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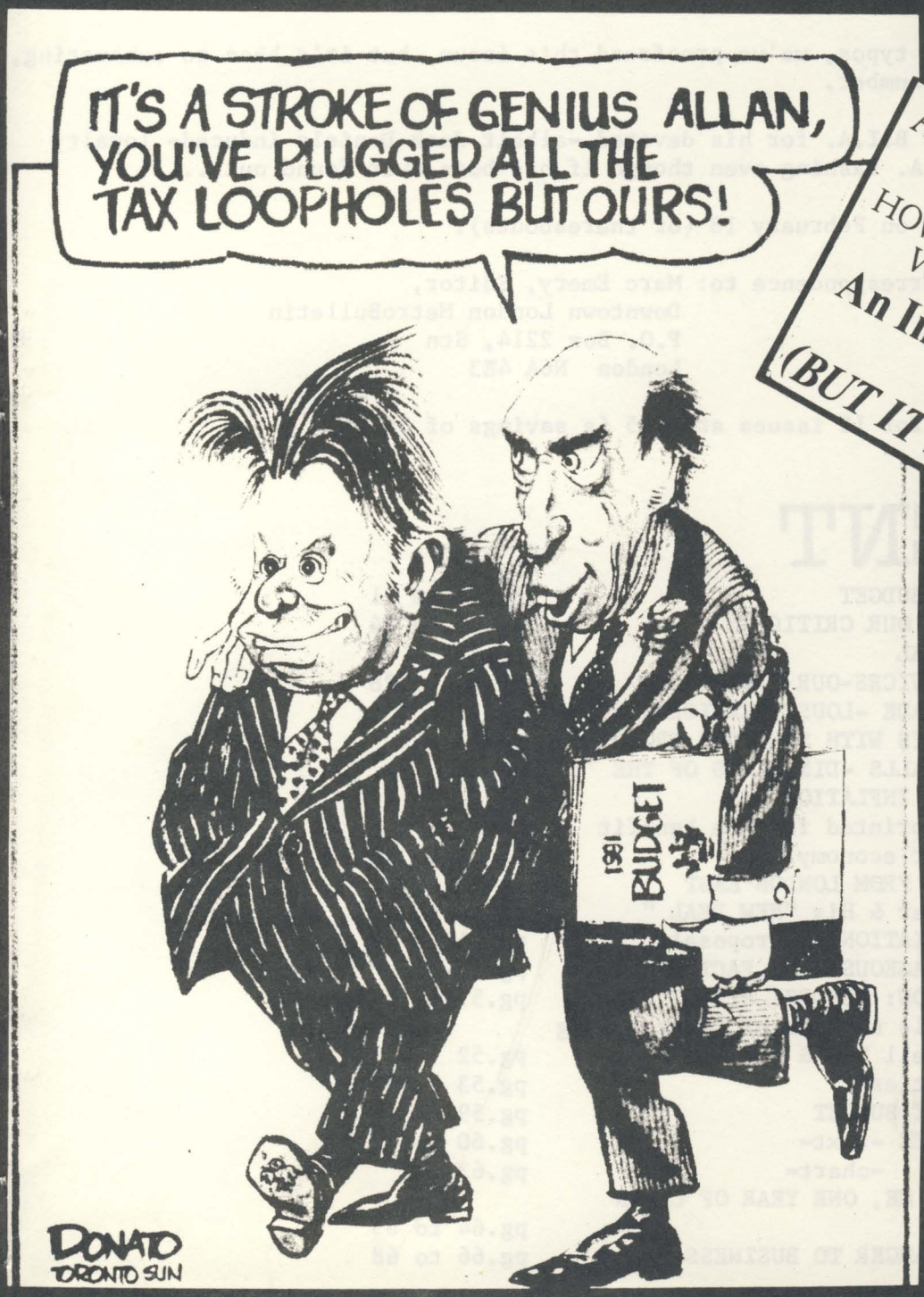
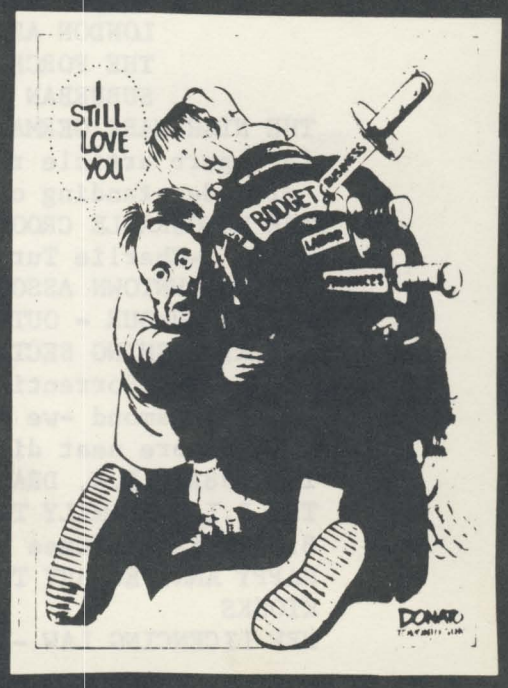


