

the HERALD
Outlook

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Opening a US bank account may be a wise move



Dianne Maley
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Thomson News Service

TORONTO - You may not think of yourself as a speculator. But if you have all your assets in Canadian dollars, you may be taking a big chance. If the Canadian dollar falls against world currencies, your standard of living will fall with it.

The U.S. dollar is the standard against which other currencies are measured. The two North American dollars tend to move in tandem against European currencies and the yen. But this could change soon, says Michael Hart, bond trader at Friedberg Capital Markets in Toronto. Mr. Hart specializes in bonds denominated in foreign currencies.

In the early 1970s, the Canadian and U.S. dollars were at par; a buck was still a buck. By the mid-1980s, the Canadian dollar had slipped to a low of 69 cents (U.S.) before bouncing back to the 72-cent range. At the low point, one Canadian dollar bought 69 U.S. cents on the wholesale market. Turned

around, one U.S. dollar was worth \$1.45 Canadian funds.

The Canadian dollar has since recovered to around 85 cents (U.S.). But analysts predict it will tumble again. Regardless of how the constitutional wrangle turns out, Canada is troubled by debt and a deteriorating balance sheet.

DIVERSIFY

There are many ways to diversify your holdings. You can open a bank account in U.S. dollars. If you are worried about exchange controls, you can open a bank account in the United States. You can buy U.S. stocks, bonds or bills. You can buy shares of mutual funds that invest in American stocks. Or you can buy global funds that invest all over the world.

But if most of your savings are in a registered retirement savings plan, you will want interest-bearing investments that are eligible for inclusion in RRSPs. That means securities issued by Canadian companies.

Friedberg sells all kinds of bonds. It has everything from Peruvian government bonds in U.S. dollars to Kingdom of Sweden bonds denominated in British pounds. I asked Mr. Hart if any of his exotic products were eligible for RRSPs.

He rattled off a list: Bank of Nova Scotia 5 5/8 per cent bonds denominated in West German marks. The bonds are due in 1996.

Government of Canada 5 5/8 per cent bonds in Japanese yen. The bonds are due in 1993.

SNAFU® by Bruce Beattie



"Steal the Van Gogh, you idiot, not the stuff in the safe behind it!!!"

Canada is given bad grade by think tank

Kevin Bell

Washington Bureau
Thomson News Service



WASHINGTON - Less than six months after Canada joined the Organization of American States, a Washington think tank has given Ottawa failing marks for its role.

In a newsletter that assesses the OAS's effectiveness, the influential Council on Hemispheric Affairs (COHA) notes that Canada has been timid and has refused to use its power to temper the United States' tendency to run roughshod over the organization.

"While the admission several months ago of Canada as a full-fledged member nation was praised by optimistic Latin nations as a way to balance decades of U.S. dominance of the OAS, Washington has continued to look upon the organization as a rubber stamp for its policies," the newsletter says.

Larry Birns, a former professor who directs the council, says Canada's imprint on the OAS has been superficial.

"Canada's contribution has been cold cash and its good name," he says. "As of yet, we haven't seen the Canada hand at work."

CRITICAL

Birns is particularly critical of comments made by External Affairs Minister Joe Clark immediately after the United States invaded Panama last December. Clark offered contradictory views of the invasion - by first regretting that the United States used force and by warning that the invasion could set a dangerous precedent, and then by stating that Ottawa understood why the U.S. decided to invade.

Birns notes that the latter comments also contradicted a speech made by Clark at the OAS in November in which he praised the

organization's principle of non-intervention in other member-nations' internal affairs. Clark's implicit support for the Panama invasion stunned many Latin American countries who expected that Canada's policies, which are usually more sympathetic to them than U.S. policies, would be expressed through OAS sessions.

Canada joined the OAS, after 18 years as an observer of the body, in a bid to enhance Canadian-Latin American relations, but Birns says Canada may consistently side with the Americans out of fear of injuring relations with the United States on other items on the Canada-U.S. agenda, such as trade.

But to keep warm relations with other members of the OAS, Canadian officials will have to let their voices be heard even if they sometimes disagree with official U.S. policies in Latin America, Birns says.

"If they don't, they'll just be looked upon as the gringo consortium."

On the plus side, Canada has been a financial shot in the arm to the debt-ridden organization. With the full payment of more than \$4 million, Canada joins Dominica as the only countries of the 23-member body that have paid their full dues.

The United States, on the other hand, is the biggest debtor. It owes \$85 million to the OAS.

