

Peoples' Forum

Rockel column questioned

The Editor:

The good Paul Rockel in Money Matters mixes the Rule of 78, not 72, with the Doubling Constant, 70, in investments. It is useful to fix the confusion to let readers decide on RRSP investments, on one hand, as distinct from mortgage payments, on the other. The bright young things in District High can follow easily and learn a couple of neat rules of thumb to help their future financial haggling.

• Doubling, Tripling and Quadrupling Investments:

Set I as investment, F as final value, R as the annual rate of interest, and N as the term of investment. Allow $e = 2.718...$, the universal growth constant, and \ln to be the logarithm to the base e, and, finally \wedge be the exponent, to the power of, symbol.

The General Equation is $F/I = e^{\wedge RN}$. For money to double, $F/I = 2$. For money to triple, $F/I = 3$. For money to quadruple, $F/I = 4$.

Using the Doubling equation $F/I = 2 = e^{\wedge RN}$. Taking logarithms, $\ln 2 = RN \ln e$. The ruse de guerre is that $\ln e = 1$, so $\ln 2 = RN$, to Double. The same logic allows us to write $\ln 3 =$

RN, to Triple. The same logic allows us to write $\ln 4 = RN$, to Quadruple.

Since we know the values of $\ln 2$, $\ln 3$ and $\ln 4$, 0.691, 1.100 and 1.382 respectively, we can correct for the percentage and multiply these values by 100 and get the following table.

Time in Years	Constant	Interest Rate %			
		5%	10%	15%	20%
To Double	70	13.8	6.9	4.6	3.5
To Triple	110	22.0	11.0	7.3	5.5
To Quadruple	140	27.7	13.8	9.2	6.9

Each term is calculated by dividing the interest rate into the constant.

• Rule of 78, Mortgage Repayments.

78 is the sum of all the digits between 1 and 12, check it. For a loan of \$1,000 at 12% we would expect to pay interest of \$66.20, take my word for it. If this was amortized as the poor consumer expects, the Outstanding Balance would be shown in Column A. But the bank uses a rule of 78 which assigns 12/78 of \$66.2 to the first month, 11/78 to the second, 10/78 to the third and so on. The outstanding balance is as shown under column 78, it's higher.

Month	Payment	Outstanding Balances	
		A	78
1	88.85	921.15	921.33
2	88.85	841.51	841.82
3	88.85	761.08	761.46
4	88.85	670.84	680.25
5	88.85	579.79	598.19
6	88.85	514.92	515.28
7	88.85	431.22	431.52
8	88.85	346.69	346.91
9	88.85	261.31	261.45
10	88.85	175.07	175.15
11	88.85	87.97	88.00
12	88.85	0	0

These are close on an annual loan. But for say a \$10,000 loan over 15 years at 13.5%, 180 months, 1.125%/month, payment of 129.83/month, total interest will be \$13,369.40. The loan company would sum the 1 to 180 months = 16,290, and assign 180/16290 x \$13,369 = \$147.73 to the first month, 179/16290 x \$13,369 = 292 = \$146.90 to the second, etc. Clearly with a payment of only \$129.83, after the first few months the outstanding amount exceeds the loan. When clearing the mortgage early these penalties prevail, along with the interest penalty.

Few people working in financial institutions know of this ruse de guerre, legal scam. See how lobbying helps your cause!

Bill Hyde (P.Eng.)
Georgetown.

Our democratic process

Editor's note: The following letter was released to the Halton Hills Herald for publication.

Mr. John Welham
R.R. 10, Peterborough, Ont.
K9J 6Y2

Dear Mr. Welham:
This is in response to your letter to the editor of my newspaper, the Halton Hills Herald, in which you ask me and my fellow Canadians to join you in impeaching Brian Mulroney under the Criminal Code of Canada.

My immediate response was "Good heavens, doesn't the man understand the democratic processes of this country?" So I ask you, do you understand:

- That the Mulroney government was elected by your fellow citizens in a free, democratic process with a majority in parliament that he may use as he sees fit within the bounds of our laws?
- That our cherished right is to let Mr. Mulroney know what we

think of his performance at election time?