ALLAN MacEACHEN'S BUDGET

HOW YOUR SMALL BUSINESS WILL LOSE MONEY

An In-Depth, Easy-to-Read Analysis

(BUT IT'S NOT LAW YET)



Before I Forget...

Oh, are we catching on! 140 copies of last issue were sold (130 to downtown residents,businesspeople). The pedestrian mall material helped sales, and we picked up a number of year subscriptions.

Hope the diversity of material is enjoyable. That stuff on the budget -whew! If I've made any calculatory or policy errors, please forgive me. See your C.A. for your individual situation.

Thanks to Jan Stuart at Clarkson Gordon for all the material & info she supplied on the budget. Thanks to Guaranty Trust for supplying the copy of the Budget Papers.

We plead with everyone to call their MPP's, MP's, aldermen about the various anti-business measures covered in various reports. They are all home for Christmas.

Please forgive typos, we've proofread this issue, but it's been so exhausting, I know we'll miss a number.

Thanks to DEEP B.I.A. for his devoted -albeit Jack Daniels induced- loyalty to the cause of B.I.A. bashing even though if his boss ever found out....

Next issue out on February 18 (or thereabouts).

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Subscriptions for 12 issues are $15 (a savings of $9.00)

CONTENT

the BUDGET

If you never paid much attention to "Budgets", "politics","deficits" and the government's taxation system, NOW IS THE TIME TO START!

Allan MacEachen's November 12 Budget will cost you money.

There is no way a small businessman will gain financially from this budget; there is no doubt that small business was meant to be the fall guy for Trudeau's new found deficit-reduction lip service.

In order to reduce the deficit, THE GOV'T WILL NOT DECREASE SPENDING, but RAISE TAXES DRASTICALLY! But it raises them for one specific group in the country in particular, numerically a small minority -the small businessman & investor.

It's true -the budget has passed. It's law.

But the specifics aren't law! The Liberal gov't has been hinting that there are options still open to it, and they are under pressure from their own party members to change a number of aspects of the budget. MacEachen himself has said there could be modifications to:

a) Capital Cost Allowance (Proposed)Reduction
b) The proposed elimination of the deductability of Income Averaging Annuity Contracts
c) The proposal to tax "perks" for employees

There is still time to call area MP's and let them know you are fed up with the whole budget, and particularily _____(fill in the one or two measures that affect you).

Point out in no uncertain terms you will actively work against their re-election if they aren't seen to be representing the interests of keeping incentives in small business.

Call Jack Burghardt: 432-1113 or write: Constituency Office, 334 Dundas St., London.

Call Charlie Turner: 453-8660 or write: Constituency Office, 1489 Dundas St.,

Call Garnet Bloomfield: 452-3550 or write: Constituency Office: 1793 Dundas St.

WRITE OR CALL

Jack Burghardt would have lost if 500 Liberal votes in the last by-election would have gone Conservative.

Your voice/letters will have an impact!

TAXES WILL INCREASE BY 31% IN 1982

The 1982 spending by the Federal government will be $83,000,000,000 (billion), compared with the $68.3 billion expected to be spent in 1981.

Thus, expenditures will increase 22% from fiscal 1981 to 1982.

Taxes however, will go from $58,000,000,000 (billion) to $76 billion, a whopping increase of 32% IN ONE YEAR ALONE.

Most of this tax increase will come from consumers of energy: at the pumps,at the wellhead(royalties),on natural gas, etc. Now you know why gasoline will be $5 a gallon by 1987.

However, in the MacEachen budget, a full $3 billion of this $18 billion tax increase comes from business in general, investors and small business in particular. Since business is the chief consumer of energy, taxes on the business sector over-all are substantial -catastrophic at this point in our economic downslide.

