

# New government must stick with John Crow's policies

Now that the election is over the predictions will be proven correct. While pundits were predicting majorities, minorities, coalitions and collections the real story will now unfold. That is, how Canada

will proceed now that we have a change of government. The world has been watching this election. They know it's not really who won the election but what they do once they're in.

We still have to set policy but you can bank on one thing: if we sway from the policies of John Crow we will be looked on very poorly. You see, it's Mr. Crow's policies that put Canada on the investment map. We've always attracted some attention because we are the northern neighbor to the Americans. But, in the field of



Your Money

Brian Costello

inflation fighting we are the leaders. European governments have

taken his lead on how to remove the bulk of this dreaded disease from their economies.

The first step then, is to re-appoint Mr. Crow to the position of Governor of the Bank of Canada. That will help keep things cool in the international money markets. Remember though, that there will always be fluctuations in the value of our dollar. As we approached the election the dollar strengthened. I'm sure some of its was election related. But, the bulk of the strength had to do with our economic improvement.

New orders for Canadian goods shot up 3.7 per cent in August from July. Retail sales rose 0.3 per cent, their fourth consecutive monthly increase, manufacturing shipments were up 3.7 per cent and inventories fell to 1.37 month's supply from 1.41. If you're sitting a half day away by plane and you get numbers like these you forget about the election, you think profits. It didn't matter who was elected they were going to inherit an economy that was finally showing some signs of life.

The important key to these numbers is that there's some continuity and some reduction in the large inventories. If the level of shipments continue to erode existing inventories it won't be long before companies will have to hire new staff. Don't forget also that higher retail sales eventually will be translated into higher profits for companies which normally means higher share prices.

While the economy may be getting closer to taking care of its problems the deficit was the high profile topic of the election. It won't go away unless something is done.

The new government has several choices. One is to increase taxes which would stem the economic recovery we now see, that would only add to our problems. Another would be to enter into a spending spree that would stimulate the economy further, but destroy the international belief that we are running a credible government with substantial control over inflationary pressures. A third option would be to let the economy improve, as it is, but also pay down part of the deficit by cutting government spending or increasing tax revenue. Raising taxes would be a disaster as we are already rebelling at today's high rates. The easier route would be to eliminate tax deductions that presently cost governments money.

I've written before about the possible changes that can be made but I think it's valuable to re-visit a few of them as there's still time to protect ourselves from any changes. Surely, you have to suspect a challenge to the \$100,000 tax free capital gains deduction. Small business types should also be talking to their advisors about crystallizing the \$500,000 deduction in case it is eliminated.

While we like the idea of "universality" we have to come to grips with its cost. It doesn't make sense for everybody, regardless of wealth, to receive things like Old Age Security, Canada Pension Plan, the \$1,000 Pension Income Deduction and the Age 65 Deduction. I'm not suggesting they will automatically be attacked but it makes sense to worry about these deductions facing income restrictions. Right now the "clawback" clicks in around \$53,000 in Net Income. Reducing this level to \$50,000 or so would save billions without too much pain. In fact, it might stimulate the economy by encouraging Canadians to reorganize their affairs and investments to reduce the income that affects their Net Income.

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# GOOD NEWS From the Bridle Post.

## Step out in style with Brundel's Fine Shoes

Put your best foot forward in footwear from Brundel's Fine Shoes. Having established a reputation for excellence in quality and service over the past two years of operation, Brundel's is also in a category of its own because of its selection of women's shoes.

"I carry a lot of shoes that are exclusive," said shop owner Louie Bruno. "You see a lot of different things here."

From casual Keds to dress shoes by Enzo Angiolini and Bandolino, plus a unique selection of exclusive Italian imports, Brundel's has the shoe to fit any occasion.

With winter fast approaching, the shop also carries a selection of boots by Cougar and Sorel plus Defrosters by Kaufman, including the latest trend, short pant boots.

"Most of our women's boots are practically carefree," Louie said. "Even the leather boots are guaranteed waterproof for six months."

The "boonie" style is very big this season or shoes as well, Louie said. Whether the mood is relaxed western, casual contemporary or courtly Louis XIV, the leather uppers ride higher on the foot, making the bootie a perfect choice for stirrup pants, leggings or flowing, romantic skirts.

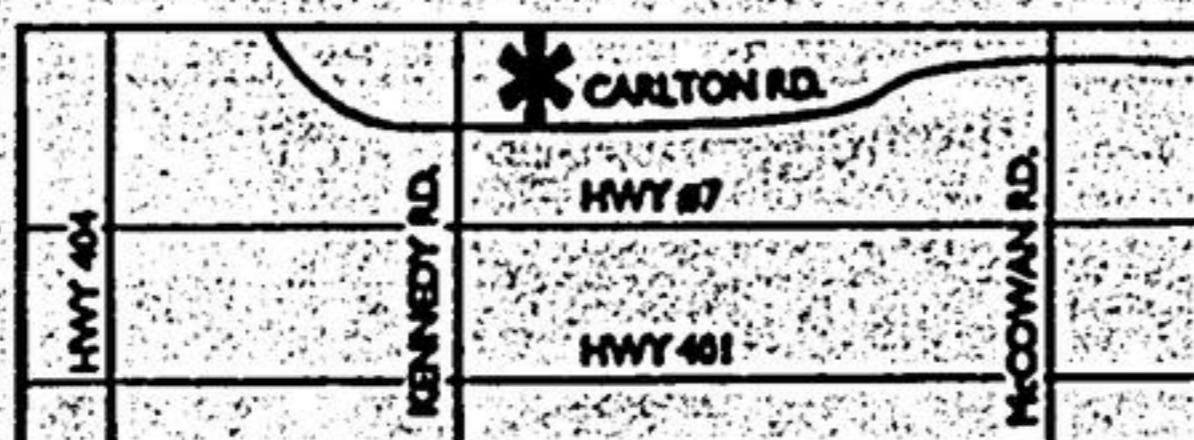
Trendy looks for the sophisticated dresser also include wafer-thin platforms and the newer, chunkier heels reminiscent of the 60's, as well as woven leather in rich earth tones.

For a completely coordinated look, Brundel's also carries a selection of fine quality leather handbags.

Busy mothers will be happy to know that the shop also carries a selection of children's shoes and winter boots by Sorel, so Mom can outfit the kids at the same time she selects her own footwear.

Brundel's Fine Shoes has recently moved premises and is now located on the main level of The Bridle Post, facing Carlton Road.

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