I don't know you, Mr. Welham, but there are things I know and things I sense. I know that you have not explained at all how the sections of the Criminal Code that you quote apply to this situation and to do so properly would take a volume of well-researched documentation. I sense that your claim to be a non-political group is untrue - you don't agree with Mr. Mulroney's politics because they don't agree with your own and that is the nub of the problem.

Hang in there, Mr. Welham, election time is coming. It will give you the opportunity to get out and work for the candidate of your choice or perhaps run for office yourself to see if your fellow Canadians agree with your politics. This is our democratic process.

Neil Mackinnon,
Georgetown.

Peace Please!

For years we've kept peace
But that will all change
All because of a man
Named Saddam Hussein.

He took over Kuwait
For his very own
So to the Persian Gulf
All our airships have flown.

They took all our guns
Other war weapons too
So now all our men
Are there fighting for you.

Over a bit of oil
Our men might die

Leaving women and children
At home to cry.

The vision of death
Is really quite clear
A moment of silence
To abolish our fears.

We pray to our Lord
To answer our pleas
Our message to you is
Not war, peace please.

By Caroling Page, age 13
and Jade Yeung, age 13,
Centennial Middle School.

Feminists questioned

Dear Editor:

I respect and appreciate the efforts of sincere feminists in this country who are committed to bringing about equality for women. However I have to point out that under the banner of "women's rights" both the Ontario government and some lobby organizations are pursuing a radical anti-life, pro-homosexual agenda which is, in my opinion, not shared by the majority of the women in this country.

By jumping on the bandwagon and repeating the slogans of any "feminist" group without serious consideration, Canadian feminists risk contributing to the disintegration of the family and the traditional values without proposing any replacements for these.

In a more "socialist" society, where smaller institutions are wiped out, all citizens would more and more be "equally" deprived of their rights by the state, in an "Orwellian" scenario. Do not take my word for it. The following are quotes from major feminists in the U.S.:

- "The simple fact is that every woman must be willing to be identified as a lesbian to be fully feminist." - National N.O.W. Times, Jan. 1988.

- "In order to raise children with equality, we must take them away from families and communally raise them." - Dr. May Jo Bane, assistant professor of education at Wellesley College and associate director of the school's Center for Research on Women.

- "The most merciful thing a large family can do to one of its infant members is to kill it." - Margaret Sanger, founder of Planned Parenthood, in "Women and the New Race," p. 67.

By manipulating and exploiting American's natural love for equality these radical feminists have succeeded in gaining a groundswell of support for a totally bizarre moral code. Will sincere Canadian feminists continue to follow on the same path?

Sincerely,
Giuseppe Gori,
Executive Vice President
Family Coalition Party
of Ontario.

Giving away cards

Dear Editor:

I have hundreds of old greeting cards, anniversary, birthday, valentine, Mother's Day, Father's Day, etc., these of course, have been sent over a course of years.

I was wondering if any of your readers know of any organization that will take them "off my hands," as I feel guilty in tossing them into the garbage.

And, as they are not recyclable (as far as I know), I will have to do just that.

Hoping your readers can be of some assistance, if they want them, they can pick them up at my home, between 10 a.m. and 12 noon, only.

Thankyou, sincerely,
Joseph Stamp,
Georgetown,
877-3530.

Write us a letter!

The Herald wants to hear from you. If you have an opinion you want to express or a comment to make, send us a letter or drop by the office. Our address is 45 Guelph St., Georgetown, Ont., L7G 3Z6.

All letters must be signed. Please include your address and telephone number for verification.

The Herald reserves the right to edit letters due to space limitations or libel.

Rockel column defended

To the Editor:

Re: Mr. Hyde's letter.

Since I am responsible for submitting Paul Rockel's columns to this newspaper, I accepted the offer to comment.

For readers who insist on accuracy to many decimal points with all the i's dotted and t's crossed, read the chapter on the mathematics of finance, specifically compound interest in the Financial Handbook (revised) edited by Jules I. Bogen Ph.D. This book is one of the standard university text books for graduate and undergraduate students in finance, business mathematics and related subjects.