Our explanations of Allan MacEachen's budget measures will, in part, be described as they would affect a hypothetical business owner, who we shall call Bob L. Doe.

Information about Bob L. Doe is:

a) married with one child
b) he is 38 years old
c) he has a retail clothing business, net worth of the business is $200,000 (business is incorporated)
d) he employs 8 full time people
e) he planned to retire at age 40 or enter a new line of business

Our analysis of the most important budget measures that affect small business are grouped in 3 sections:

a) The budget's effect on starting a new business
b) The budget's effect on a business in progress
c) The budget's effect on retirement/liquidation plans of the small businessman.

Most changes in Budget policy overlap into all 3 areas, but for the sake of convenience, we have grouped items in the most appropriate section.

INTEREST ON MONEY BORROWED TO INVEST IN SMALL BIZ. NOT DEDUCTIBLE

Interest Costs on Investment Income

The budget will limit the annual tax deduction for interest on investments to the amount of investment income earned in the year. Under present law, full deductibility is allowed for interest expense incurred in a year to earn investment income, even though the resulting income may be tax-deferred until future years or is taxed at less than full tax rates. For example, the law allows immediate deduction of the interest cost of money borrowed to purchase guaranteed income certificates or bonds on which interest income may not be received and taxable until maturity in a later year. Where money is borrowed to buy securities, the interest cost is immediately deductible whereas taxation is deferred on any accruing capital gain until the asset is sold, and then only half of the gain is subject to tax.

The budget will limit the deduction of interest cost to the amount of investment income (excluding capital gains) that is taxable in the year. Taxpayers will then be able to treat any excess remaining as a capital loss, one-half of which will be deductible against taxable capital gains and against up to $2,000 of other income. Any interest expenses not applied in the year may be carried forward as a deduction against future investment income and capital gains.

This measure will apply to the 1982 and subsequent taxation years. It will not affect interest costs on loans used to finance or re-finance residential rental property in Canada that was acquired by the taxpayer on or before November 12, 1981.

THE BUDGET ELIMINATES THE DEDUCTIBILITY OF INTEREST ON MONEY BORROWED TO INVEST IN A SMALL BUSINESS.

In the pre-budget period (ie. before November 12), Bob was able to invest in his brother's new company. He borrowed from the bank at 15% & bought shares in the new venture. Eventually, if his brother's firm was successful, Bob would receive dividends on this investment. This was not expected to occur for a good three or four years down the road.

In the pre-budget period, if you borrowed to invest, the interest on the borrowed amount was deductible from your taxable income.

No longer. In the post-budget policy, interest will only be deductible from profit earned from that particular investment in that particular year.

As we all know, a small incorporated company is not likely to produce a profit, and then after the 25% Small Business Corporate Tax, pay dividends, in the first year! Any smart company looking to the long term would want to build capital, consolidate, re-invest its nominal first year earnings.

In this way, investors in new businesses will find that the interest on money borrowed for investment will not be deductible. When interest rates are 18% to 22%, this is a considerable disadvantage. It will invariably reduce the investor potential in mid to high risk businesses such as electronics,magazines, newspapers, restaurants, etc.

The one crumb the budget throws your way is that any undeducted interest can be treated as a capital loss (ie. one half of the interest paid is deductible against any capital gain or up to $2,000 of other income.

A good example of the disadvantages of this new policy is illustrated by the case of the businesspeople/friends who invested in the ill-fated London Tribune (weekly newspaper).

Many investors were salaried individuals, who had no other investments of this kind. In one case, an individual borrowed $7,000 at 15% over 5 years. God knows what he eventually sold his stock for (as all original investors, including myself, got out early for various reasons), but let's say $3,000. That is itself a capital loss of $4,000, deductible from taxable income in the following two years ($2,000 each year). But aside from that, the interest on the $7,000 over 5 years would be:

1980 - $945
1981 - $750
1982 - $550 (Total interest paid: $2685)
1983 - $320
1984 - $120

As you can see, for the average "Joe" in the 30-40% combined fed./prov. income tax range, the deductibility of this interest would really help.

In fact, it would more or less reduce his $4,000 loss by $900,(Although with interest, his net loss was $4,000 plus $2685(the interest on $7,000) atotal loss of $6,685. Still the $900 savings in cash from the $2,685 interest deductibility represents a 13% return of the loss).

