

the HERALD Outlook

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PUBLISHER
K. Robert Malcolmson

STAFF WRITERS
Ben Dummett Lisa Rutledge

ADVERTISING SALES
Jeannine Valois Craig Teeter
Stacie Roberts Kim Haryott

MANAGING EDITOR
Colin Gibson

SPORTS EDITOR
Rob Risk

PRODUCTION DEPARTMENT
Dave Hastings, Supt. Myles Gilson
Stu Robertson Susanne Wilson

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ACCOUNTING
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Joan Mannall

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GST may be postponed

TORONTO - Suppose the Americans don't bring Iraq's Saddam Hussein to his knees quickly. What then?

Given the dizzying dose of bad news we've had lately, it is hard to be hopeful about the months to come. Yet one small blessing could emerge from the economic anguish. Finance Minister Michael Wilson may have to postpone the GST.

If the current Middle East strife is prolonged, we will pay substantially more for gasoline and heating oil. This will act like a tax, eating up money we would have spent elsewhere. When January rolls around, Mr. Wilson will endeavor to wring another seven per cent from us for services not taxed now.

Chances are, we will already be wrung dry. If oil prices hover close to \$30 (U.S.) a barrel for some time, Mr. Wilson will have to postpone the goods and services tax. Otherwise, the Canadian economy will go into a contraction from which it could take years to recover.

As for Mr. Wilson's allusion to a possible income tax increase this fall if the situation warrants it, the situation clearly does not. Indeed, economists who had been calling for the recession to be mild are not so certain.

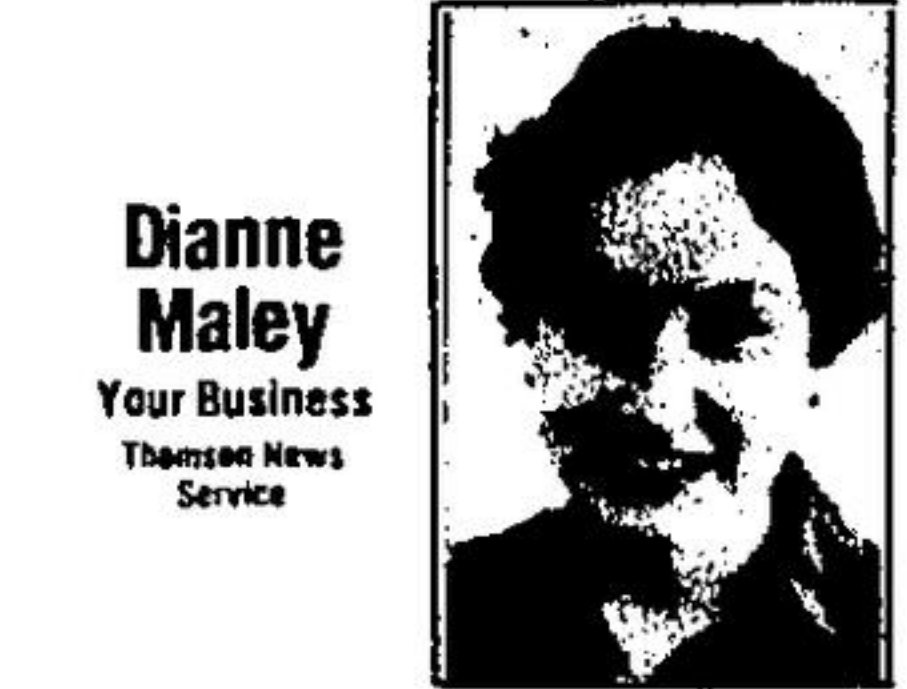
DISCOURAGING NEWS

"How many bullets can we dodge before getting gunned down in the streets?" asks economist George Vasic of DRI Canada Inc. Doug Peters of the Toronto-Dominion Bank also is having second thoughts.

"If we are already in a mild recession, and I have been predicting one, I am not so sure about my forecasts now," Mr. Peters said. "What I am not so sure about is the word mild."

No use in lamenting. Mr. Hussein caught the West sleeping with his invasion of Kuwait. If the turmoil of the past week continues, it is because the West has not resolved its oil problem. Until now, the world was awash with the stuff. The eagerness of some countries to keep pumping it depressed prices and angered the Iraqis.

As armies mass on Kuwait's



Dianne Maley
Your Business
Thomson News Service

border with Saudi Arabia (Iraq's next target?) one cannot help but ask: how much a barrel of oil worth?

Mr. Hussein has more in mind than pushing up the price of oil. By seizing Kuwait, he wipes out the \$20 billion (U.S.) or so Iraq owes its small neighbor. As William Safire of the New York Times so aptly put it, what a refreshingly simple motive for aggression.

"This is a stickup," Mr. Safire writes. "Broke from his last war, with a million-man army to pay, Saddam grabbed the gold and oil, wiping out much of his debt by wiping out his creditor."

NOT FOR US

The Iraqi way of handling its budget deficit will not work for Mr. Wilson. That is why he will be reluctant to defer the GST. But if things get as bad as some people predict, the finance minister will have to give up hope of containing the deficit any time soon.

For now, it is too soon to say what will happen. Bond markets reacted on Tuesday by pushing up long-term interest rates. Central bankers tried to counter the black mood by easing short-term rates. Behind the bravado, the real estate and housing industries are worried.

Stock markets do not seem to know whether to soar or dip so they are doing both. Meanwhile, forecasters say Germany and Japan will raise their interest rates to combat inflation. This will limit North American central bankers' room to move.

It is tempting to say: All this because we did not learn from the last oil crisis.



Post Meech — practical solutions needed

OTTAWA—One of the great difficulties in trying to figure out where Canada goes from here is the fact that we're hearing only one voice—Quebec's.