Mr. Hyde does not seem to have taken account of the frequency of compounding into his investment calculations, it does make a dif-

ference. Using Financial Handbook formulas, \$1,000 invested at 15% for 7.3 years (which is the time Mr. Hyde calculates for an investment at 15% to triple), yields \$2,968.96 when compounded monthly and only \$2,773.92 when compounded annually.

For the average investor it is not necessary to get into logarithms. You can buy a hand held financial calculator for about \$30 which will quickly do all the financial calculations the average person will ever need.

I'm not surprised that Mr. Hyde has not heard of the rule of 72, many outside of the investment industry haven't! It is referred to in Venita Van Caspel's book "Money Dynamics for the 80's," as well as Sam Shanahan in "The Working Life Of A Dollar," just two of the

many books on the subject. The "Rule of 72" is very simple, and will help the average person to plan investments. Rule of 70 or 72, who cares, close enough!

Paul Rockel has followed the concepts that he writes about in his personal investments, and quite apart from his business success, has become a wealthy man by using them. For many years he has shared the ideas that have worked for him with others.

Finally, I agree with Mr. Hyde's comments about how financial institutions use the rule of 78 to their advantage. Borrowers beware! And yes, simple rules of thumb would surely help young people plan for their financial future. If only more of them would use and follow them.

P.C. Masson,
Georgetown.

Canadians getting 'ripped-off'

To the Editor:

You're getting ripped off. And not just by the GST.

As 1990 came to an end, news reports focused on the hated GST, the threat of war in the Gulf, a government-sponsored recession, cuts to the CBC and countless rips in the fabric of the nation. Few people noticed that

the Conservatives had used their majority in the House of Commons to shut off debate and sneak through a law to sell Petro-Canada. Once this law passes the Tory-stacked senate, Petro-Canada - our national, publicly-owned energy company - will be gone. It won't reappear after the next election; Petro-Canada will

be gone forever.

Canadians are losing a vital energy policy tool. No future national government will be able to use Petro-Canada to help keep foreign oil companies honest by being the one company we can trust not to gouge us at the gas pumps. Petro-Canada can never be used to help keep energy profits in Canada for reinvestment here. And Petro-Canada can never be used to help move us towards a 'greener' energy future by taking the lead in actively promoting conservation and alternative energy sources (even such modest steps as collecting, recycling and selling used engine oil help tremendously).

Canadians will also lose billions of dollars on the sale. A Calgary investment dealer appearing before a House of Commons Committee studying the bill agreed "absolutely" that the people of Canada are going to take a bath on the sale, the only question is how deep is the tub. So, I tried to make changes to the law to guarantee that the sale would at least have recovered for Canadian taxpayers the \$6.8 billion they've invested in Petro-Canada. But these changes were defeated by both the Conservative and Liberal members of the committee studying the bill.

Remember that the next time you shell out GST for a coffee and a newspaper.

Sincerely,
Ross Harvey, M.P.
New Democrat Energy Critic.

Hospital staff receives praise

To the Editor:

I am writing as a relatively new resident to the Georgetown area. Two weeks ago, I had a medical emergency and had to go to Georgetown District Memorial Hospital for treatment immediately.

First I was greeted at the Emergency Dept. by a staff of doctors and nurses, who to say the least were excellent.

Within minutes they had me examined, medicated and in a relaxed frame of mind. I was then admitted to the ICU unit of the hospital, where again I cannot praise the services enough.

I have had a heart problem in the past and have been to Toronto hospitals, where I will say I had very good care. But coming to a small town, you tend to hear "horror" stories of small town

treatment. I have nothing but praise for the service I received by nurses and doctors alike. I felt a personal touch that I don't think you can get in a large city hospital. I felt like a "person" and not just a patient in a bed.

Special thanks must go to the ICU nurses and a very special thanks must go to the Lab Technician who took ECG and blood tests daily.

As you might know, when that lab technician walks in the room, most patients groan as they know what she is going to do.

This lady had a way of putting you right at ease, with a joke and always a smile and conversation. Before you knew it she had done what she came to do and you were not the least bit scared.

My thanks again to all the staff.
M. Hamill,
Georgetown.