

People's Forum

Councillor explains reasons for opposing Acton arena

The Editor:

It would seem that a great deal of misinformation and emotional feelings have distorted the Acton community's understanding of the position of the Budget Committee on the subject of the Acton Arena.

In response to some current articles and letters to the editor, I will attempt to convey my reasons for not supporting this project in our current 1991 capital program.

In a time when fiscal restraints are the most important issue that currently face the Town and our citizens of Halton Hills, I cannot support a single project that would increase current taxes by 7.3%. This would be the cost added to each and every household and business to cover the cost to deventure the Acton Arena for a 10 year period.

I'm sure there is not a single person or business who can afford this irresponsible commitment of taxpayers dollars. We are faced with an uncertain future and when we have not

decided where the arena will go, or own land that will be suitable for it.

If ways can be found to maintain the current facility for five years, we will be able to take on new debt load because our existing debentures will be eliminated in 1996.

There has been much discussion about the Provincial funding for this project. This is also your money and comes out of your left pocket instead of your right.

As one who has a son that plays

hockey and daughters that enjoy public skating, I can understand the frustration of not having a facility that meets the Acton communities needs. We must weigh all the issues before we commit the Municipality and the taxpayer to the burden of double digit tax increases in a time when the forecasts for inflation are 5% for the coming years. Even 5% is going to be a burden for a lot of people.

Yours truly,
Joe Hewitt, Ward 2
Regional Councillor.

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 Street, Georgetown, Ontario 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.

'Rule of 72'

To the Editor:

Regarding Mr. Hyde's rebuttal of Feb. 8, 1991, Paul Rockel's columns compared investment choices (and he has his bias) and encourages people to save so that they can achieve financial independence. Financial writers including Paul Rockel advise investors to reinvest or compound earnings to build wealth.

The "Rule of 72" is a simple guideline to approximate the time it takes for a compounded investment to double ... nothing more. Incidentally, "D day" or valuation day for publicly traded shares and securities was December 22, 1971. Should we call it the Rule of 71, Mr. Hyde?

There are two types of interest, simple and compound. The basic formula for compound interest is $A = P(1 + i)^n$, where A is the compound amount, P is the principle, i is the interest rate and n is the number of periods. There are published tables for $1 + i)^n$ or can be calculated using logarithms. The formula for simple interest is $i = PRT$, and where R is rate, T is time expressed in years. Given any three values, the fourth can be determined.

By the way, Mr. Hyde's "original elegant lemma" is incorrect if used to calculate the compound rate of return of money, and the price of a house is money isn't it? The correct rate of return compounded annually for Justice Sopinka and his house is 15.06% per year rather than 14.0% and 13.65% per year rather than 12.8%.

Since Mr. Hyde and his financial acquaintances are unfamiliar with the Financial Handbook edited by Jules I. Bogen, (first published in 1925, with many revisions since) I suggest they draw straws to see who is first in line at the Georgetown Library to check it out. They have only one copy. There are, however, many other books on the subject.

My copy is 35 years old, my daughter, a recent graduate in mathematics from the University of Waterloo where it is a reference text, has the current edition. The interest formulas therein which are used by all financial institutions have not changed.

Pete Masson,
Georgetown.

Opinion

Food costs expected to rise this year

OTTAWA - Food purchases will be taking a bigger, more painful bite out of the family budget this year, say federal agriculture analysts.

Agriculture Canada's food markets analysis office is expecting retail food prices to edge up four to six per cent over the year as the food industry copes with rising costs and the new goods and services tax is tacked on to restaurant tabs.

Food price hikes have been absorbed relatively easily by consumers in other years, but the Conference Board of Canada, one of the country's leading research institutes, glumly predicts take-home incomes will not increase at all this year.

Eric Johannsen of the food markets analysis branch expects many will feel the pinch.

The effect of inflation on food prices and recessionary pressures on incomes will produce a "double whammy" on consumers, he said. The price hikes were cushioned by disposable income increases of

1.9 per cent last year and 5.1 per cent in 1989.

Johannsen's office is expecting grocery prices to creep up two to four per cent over the year and restaurant prices to jump between eight and 10 per cent.

GOOD RECORD

The food markets analysis branch has a record of accurate forecasts. It had predicted a food price increase of three to five per cent last year. The final figure was 4.2 per cent.

But Johannsen says there are two factors that could tilt the 1991 forecast, the exchange rate on the dollar and the GST.

With the unsteady economy, exporters are saying the Canadian dollar is overvalued, Johannsen explained. His office has based its predictions on an 84.4 cents (U.S.) dollar. If, however, the average exchange rate for the year dips below that figure, food prices will rise, he said.

Analysts can calculate with some precision the effect of the exchange rate on prices, but projecting the impact of the GST on



Ottawa Bureau
by
Rennie MacKenzie
Thomson News Service

food has proven to be an "inexact science" according to Johannsen.