COHA says the U.S. refusal to pay its dues is further proof of the Bush administration's attempt to downgrade the OAS and ignore any of the body's opposition to U.S. policies.

"When these policies have been frustrated by the regional body either through inaction or outright opposition, as was the case with Panama, then the White House is fully prepared to ignore the OAS as well as treat it with contempt," the council says.

However, after years of inaction, the OAS is now emerging with newfound respect despite Canadian timidity and American contempt, COHA says.

It won kudos for its arbitration role in the Nicaraguan election and was recently asked by Haiti for electoral assistance.

Senate committee has some raw courage



Stewart MacLeod
Ottawa
Thomson News Service

OTTAWA - About a month ago, I paid a justified tribute to the Senate committee on internal economy for its raw courage. I think it was courage; perhaps it was gall. Anyway, it was a tribute.

What that damn-the-torpedoes committee did was actually propose, with a straight face, that senators be given an incentive bonus for attending to their business. The committee even had a figure at its fingertips - exactly \$153 a day, tax free.

Senators would receive this for every single day they turned up for a sitting or attended a committee hearing. A little extra walking-around money, so to speak.

You see, senators are not exactly role models when it comes to attendance - despite the fact the institution sits only a couple of days a week, usually for a couple of hours at a time. Since they qualify for their pay if they show up just once in every two sessions - that's like once every two years - there may indeed be a lack of incentive to attend.

Their pay, incidentally, is \$62,000 in basic salary, along with a \$9,800 tax-free allowance.

A fairly strong case can be made that this income should keep the wolf from the door. Of course, there is nothing to stop senators from earning other income. Lord knows, their present hours provide plenty of scope to dabble in law practices or, if they prefer, sell aluminum siding.

BIG SURPRISE

Anyway, when the internal economy committee, under Senator Romeo LeBlanc, came forth with this rather stunning incentive-for-senators program, I thought it merited a congratulatory comment. It's not every day that a committee would risk public ridicule this way.

I also felt it was important to mention because of my absolute conviction that the subject would never be raised again; that the committee's recommendation would gather dust on some backroom shelf. Surely, the red chamber itself would never embrace such a proposal; not at a time when Canada's first ministers were meeting, just a few blocks away, to discuss Senate reform.

After all, there are actually some first ministers who believe senators are already underworked and overpaid. One could assume that honorable senators would do nothing to enhance this viewpoint.

I was wrong. Brother, was I wrong. At the very moment that first ministers were "crunching" the reform proposals - that's the new word for solving problems - the upper chamber acted with breathtaking valor and senators voted themselves the \$153 daily incentive.

They must have been impressed with Senator LeBlanc's argument that, as things stand, "there is almost a disincentive to go to the Senate."

Poets' Corner

THE BEAT GOES ON

The tumble dryer tumbled,
The frost-free fridge rumbled,
The no wax floor was glistening.

The weather man told her
That it was a scorcher,
But she had the air conditioning.

She made the kids' beds,
And patted their heads,
In the pictures displayed on the walls.

She thought about school,
How it could be cruel,
And prayed they could roll with the falls.

She tidied the place,
And put on her face,
The lady dropped in with her Avon.

The radio droned,
Her husband phoned,
And the rock singer told her to "Rave On!"

The morning man played her
Another heart render,
But she was tired of listening.
Still the sweet guitar strummed,

As the dishwasher hummed,
And her nerve ends started bristling.

The jobs were all done,
It hadn't been fun,
But the words and the beat kept her going.

She wasn't sure where,
But she didn't care,
She was better off now knowing.

She lay on the deck,
The sun torched her neck

Like a lover, and it started throbbing.

The micro-wave sounded,
The newscaster pounded,
And suddenly, she was sobbing.

By J.B., Acton.

BIG BOY BLUE

He walked to the window
And looked out through space.
He knew that he had to "Get out of this place."

The words of the song
Ricocheted through his head.
But his fingers were still,
His air-guitar dead.

Killed by the stress,
The pressure, the noise,
Machine-gun-FAX,
And all those war toys.

The liquid lunches
The typing-pool thighs,
The shorts in the dark
The lies to the wives.

The pin-striped grenades,
The deadlines, the joys
Of war in the city,
With all the big boys.

Memories of younger days
Struggled for life.
He thought of his children,
His mortgage, his wife.

Awareness of duty
Just made him feel sadder,
No kamikaze dive
From this corporate ladder.

The battle was lost
The company won,
And he bit the bullet
On the 4.0.1.

by J.B., Acton.