In this person's case, there would be no way to deduct the interest in the post-MacEachen budget. He would have to treat it as a capital loss, this would reduce his cash tax savings from $900 to slightly less than $400.

In the case of an individual who borrows $50,000 at 15% to invest in a small firm (a video-game arcade is a good example), interest in the first year would be $6,000. If the firm made money, it would need a profit of $8,000 in the first year, with $2,000 (25%) to tax, and $6,000 in dividends being given back to our investor. The $6,000 in interest could then be deducted from the $6,000 in income (with the dividend tax credit being used to reduce other taxable income.)

The above situation is the new MacEachen policy. Formerly, the interest was deductible against any income, in many cases just ordinary salaried income.

In our last example above, dividends being given out in the first year are unlikely and possibly unwise if the company needs the cash to consolidate.

If no dividends are paid or the company goes under, then our investor is really stuck. If it is not immediately deductible against income from that particular investment, then it must be treated as a capital loss. Yet he is only allowed to deduct a maximum of $2,000 interest-expense against income, any excess amount (up to $2,000) must be deferred until the next year's return. As you can see, a fair bit of forward accumulation of interest will be going on in this individual's case, with each passing inflationary year eroding the value of his deduction.

But because this interest expense is now a capital loss, it is only ONE-HALF deductible against a maximum of $2,000 ordinary income (That is, $4,000 in interest is worth $2,000 deduction against $2,000 in ordinary income.)

Clearly, this new provision, portions of which are not precise at this point in time, will stifle the small entrepreneur in getting acquantainces, fellow workers/colleagues, family to invest in small business projects.

This has no effect on the interest incorporated/unincorporated businesses pay on loans, mortgages,etc., because this is deducted from gross income.

First Year's Capital Depreciation Cut In Half

Important Corporate Tax Measures

Capital Cost Allowances — First Year Rate

The budget proposes an important modification to the capital cost allowance (CCA) system which allows businesses to deduct depreciation costs. The general principle of matching costs with revenues in determining income would require that depreciation write-offs only commence once an asset is put into use and reflect only the amount of time that the asset was used in the year. Under present rules, however, taxpayers who acquire plant or equipment in a year are allowed a deduction for a full year's depreciation even though the asset is purchased only part way through the year or even on the last day of the year, and even though the asset is not put into use at all in the year. The current system allows costs to be recognized well before the associated revenue, thus providing possibilities for firms to reduce or defer tax and creating biases in the capital investment process.

The budget proposes to limit the capital cost allowance deduction in the year an asset is acquired to one-half the normal rate of write-off currently provided. The portion of the first-year CCA disallowed will be available to be written off over future years. The change will generally apply to assets acquired after November 12, 1981 by corporations and unincorporated businesses. For investments in Canadian films and multiple-unit residential buildings, which are normally purchased in December, the change will not take effect until 1982.

REDUCTION IN THE FIRST YEAR OF CAPITAL COST ALLOWANCE ON NEW MACHINERY, EQUIPMENT, FURNISHINGS, BUILDING, ETC.

If your business is buying a new car/van, new cash register, air conditioner, furnishings, etc. you will lose money with this new budget provision.

Some of our subscribers downtown are seriously affected;

a) video/pinball arcades (any machines purchased after Nov 12)
b) restaurants (any furnishings purchased after Nov. 12)

c) printers (any printing/photo-offset/ photocopiers purchased after Nov. 12)
d) business machine rentals (eg. BIZ-PRO MACHINES, on any acquisition of typewriters after Nov. 12)

Although most pertinent to the entrepreneur starting up, businesses in operation will be affected whenever they buy a new piece of equipment.

What the budget proposes is to reduce the depreciation allowable on a purchase by half for the first fiscal year the machine is in use.

For example, Bob's Clothing Mart buys a central air-conditioner for his store. It costs $6,000.

That $6,000 isn't an immediate write-off, its a capital expense. In the pre-budget days, you could deduct 20% of the purchase (the rate for Class 8 machinery/ furnishings) from gross business income, and each year after, 20% of the remaining depreciable value. 20% Capital Cost Allowance (depreciation) was permitted on an air conditioner (as an example), regardless of when that year it was bought (often in the last few weeks when a company could assess the advantages of such a move.)

In the new MacEachen era of tax policy, only 10% Capital Cost Allowance is permitted on that air-conditioner in the first year of deductibility.