It has been estimated that the old manufacturer's sales tax, which was dropped with the introduction of the GST, contributed up to two per cent to the cost of basic groceries. The cancellation of the sales tax could lower some costs carried until this year by farmers, processors, wholesalers and retailers.

But the seven-per-cent GST is expected to account for a three-to-five-per-cent increase in restaurant prices. The analysts

knew the restaurateurs would add the tax to menu prices but said they may absorb some other cost increases.

Overall, the GST is likely to have only a slight effect on food prices, but Johannsen admits if the estimates applied to restaurants are wrong, "it could skew the total forecast."

There is more certainty about other factors. The food marketing cost index, which includes labor, energy, packaging, promotion and transportation costs, is expected to advance four or five per cent.

Labor costs account for 54 per cent of the index and a number of large union agreements are under negotiation. In the closing months of 1990, wage settlements were running at annual averages of 4.5 per cent in the food-processing industry and 6.3 per cent in the retail sector.

COMMODITY PRICES

If there is any good news in the department's forecast, it is in the

area of commodity prices, which amount to a third of total retail prices. Only slight increases are anticipated in most of the food groups.

Meats, including poultry, are expected to increase 1.5 to 3.5 per cent at the retail level, led by chicken and beef. Fresh pork and turkey prices may even slip a percentage point.

Dairy products and fats and oils will gain three to five per cent, while fresh fruit and fruit preparations edge up two to five per cent. Bakery and cereal product increases will not likely amount to more than two to four per cent. Prices for fresh vegetables and their preparations will gain by no more than two per cent and may actually decline.

Eggs, coffees and teas, if they increase at all in price, will advance by no more than two per cent, while sugar product price increases are expected to settle in the one-to-three-per-cent range.

Star Wars back on U.S. defence agenda

The flashes over Israel and Saudi Arabia from Patriot missiles knocking out incoming Scud missiles have lit up more than the Mideast sky.

They've put Star Wars back on the U.S. defence agenda, which also, in the long run, means the question of Canadian participation will again resurface.

Star Wars is the name the media gave the anti-ballistic missile program, officially called the Strategic Defence Initiative, launched by former U.S. president Ronald Reagan. It was his hope an anti-missile defence could be created to protect North America's civilian population from ballistic missile attack.

For several years, the Democratic-controlled Congress has dragged its heels on funding the program, preferring MADness to defence.

MAD, or Mutually Assured Destruction, is the theory that no nuclear-tipped ballistic missile will be used in a war because both sides know they would be destroyed in a nuclear exchange.

It has worked so far because

there are essentially only two positions in the game. The heavily armed Soviet Union has its missiles facing around the world. The remaining ballistic missile powers (U.S., U.K., France, China) all target the Soviet Union.

MORE AND MORE

But many analysts expect increasing numbers of countries to develop and deploy intermediate - and long-range ballistic missiles within the next decade.

Saudi Arabia, India and Israel already have such missiles, and Iraq might have had before the initial Allied air strikes. What is scary is that ballistic missiles really have no function other than as terror weapons. Even the shorter-range versions like the Scuds don't make any military sense.

Yet as terror weapons, they are an abysmal failure, as Iraq demonstrates almost daily - unless they are armed with nuclear warheads.

Does anyone doubt Iraqi President Saddam Hussein's willingness to drop an atomic bomb

World Affairs

by
Derek Nelson
Thomson News Service



on Tel Aviv, or Washington for that matter, if he could?

In a world of mad dogs, the real madness is not to protect oneself against the rabid.

Hence the most important part of U.S. President George Bush's state of the union address is where he addressed the ballistic missile threat.

"Now, with remarkable technological advances like the Patriot missile, we can defend against ballistic missile attacks aimed at innocent civilians.

"Looking forward, I have directed that the SDI program be

refocused on providing protection from limited ballistic missile strikes, whatever their source.

"Let us pursue an SDI program that can deal with any future threat to the United States, to our forces overseas and to our friends and allies," he said.

VIABLE

The technical name for the program is GPALS, for Global Protection Against Limited Strikes. SDI director Henry Cooper told a science group in December that Star Wars is a "technically viable program that could lead to real capabilities in the foreseeable future."

It would involve Patriot cousins (the current test rocket is called Eris), which would be fired from ground level, and space-based interceptors using "brilliant pebbles" technology. The dual defence would likely be able to handle up to 100 missiles at a time, which would be more than enough to protect North America in the foreseeable future from a deliberate strike by anyone except the Soviet Union (and from an accidental launch from

anywhere).

Critics will wail about such defences contravening the anti-ballistic missile treaty of 1963, which it wouldn't now but which it eventually might.

And Canada's MADmen will bring their anti-Americanism to a boil.

Personally, I'll remember Saddam Hussein's promise to turn Tel Aviv into a "crematorium" for its Jews, and fervently pray for the deployment of anti-missile defences.

Berry's World

