

the HERALD Outlook

"OUTLOOK" is published each Saturday by the HALTON HILLS HERALD, Home Newspaper of Halton Hills. A Division of Canadian Newspapers Company Limited, at 45 Guelph Street, Georgetown, Ontario L7G 3Z6.

877-2201

Second Class Mail - Registered Number 0943.

877-8822

PUBLISHER
K. Robert Malcolmson

STAFF WRITERS
Ben Dummett Alan Mackie

ADVERTISING SALES
Jeannine Valois Craig Teeter
Stacie Roberts

EDITOR
Brian MacLeod

SPORTS EDITOR
Colin Gibson

PRODUCTION DEPARTMENT
Dave Hastings, Supt.
Myles Gilson Susanne Wilson

AD MANAGER
Dan Taylor

ACCOUNTING
Jennie Hapichuk Inga Shier

CLASSIFIED ADVERTISING
Joan Mannall

CIRCULATION DEPT.
Marie Shadbolt

15% prime rate could happen

Dianne Maley
Your Business
Thomson News
Service



A 15 per cent prime lending rate? Analysts say it could happen. Short-term interest rates are the highest they have been since 1982. Back then, the prime was on its way down from a high of more than 20 per cent.

The message should be clear. The country's money authorities want us to stop borrowing.

At Thursday's setting, the Bank of Canada rate climbed more than a tenth of a percentage point to 13.51 per cent. The bank rate is set a quarter of a percentage point above the yield on three-month Government of Canada treasury bills.

Over the past week, banks and trust companies have raised their short-term mortgage rates again. One-year mortgage loans cost 13.25 per cent at most lenders. Short-term deposit rates have risen as well.

The prime is the chartered banks' benchmark lending rate. It serves as a base for business and consumer loan rates. The bank rate is what the central bank charges for infrequent loans to troubled commercial banks.

Historically, bankers have kept the prime three-quarters to 1.5 percentage points higher than the Bank of Canada rate, on average.

SPREAD NARROWS

With the prime at 14.25 per cent, the spread has narrowed to the point where another surge in market rates will push up ad-

ministered rates.

That is not to say market rates necessarily will rise further. Their direction depends on trends in the global marketplace. Of key concern are currency fluctuations. Central bankers often raise their interest rates to support the value of their country's exchange rate.

John Crow, governor of the Bank of Canada, and Michael Wilson, finance minister, say they are keeping interest rates high to curb inflation. Price rises are fuelled by borrowed money.

Indeed, the money supply has been growing mightily over the past year. This explains why Mr. Crow and Mr. Wilson are so nervous. Demand for loans is strong, thereby adding to the money supply.

HOME LOANS STRONG

The great growth in the money supply is being fuelled by demand for mortgage money. This money is being used to buy houses at inflated prices.

