

CUTTING RATES WOULD FUEL INFLATION — CROW

MPs grill bank governor on interest rates

OTTAWA (CP) — John Crow says he hears cries for lower interest rates, but cutting rates means printing more money and that would fuel inflation.

The only way to bring interest rates down permanently is to instill greater confidence in Canadian money, the British-born, Oxford-educated governor of the Bank of Canada told the Commons finance committee Tuesday night.

Interest rates have climbed to their highest level since the last recession in the early 1980s as Crow tries to cool inflation by reining in

fast-expanding credit and curbing spending in the economy.

"As we get inflation under control, as Canadians develop confidence in their currency, that is the best recipe for achieving and maintaining low interest rates," he said.

"Without confidence, you can't do it."

It was first of Crow's three appearances this week before two Commons committees.

And it was the first chance for MPs to grill him after a raft of economic figures has suggested

high interest rates are sapping the economy.

"We're not going to have your rambling answers for half an hour or an hour so that you can go home and say, 'You know I got out of that,'" said Liberal finance critic Doug Young.

"Because the Canadian people can't go home tonight and say we're getting out from underneath your very odious monetary policy."

Crow was not rattled. And as usual, he refused to comment on the level of interest rates or the

value of the Canadian dollar.

"Is there really any sensible alternative to a patient policy that works to bring inflation under control and works through those means to generate confidence in the Canadian economy?" he asked.

The finance committee issued an all-party report last summer calling on Crow to declare a truce in the inflation fight and lower interest rates.

Since then, short-term interest rates have climbed more than a percentage point to about 13.8 per cent and inflation has remained

around the same level, about 5.3 per cent.

Crow told the committee there are signs that inflation pressures are subsiding, but the pressures remain strong.

"I realize that many people would like to see lower interest rates now," he said.

"Printing money more rapidly would only fuel inflation and . . . lead to still higher interest rates and an erosion of confidence in the Canadian dollar."

Earlier Tuesday, Prime Minister

Brian Mulroney told the Commons high interest rates won't provide quick relief from economic ills for ordinary Canadians.

But he said the medicine administered by Crow will cure inflation.

"What high interest rates from time to time are required to do is squeeze the inflation out of an economy because the inflation can cripple once and for all hard-working ordinary Canadian citizens," the prime minister said.

"Inflation is a pernicious evil that we can't unleash on the Canadian economy."

BEN JOHNSON SCANDAL

Dubin expects report to be public in June

by STEPHEN THORNE
The Canadian Press

The long-awaited report on the Ben Johnson scandal and drug abuse in sport will likely be made public next month, says its author.

"We expect to have the report in its final and printed form in the hands of the government in June," Justice Charles Dubin said through a spokesman Tuesday.

Dubin, who completed 91 days of public hearings last Oct. 3, did not say whether he had finished writing the report, which is expected to form the basis of sweeping changes in Canadian amateur sport.

Recently named chief justice of Ontario, Dubin was appointed commissioner of a judicial inquiry after sprinter Johnson was caught using banned drugs and stripped of a gold medal at the 1988 Olympics in Seoul.

The \$4-million inquiry was a sensation. It began with revelations of widespread drug use delivered by Johnson's coach, Charlie Francis, and ended nine months later after the contrite confessions of his 28-year-old superstar.

Dubin, 69, heard from 119 witnesses who exposed a seamy world in which cheating and lying were

prerequisites to the victories upon which Canadian corporations, politicians and bureaucrats based their financing of sport.

The judge also saw evidence of the status quo that exists internationally.

Dubin's attempts to break that conspiracy ran into brick walls as international officials either refused to appear before him or said little when they did.

"What worries me is that we're funding athletes who cheat," he said.

While Johnson — nearing the end of a two-year suspension from competition — and the rest of the country wait, the effects of the 15,000 pages of testimony Dubin has been reviewing and interpreting are already being felt across Canada.

In Toronto this week, a federal agency called the Commission for Fair Play launched a school program it hopes will develop athletes driven by wholesome values such as co-operation, respect and self-esteem.

Winning, lamented one high-profile former coach, has been left to the liars and the cheaters.

TESTERS CHECK PM'S FOOD

Ottawa Citizen

OTTAWA — Prime Minister Brian Mulroney travels with a food tester and a backup food tester, prompting one Liberal MP to question whether it has anything to do with the Conservative government's sliding popularity in the polls.

The food testers are provided by Health and Welfare Canada on the advice of the RCMP, the prime minister's office confirmed.

"It's not a decision taken by the prime minister," said press spokesman Sunni Locatelli. "It's a judgment call by the RCMP."

However, Locatelli said the decision to call in the food testers during Mulroney's recent tour of Atlantic Canada was not triggered by his record low slump in popularity. "It's not linked to the polls," she said flatly.

But Ron MacDonald, a Liberal MP for Dartmouth, N.S., is not convinced.

"This is ridiculous," he said Tuesday. "Either the RCMP is telling him something, or the guy is reacting in a very odd manner to a dip in the polls."

During last week's swing through Atlantic Canada, Mulroney promised federal support for the barren fishing industry at a series of dinner gatherings. At one, reporters spotted a food inspector in the kitchen, an area usually sealed off to the press, Locatelli said.

ENVIRONMENTAL GUIDELINES

Premiers seek balanced view

PORTAGE LA PRAIRIE, Man. (CP) — The western premiers are calling on Ottawa to change its environmental assessment process in the wake of court decisions that ordered environmental reviews of two major dam projects.