The Table below shows the difference between tax savings on a modest small business' capital investment, (new business or re-vamping existing one)

Start with $75,000 To Start A Business
(Hypothetical amount, not relevent to Capital Cost Allowance)

Pre-Budget Tax Policy		MacEachen Budget Tax Policy	
Buy a Van For $7,500 Capital Cost Allowance in Year purchased .....(30%).....	$2,250	Buy a Van for $7,500 Capital Cost Allowance in Year purchased ...(half of 30%=15%)..	$1,125
Buy a Central Air Conditioner for $6,000, Capital Cost Allowance in year purchased is 20%	$1,200	Buy a Central Air-Conditioner for $6,000, Capital Cost Allowance in year purchased is HALF of 20%=10%.....	$ 600
Buy a cash register $800 Capital Cost Allowance in year purchased is 20%	$ 160	Buy a cash register $800 Capital Cost Allowance in year purchased is HALF of 20%=10%	$ 80
Install in-store music system for $2,000. Capital Cost Allowance is 20%	$ 400	Install In-store music system for $2,000. Capital Cost Allowance is HALF of 20%=10% for first year of deductibility....	$ 200
Buy gazebos, racks for clothing, $3,000; Capital Cost Allowance is 20%	$ 600	Buy gazebos, racks for clothing, at $3,000; Capital Cost Allowance of HALF OF 20% = 10%	$ 300
($25,000 in inventory, complete write-off)		($25,000 in inventory, complete write-off)	

(con'd)

Buy the building with $15,000 downpayment ($85,000 mortgage). The building value is $40,000 Capital Cost Allowance is 5% of $40,000....................$2,000	Buy the building with $15,000 downpayment ($85,000 mortgage). The building value is $40,000 Capital Cost Allowance is HALF of 5% in the first year........ $1,000
Total Capital Cost Allowance: $6610 (first year)	Total Capital Cost Allowance: $3305 (first year)

(Notes: Assumed all items listed are purchased in same fiscal year,for purposes of comparison.
Depreciation is optional, the value remains intact until depreciation is elected.
The full value of C.C.A. need not be taken each year if so desired.
C.C.A. after first year in both examples is same. C.C.A. is calculated only on the capital value remaining after previous depreciation(CCA).
eg. First year: $2,000 C.C.A. on $40,000 building,
second year,$1900 C.C.A. on $38,000 building,
third year: $1805 C.C.A. on $36,100 building, etc.
Capital Gains Tax is calculated at (sale value) less (purchase price less depreciation) formula, the difference to be taxed at half normal rates.)

The difference between the C.C.A. of the pre-budget policy & post-budget policy is a value of $3305 ($6610 - $3305 =$3305), which in the first fiscal year, would be deductible from gross income. This could mean a tax savings of $1200 for the first year, or a loss-carryover to the next year.

One can imagine the difference in policy & the variance between pre-budget and post budget if we take the example of the individual starting a video arcade. The acquisition of 20 video machines at $3300 each (their approximate cost) costs $66,000. At 20%, the C.C.A. in the first year in pre-budget policy is $13,200, yet only $6,600 under current rules, a tax loss of over $2,000. At this stage in the entrepreneur's business, that $2,000 could be make or break.

TAX CUT A FAKE!

Reductions in Tax Rates and Changes in the Federal Tax Reduction

The budget reduces tax rates for all those with taxable incomes above $11,120 in 1982. This reduction in marginal tax rates will apply to some 5.8 million taxpayers. Of particular importance, the budget reduces the top marginal rate of federal income tax to 34 per cent from the current level of 43 per cent. When provincial taxes are added the new level corresponds to a maximum tax rate of approximately 50 per cent of income compared to the 60 to 65 per cent now applicable. The 50-per-cent tax rate will apply to 1982 taxable income in excess of $53,376. Table 4 shows the new schedule of federal marginal tax rates.

THE MYTH OF THE REDUCTION IN BASIC INCOME TAX RATES.

(For your 1981 return, basic personal exemption on taxable income has increased(the usual "indexing") 12% from $3,170 to $3,560 (individual) from $2,780 to $3,110 (married). The tax rates, budget policy aside, have been indexed by only 6%. Thus, if you received at 10-12% increase in income, you are paying 20% tax on the 6% above the 6% indexing, which is where the staticians have been zeroing in to demonstrate the decline in salary/wage buying power.The limited indexing of approx. 6% on an increase in the $30,000 range means a real income loss of 2%, since extra taxes are assessed on the amount of wage increase to keep up with 12% inflation. As well provincial taxes are up from 44% of federal tax to 46% (in some cases which might be announced later by the Ontario gov't -48%).