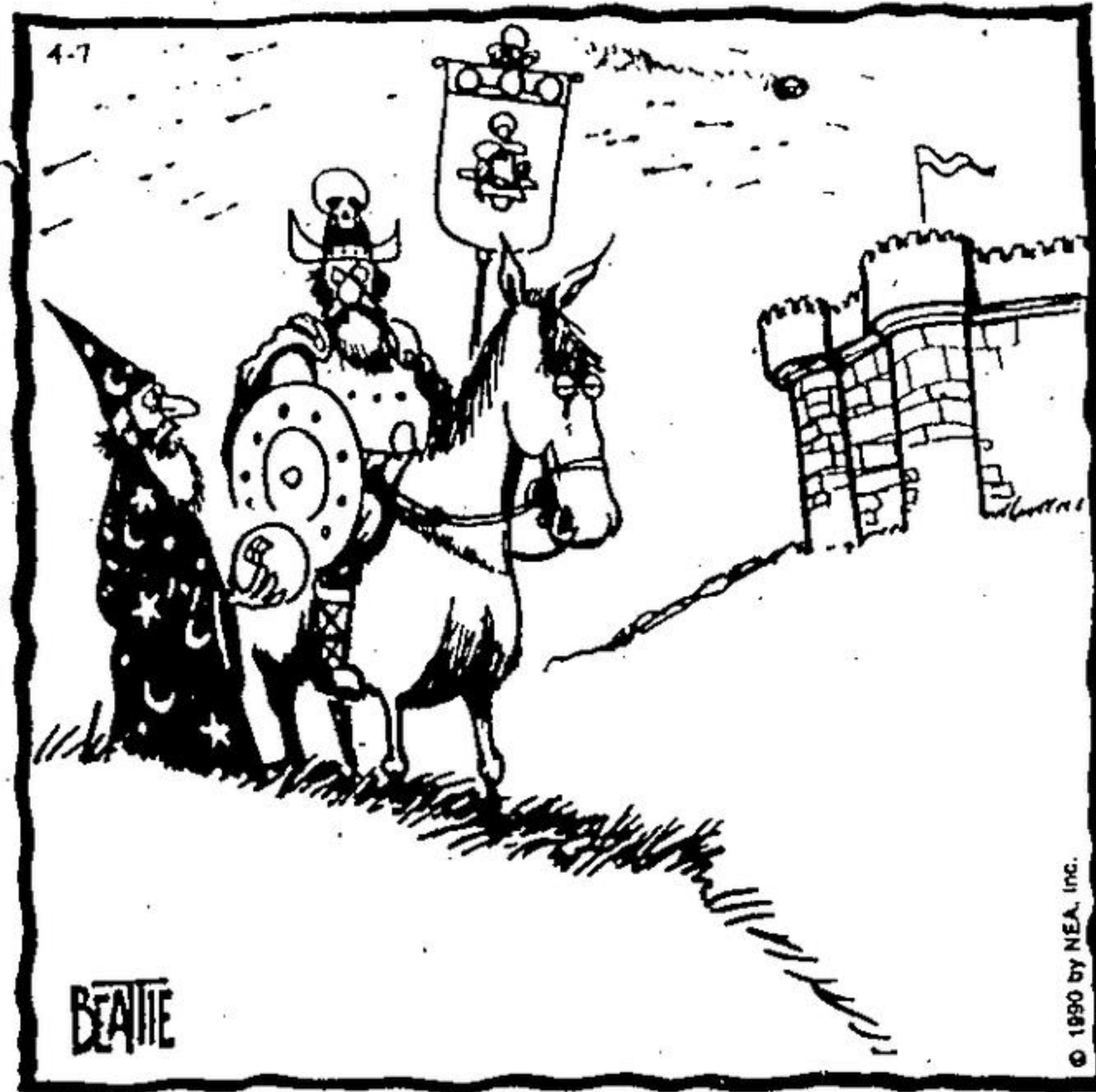
At the same time, a cash shortage is forcing more consumers and businesses to go to their banker, hat in hand. Business and consumer loan growth is strong, although it has slowed lately. As long as this continues, Mr. Crow will be right in keeping interest rates high.

But must they be a full percentage points higher than they are in the United States? After all, the Americans are reckless spenders, too. Perhaps more so than most Canadians.

The historic spread between Canadian and U.S. interest rates points in one direction only: the Canadian dollar. In the past, spreads have widened this much only in times of dollar crisis. Could Canada's high interest rates be masking an underlying weakness in the Canadian dollar?

Next, we will look at a looking dollar crisis and why Canadians should hold some of their investments in U.S. dollars.

SNAFU® by Bruce Beattie



"Your great, great, great, great grandson's going to be a corporate raider, whatever that is."

Publicity hounds like Bush's wrath

Kevin Bell

Washington
Bureau
Thomson News
Service



Washington can be a strange city. It's a city where earning the president's wrath can do wonders for you.

Consider Richard Gephardt and broccoli, for instance. Both are doing well because the president doesn't like them.

A recent speech by Gephardt, the Democratic majority leader in the House, earned front-page coverage in some newspapers because of his virulent attack against President George Bush. Normally, Gephardt's speech would have been forgotten in a few days, but Bush took exception to being called a wimp.

He unleashed his Republican attack dogs, namely party chairman Lee Atwater and Senator Alan Simpson, and Gephardt was viciously denounced by just about every Republican who had an opinion to offer.

Instead of defusing the issue, the attacks put the spotlight back on Gephardt, who was invited to repeat his charges on several weekend talk shows.

What could have been a one-shot speech turned into a gold mine of publicity for Gephardt, who didn't mind the attention at all.

It was a lot like the recent broccoli flap. When Bush said he didn't want broccoli served on Air Force One, some sharp broccoli growers in California saw their golden opportunity.

In a lavish publicity stunt, 10 tons of the vegetable were shipped here for Washington's home. First Lady Barbara Bush accepted a bunch from the growers and ad-

mitted that she and first dog Millie loved the stuff. Broccoli growers were delighted.

Washington is also a city where an insignificant stunt over a harmless vegetable can grab headlines. For day, the broccoli story was a big item on the local news. Newspapers devoted stories to the president's eating habits and even ran a few broccoli recipes to try to tempt Bush.

One prominent commentator went so far as to devote an entire column congratulating the president for finally being decisive on something, even if it was just broccoli.