The silence in the rest of the country, particularly from those in places of power, is stunning. And probably with good reason, too. It's unlikely that anyone really knows what may happen as a result of the demise of the Meech Lake accord.

In fact, it's not clear what would happen had the accord gone on to live happily ever after. There are many who feel that, despite all the rhetoric from supporters, the accord would not have brought the country long-term constitutional peace.

We'll never know the answer. But we will come to know what happens to Canada without Meech, although perhaps not for a few years. While we can predict with some confidence that the country will never be quite the same again, that's about as far as anyone can go.

And until there is some input from other parts of the country—including Ottawa—we're going to have a distorted picture. So far, the discussion has been confined to Quebec's future, not Canada's.

We don't even know how Prime Minister Brian Mulroney intends to launch his "big national debate" or what form it will take. We certainly don't know whether any new ideas will emerge.

ONE VIEW

About all that's known is that the Quebec government is establishing a very large commission to make recommendations on the province's constitutional future. And given the current mood in the province, we can guess that the commission will suggest a loosening of ties with the rest of Canada.

Opinion polls suggest a clear majority of Quebecers favor some form of sovereignty, but with some economic ties to the rest of Canada. This is what Rene Levesque tried—unsuccessfully—to sell to Quebecers with his 1980 referendum on "sovereignty-association."

There is no doubt it has a far wider appeal 10 years later, at least in principle. Trouble is, very few people have tried to define it, the one exception being Parti Quebecois Leader Jacques Parizeau. What he envisages, in essence, is an independent Quebec sharing a common currency, and



Stewart MacLeod
Ottawa
Thomson News Service

central banking, with the remains of Canada.

But even his proposals are largely hypothetical until we know how the rest of the country will react. Sharing anything, including currency, requires co-operation. So far, there is little indication of how other provinces might respond to a more independent Quebec.

There might well be a strong reluctance to co-operate, particularly if the loosening of constitutional bonds is not carried out in an amiable way.

NOTE EASY

And it's not easy to imagine much back-slapping amiability should Quebec decide to become a

full partner of Canada rather than a part of it. There would be a lot of messy little details to work out, such as the divvying of the debt, the dividing of assets, the location of boundaries.

And we haven't even begun thinking of the portrait on the common currency.

One hopes it will never come to this; that the nationalist emotions stirred up in Quebec by the failure of Meech will soon begin to ebb. But few predict they will disappear. Changes seem inevitable.

However, until we hear some practical propositions and—more to the point—the responses to them, there's little point in gazing at a crystal ball.

The one significant thing is that, so far, you don't hear much talk in Quebec about total independence; that is, severing all links with the rest of Canada.

It will certainly be interesting to see what that Quebec commission comes up with by next spring. And it will be even more interesting to see how the rest of the country reacts.

Until then, we remain frustrated spectators.

Pity Mike Harris

By PAULINE JOHNSON
Queen's Park Bureau
Thomson News Service

TORONTO - It's hard not to feel some sympathy for Ontario Progressive Conservative Leader Mike Harris.

He got himself elected party leader just 10 weeks before the election was called. And in those pre-election weeks, six of his 17 MPPs retired.

Unless he can boost his party's sagging popularity enough to win 12 seats in the legislature - it's harder for a party to win a riding without an incumbent seeking re-election - he will not have an officially recognized opposition party to lead.

Then there's the Conservative party itself. Though it had the same hints as everyone else since last November that an election was coming, it was caught napping.

Party insiders like to excuse this, saying they were getting ready for the May 12 leadership vote. But it's a poor excuse. While they were signing up 33,000 party

members, what was to stop riding association presidents from conducting candidate searches and setting up candidate nomination meetings?

WAY BEHIND

As it was, when Premier David Peterson dropped the writ on July 30, only 30 Conservative candidates had been nominated, compared to the Liberals' 100 and the NDP's 52, in the 130 ridings.

As to the Harris election tour itself, as one non-media wag associated with it said: "Compared to this, Dieppe was a smashing success."

Reporters on the Harris campaign bus have dubbed it the "Bus From Hell."

According to them, no riding, and few candidate, profiles are available and only two press releases were issued in the first week.

When they bristled at being offered a steady diet of hamburgers, pop and doughnuts with which to fuel their 12-hour working days, an

Continued on Page 20

Poets' Corner

"TROUBLE MAKER"

In the early spring; I love to dress in green,
I adore this colour so,
I've stood here for many and many a year
And watched myself grow and grow!

I have arms and legs; my fingers stretch on high,
Every day since I was born, I gaze at yonder sky
I marvel at what's around me; the grass, the birds and bees,
But in the winter months; Oh Boy!, I nearly freeze!

Yes, I am tough; my shoulders get covered in the snow,
I want for mighty sunshine, to see this blanket go!
I am so soft hearted, I look after the birds at night,
I believe this is what I'm supposed to do,
I hope I'm doing it right!

And when it rains, with thunder and lightning
And at times, the sky turns brightly "red,"
It's times like these, I surely wish
I had a giant umbrella over my

head!

I loved to doze, on those warm spring days,
My arms wave to and fro
Until I'm rudely awakened, by BA's tractor
Running noisily down below!

Many people scream at me,
They say that I'll surely have to go,
You're littering up our land,
Oh, so far below!

I make a Hell of a lot of work for Poppa.
As plain as you and I can see,
Oh! Yes, you want to know my name?
Why, it's your backyard,
"Willow Tree"!

P.S. - A thought from Tree to Thee:
I know you're mad as Hell at me,
You'd just love to cut me down,
But listen unto me, Old Pal of Mine,
Where the Hell are you going to hook
Your rusty old clothes line???

HA! HA! HA!

By Poppa Tyrer,
Georgetown.