The current rules create uncertainty and confusion among different levels of government, resulting in a "nightmare" for developers, Manitoba Premier Gary Filmon said Tuesday.

Critics can now go to court repeatedly to demand more environmental reviews if they don't like the results of the last one, Filmon told reporters.

"That is a nightmare for anybody to deal with, any proponent,

be it government, be it a private sector person — anybody proposing a development project."

The regulations must be improved to "restore certainty," said a communique issued by the premiers of Canada's four western provinces at their annual conference here.

Both Saskatchewan and Alberta have been hit in recent months with decisions by the Federal Court of Canada requiring additional environmental assessment of multi-million dollar projects.

Construction on the \$140-million Rafferty-Alameda irrigation project in southeastern Saskatchewan was halted in January — with work 60 per cent completed — after the

Federal Court ruled that Ottawa must follow the letter of its own environmental assessment act.

That precedent-setting ruling gave legal force to what had previously been considered voluntary federal guidelines on environmental assessment.

The Oldman River dam southeast of Calgary was one of the first major projects to feel the impact of the ruling; construction on the \$353-million project is now stalled with the dam 70 per cent completed.

Under the current system, projects that affect more than one province could be made subject to long and costly environmental reviews by two provincial governments and Ottawa, Filmon said.

Space move delayed

OTTAWA (CP) — It is going to take longer than expected to move the Canadian Space Agency from Ottawa to its controversial new headquarters in St-Hubert, Que., south of Montreal.

Construction was supposed to get under way this summer but will not start until early next year, Benoit Bouchard, minister of industry, science and technology, said Tuesday.

Work was originally to be completed by 1992, with the premises fully occupied by September 1993.

But Bouchard said he cannot guarantee the 300 bureaucrats, sci-

entists and researchers will be in their new offices by 1993.

"Everything has to be done carefully. . . . We can't move the whole operation in one morning."

Pierrette Venne, Conservative MP for St-Hubert, blamed the delay on late financing.

It was not until last month the Treasury Board came up with the \$5.6 million to pay architects and the costs of preparing the 40.7-hectare site next to St-Hubert airport, said Venne.

The cost of building the new Space Agency headquarters is estimated at between \$45 million to \$55 million.

Paperworkers name wage pattern target

MONTREAL (CP) — The Canadian Paperworkers Union has named Stone-Consolidated Inc., owned by hardnosed U.S. industrialist Roger Stone, as the target for contract negotiations to set the wage pattern for the pulp and paper industry.

The union said Tuesday it wants pay increases of eight per cent a year in a two-year contract plus cost-of-living protection against the goods and services tax.

Each negotiating round, the union picks a company whose settlement can serve as the industry pace-setter. Its choice of Montreal-based Stone-Consolidated startled many, even though its U.S. parent has been healthier than some competitors.

Roger Stone, president of international pulp-and-paper giant Stone Container Inc., is known for taking a tough line with his unionized

American workers and has said Canadian labor costs are too high.

Stone, who bought Stone-Consolidated, formerly Consolidated-Bathurst, last year for \$2.6 billion, expressed surprise at the union's choice. "I'm hopeful a positive spirit prevails and we can work out a constructive settlement," he said by telephone from his Chicago headquarters.

But he indicated the CPU could be in for a rough ride. "I don't think Canada will change our style," he said. "We try very hard to preserve the competitive structure."

Union president Don Holder said that in addition to wages, job security is a big issue. The current base rate at Stone-Consolidated is \$15.37 an hour.

Holder said the CPU war chest stands at between \$10 million and \$11 million.

FOR MPS AND SPOUSES

Flying rules eased

OTTAWA (CP) — MPs and their spouses can now fly anywhere in Canada on their Commons flying program.

In a memo to all MPs, Commons Speaker John Fraser said there are no longer any restrictions on where they may fly with the domestic air tickets they receive as sitting members.

All MPs are currently allotted 64 travel points (one point for each return flight) a year to commute back and forth from their ridings regardless of the distance.

But only 20 of the 64 return flights could previously be used for destinations in Canada other than the MP's own riding. A spouse could use 20 of the MP's travel points a year.

Now an MP and his or her spouse may use all 64 points to travel anywhere in Canada, thanks to a decision by the Commons board of internal economy, Fraser said in his April 4 memo.

Commons comptroller John Ferrier said the restriction has been lifted in recognition of MPs' family lives.

"What we did was for the member and his spouse," Ferrier said in an interview Tuesday.

Warriors want control

KAHNAWAKE, Que. (CP) — Members of the paramilitary Mohawk Warrior Society declared Tuesday their intention to get rid of "white-backed" chiefs and elected governments in Indian communities in eastern Canada and the northeastern United States.

"We are going to replace the elected leaders of our reserve because they do not represent the people," said John Boots of the Warrior Society on the American side of the Akwesasne Mohawk reserve south of Cornwall, Ont.

Boots was not specific about how his members would replace the elected chiefs, but he said many would be defeated.

The Warriors gathered at the Kahnawake reserve south of Montreal from the Kahnawake and Kanesatake communities in Quebec, Akwesasne and Ganienkeh in New York state and the Six Nations Reserve south of Brantford, Ont.

"It's very frightening that Warriors from five Mohawk communities are talking about overthrowing our legitimate governments," a member of the Mohawk community on the Akwesasne reserve said by telephone Tuesday afternoon.

The woman would not give her name because she said she feared what the Warriors might do.

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