Washington is a city in the throes of mourning its growing global irrelevance while dramatic events are taking place around the world. Journalists are fleeing in search of important news as Capitol Hill's internal squabbles seem increasingly unimportant. Some have even looked to Canada. Our constitutional turmoil was beginning to be noticed by some large American newspapers.

But then came the media's love affair with the broccoli story. It was a story that reporters could finally sink their teeth into, but the media obsession with a president's dietary dysfunction may have provided more proof that the city is indeed becoming irrelevant.

Washington is also a city where bureaucrats and politicians try to fuzz the meanings of the English language.

State Department spokesperson Margaret Tutwiler recently responded this way when asked if Secretary of State James Baker was becoming impatient with Israel's delay in responding to his peace proposals: "Secretary Baker, in his testimony (before Congress), said that 'the time to act is now.' He did not define 'now.'"

What else do you expect in a city where city planners named streets after the alphabet but somehow forgot to include a J Street.

Bouchard is slow on the environment

Vic Parsons
Ottawa Bureau
Thomson News
Service



When Lucien Bouchard's environmental bugle sounded this week, it played the Retreat.

The long-delayed strategy paper released by the federal environment minister offered more questions, notably about public willingness to pay for pollution cleanup, than solutions. Confronted by obstinate bureaucrats and powerful lobby groups, Ottawa's pro-green forces backed off.

The content of Bouchard's discussion paper, which will now go out for public comment, was a blow to those who seek swift action to clean up the environment. But it doesn't mean the bugle should now start playing The Last Post.

By all accounts, Bouchard is personally committed to tough action to reverse the degradation of the environment. Unfortunately for him, the political timing may not now be in his favor.

Last year, polls suggested taxpayers were willing to pay additional taxes to protect the environment. Buoyed by that response, one draft of Bouchard's strategy - leaked in November - called for an environmental levy on oil and gas to be used to repair damages arising from the burning of fossil fuels.

This was a measure suggested by an assortment of environmental groups. It was frowned upon, however, by Energy Minister Jake Epp, and attacked by opponents inside the federal public service.

TAX AN OPTION

But Bouchard seemed open to the idea of taxation to fight pollution. About six weeks ago, he acknowledged public support for a so-called "dedicated" tax - one specifically for environmental protection rather than general federal spending. He referred to it as a "green" tax, which could be more generally applied, as opposed to a carbon tax that would be restricted to users of oil, gas and coal.

While evidently preferring a green tax, he did not rule out the possibility of a carbon tax.

Recent soundings, however, suggest a shift in the public's support for such taxes.

In early March, a poll commissioned by Bouchard's department found that taxpayer rage over the proposed goods and services tax (GST) had eroded previous backing for a dedicated environment tax.

Rather than pay more, even for the environment, the respondents said they'd rather see Ottawa rearrange its spending priorities. The poll reflected some suspicion that the federal government was not truly committed to cleaner air and water.

It's possible that by next fall, when public, industry and provincial government consultations are concluded, and the final version of Bouchard's plan is written, the mood will have changed again. But that's likely a dream.

Poets' Corner

Submissions to the Halton Hills Herald Poets Corner should be addressed to Colin Gibson, Poetry Editor. A name and address must accompany the poem for verification purposes. Pen names are allowed, if requested.

FROM IN THE NIGHT

From in the shadows came a lonesome moan
Taunting, haunting and dominating over all other senses.
A tightly woven forest melts into the night
Holding, molding and embracing all that dare enter its domain.

A sudden rush of mystical wind carries with it aromas of a wood-
ed crypt.
A chattering of branches echoes of fear and insipid depths,
Its essence being stripped.

From in the darkness came a mournful cry
Softly summoning the warm soothing rain like tears.
A rising mist pretends to hide fortune and faction
Of a brutal valhalla, only a fool would contend.

Mystery ends with the rain and the forest welcomes tales
Of long forgotten light.
Final submission, the nocturnal fabrication admittedly

Ends with the apostolic night.

—By J.I. Smith,
Halton Hills

SUMMER SNOW

I walk along my pebbled street,
my shadow shimmering in the heat;
Kids ride teetering bicycles by;
I'm muggy, sticky, and wondering why,
that half a year later I fondly remember,
breathing the freshest cold air of December.

When winter approaches, I'll look on to June,
and thirsty summer afternoons.
I lie in my garage's shade,
sipping the iciest lemonade;
I only wish I could forget,
there's several months of summer yet!
I enjoy summer whenever it snows,
and think of the winter long after it goes;

the strange fact is, as you can see.
I like both seasons equally.

—By C.H. Raymond,
Halton Hills