tell it, nothing much would change. Then there are those who say failure would be an insult to Quebec, or that the province might even be driven out of the federation.

Now, thanks to the globe-trotting Mr. Bourassa, we have new definitions to ponder - if you happen to be in the mood for pondering definitions about Meech Lake. What he said in Germany is that rejection of the accord could lead to a "new superstructure" for his province.

A new superstructure? Now isn't that helpful.

Reporters who sought help didn't get much from the premier. He advised accompanying journalists to "interpret what I said, given your experience."

What Mr. Bourassa is trying to do, obviously, is reassure European investors they have nothing to fear about Quebec's future. At the same time, he's using Canadian reporters to spread the word that rejection of Meech would change the face of the Canadian federation.

Given the premier's comments, it's not surprising that the term "sovereignty-association" would be tossed around. This is what the voters of Quebec rejected in the 1980 referendum.

But the premier, under later questioning, said he had not used that expression. Technically, he was right.

Then he went on to suggest that an option could be a system like the European (Economic) Community. And when it was pointed out that the EC is made up of sovereign states, he said this was "a matter of perception."

If this is not playing word games, I don't know what is.

It was only fitting that someone in Quebec City would ask Intergovernmental Affairs Minister Gil Remillard to explain the premier's remarks.

Among other things he clarified, according to published reports, was that Mr. Bourassa had spoken only of structures, not frameworks.

Thanks a lot.

GIVES SUPPORT

But Mr. Remillard was unstinting in his support of the boss. "It's the duty of a premier and a government to foresee all possibilities, and discussing the possibility of a failure is just being realistic."

He also said that "federalism is a compromise, which means it's always in movement. Our federal structures must be adopted to today's reality."

I suppose I would feel more lighthearted about this whole flaming business if there was overwhelming evidence that Mr. Bourassa and a majority of his ministers were committed federalists. Then, these word games wouldn't have such significance.

But there is no such evidence.

However, there is evidence the premier is trying to say two different things to two entirely separate audiences.

I guess we should be used to all this double talk by now. But, somehow, it doesn't get any easier to take.

Lots of debate on universality of programs

Vic Parsons
Ottawa Bureau
Thomson News Service

There's an issue Canadians will hear a lot more about as the 1990s unfold:

It's universality of social programs - once described by Prime Minister Brian Mulroney as a "sacred trust," but now a sacrificial lamb on the altar of deficit reduction.

Already, the government has acted in this area, using the so-called "clawback" to regain cash paid out to high-income recipients of old-age pensions and family allowances.

But with the deficit an increasing concern in Ottawa, debate on the universality issue will have an even higher profile.

The latest policy review of the C.D. Howe Institute, a private economic research institution with conservative leanings, zeroes in on the future of universal benefit payments. It calls for an overhaul of social policies now and a redirection of money to aid the poorest.

A chapter written by Thomas Courchene, director of the School of Policy Studies at Queen's University, portrays a privileged older generation growing fat on universal payments, while younger Canadians face a shortage of money for training and education.

Courchene's view is that Canada's social programs were developed in a richer, more prosperous age, without reference to such factors as efficiency, work incentives and regional adjustment. It was designed as a "social security blanket" for all, rather than a "social safety net" specifically aimed at helping those in greatest need.

He argues that the security-blanket approach frustrated initiative, innovation and natural adjustments. While Canadians were rich enough to pay for it in the 1960s and early '70s, the rapid growth of the national debt has made such programs a burden on the country's resources today.

It's revealing that in last April's budget, Finance Minister Michael Wilson used the term "social safety net" in announcing the clawbacks. Those who need help most would retain all their benefits, he said. High-income recipients would keep less.

Wilson and other ministers can't quite bring themselves to say "universality" is dead - that admission might incur more wrath from an already irate public. But the reality is they have already accepted the buzz-words and the advice of those who argue against universal programs.

Regardless of the words employed, it's likely the assault on universality, especially for the elderly, will continue over the next few years.

Courchene suggests, for example, that perhaps the clawback is only a halfway measure. There's also an argument, he says, for phasing-out the age and pension-income tax credits that Ottawa now allows seniors, with savings being targeted to the poor.