Benefits in the Budget's ballyhooed "reduction in the top marginal rates" are limited to those earning over $24,464 taxable income (or approx. $31,000 gross income for man with wife/one child).

The reduction on income earners with taxable income from $24,464 to $86,730 (or $31,000 gross income to $93,000 gross income) is 3¢ on the dollar or less!

Meanwhile, our comparisons between last year's rates(1980) and this year's shows that indexing in the $20,000 to $30,000 range was only 5 to 7%!

	FED.	PROV.
if you made $27,000 in 1980, your tax was(after exemptions) , on $23,000 taxable income...	$4,448	$2150.
keeping up with inflation, you received a 12% increase, Your income is now $30,240 in 1981, your taxable income is now $26,240, but with indexing, your taxes should be the same. They are.....	$5,188	$2616

Even though the government has made much of indexing, you really lose, the difference you pay to the fed. is $740, 24% of your increase! This makes your wage/salary increase only 9%, 3% less than inflation! (then there are those increased provincial income taxes,reducing your income by $460,another 13% of your increase!)

We have calculated the 1981 tax above with a 1981 return that was issued before the budget came out. The top marginal rates remained unchanged on these forms, but they are now withdrawn from circulation.

Now we can include the "reduction" in our formula for the same sample.

By 1980 tax rates, a salary/wage increase from $27,000 to $30,240 would still be in the 28% federal tax rate (on taxable income.), the real savings in the Budget is complicated for most people to figure out.

For example the 28% marginal rate has been lowered to 25%. But this is only on the amount of income earned (that is taxable) after $24,464(taxable income).

So if your taxable income rises $3,240 from $23,000 to $26,240, the 3% "reduction" is only on taxes paid from the $1,776 over $24,464. This is a $53.28 tax savings. But our sample example lost $740 in the government's crooked indexing! If we credit our sample income earner with the $53.28, the average "Joe" is still out $686.72 in real income (again, not including the increased provincial income taxes).

phooey!

Earners of over $86,750(taxable income) will receive 5¢-on-the-dollar reduction after that amount,over $133,440 (taxable income), a 9¢-on-the-dollar reduction in taxes on income over that amount.

While it is claimed by the government that 5.8 million Canadian taxpayers benefit, only 200,000 even get an increase of at least 3¢ on the dollar on only a small percentage of their total income!

The chart below is reprinted from the budget papers. Remember, the reduction only applies to income received in the higher tax bracket (see our sample wage earner cited above).

Proposed 1982 Federal Marginal Tax Rates

Taxable income bracket[1] (dollars)	Rate proposed in budget (percent of income in bracket)	Old rate (percent of income in bracket)
under 1,112	6	6
1,112 — 2,224	16	16
2,224 — 4,448	17	17
4,448 — 6,672	18	18
6,672 — 11,120	19	19
11,120 — 15,568	20	21
15,568 — 20,016	23	23
20,016 — 24,464	25	25
24,464 — 31,136	25	28
31,136 — 53,376	30	32
53,376 — 86,736	34	36
86,736 — 133,440	34	39
133,440 and over	34	43

[1] The taxable income ranges reflect the 12.2-per-cent indexing for 1982.

A LIE!

Nearly TEN MILLION Canadians receive no change for the better by this so-called reduction. In fact, on top of crooked indexing, they will pay more in taxes in other budget measures.

In fact, the average benefit to each Canadian filing a return of taxable income from $2,000 to $50,000 (15,230,000 filers, or 98% of all taxpayers)is $18.12!

OR

3,815,000 filers in this group will get an average break at this stage of $72.34
10,680,000 filers will get no break at all.
1,200,000 filers under $50,000 will face a federal tax increase by budget removal of exemptions (non-business) of $297.81

(Note: Budget papers, Table 5, pg. 15)

The 640,000 Canadian families who received a much-vaunted increase by $200 in the federal tax deduction are included in these figures. We believe the Toronto Sun editorial reprinted on the page opposite says it all.

And this is the government's good news!

10 The Sunday Sun, November 15, 1981

Sunday SUN

Toronto's Other Voice

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EDWARD DUNLOP, President 1971 1981

Budget bludgeon

The more one thinks about the budget, the more appalled one becomes. It is a monstrous budget, a crippling budget which will further damage Canada. That is now inevitable.

It is a budget which discourages initiative and stifles enterprise. Never mind the terms; it's the spirit, the thrust, the attitude and intent that are so destructive.

MacEachen is consumed by the "equity" aspects. Of closing loopholes, of taking away "perks" ***of reducing our society as much as possible to one where everyone is at the same level of mediocrity and dependence.***

That should not be a free, democratic government's main concern. Instead it should be doing all possible to get the economy moving, to stimulate the people into working harder for themselves and thus for the country.

This continent was built by people ***not*** by governments.

Yet by penalizing the productive middle-class, the Trudeau government's budget is tearing the guts of Canada. The rhetoric stresses soaking the rich. Rubbish. The rich are ***not*** being soaked. Hell, what they lose in perks they'll make up in maximum taxes being cut from 64% to 50%!

It is ***not*** only bigshots who get perks like a company car. It is a mass of middle-management people. They and others are in the daily fight to improve their lot. The great feat of North America is that for the first time in history the middle-class outnumbers the peasants. Yet this budget seeks to reverse that and instil equality of mediocrity.

Even that is illusionary. The "tax break" of $210 a year that some 12 million Canadians supposedly will get amounts to two cups of coffee per day. Some "equity!"

And the bank interest rate dropping by 1.5% just before the budget was tabled, frankly, stinks. Sure it is tied to the American rate which is declining, but watch it go up again.

Hopelessness will now spread.

There is little incentive for business, little hope for workers, no control of inflation, no "restraint" by government — and certainly none by MPs who, significantly, become the ***only*** group in Canada with perks and privileges — including indexing which means the higher the inflation, the more they profit. Why could not MPs have shown "restraint" and foregone their tax-free $14,000?

It is a budget that will further reduce morale and haster government control. 1984 has arrived!

FORWARD AVERAGING REPLACES GENERAL AVERAGING

FORWARD AVERAGING REPLACES GENERAL AVERAGING.

This disadvantage here is if your income increases radically, but instead of falling back to previous levels as anticipated, keeps on increasing: then forward averaging will have trapped your funds when otherwise you might have put the extra income into investments (hopefully deductible).

The Table below (Table 7 from Budget Papers) is shown to Illustrate how Forward Averaging Works

	Year 1 Year of Averaging		Year 2 Following Year When Income Reported
	(dollars)		(dollars)
Regular income	30,000		33,000
Extraordinary income receipt	20,000		—
Total income	50,000		33,000
Less personal exemptions	– 8,000		– 8,800
Less amount forward-averaged	– 10,000		—
Plus averaged income (indexed)	—		11,000
Taxable income in year	32,000		35,200
Tax on taxable income	9,825		10,830
Plus refundable tax on amount averaged (50% of 10,000)	5,000		—
Less refund of averaging tax previously paid (50% of 11,000)	—		– 5,500
Total Tax	14,825		5,330
Tax if no forward averaging	14,135		6,715
Net difference in taxes paid	690		– 1,385
Tax savings (nominal dollars)		695	
Tax savings (year 1 prices)		570	

(1) It is assumed that the taxpayer chooses to forward-average one-half of his extraordinary income receipt, that the amount forward-averaged is brought into income in the next year and that inflation between the two years is 10 per cent. Taxes are calculated at the new rates proposed in the budget and are net of the federal tax cut of $200. Provincial taxes at the average rate of 47 per cent of federal tax are included in the computations. No account is taken of special federal or provincial tax credits.

The advantage to IAAC's, or deferred profit sharing plans is that these permitted an individual (entrepreneur) to invest and deduct it from taxable income. (DPSP's are no longer deductible, IAAC's are restricted and rarely deductible, see sections in this report on these items). Even general averaging, as the gov't in the top left notes, delayed a taxpayer's full taxes if income kept rising.

Taxation of Employee Benefits

Employee Benefits

The tax law and Revenue Canada's administrative policy will be changed to end the tax exemption for a number of benefits provided to employees, effective January 1, 1982. The tax-free status of these benefits is inequitable for employees who cannot receive them, and encourages the substitution of these benefits for taxable forms of remuneration for no particular business purpose but at a cost to the federal treasury. The tax exemption for these benefits is also concentrated in the larger corporations since employees of small businesses typically receive most of their remuneration in the form of wages and salaries which are fully taxable.

TAXATION OF EMPLOYEE BENEFITS/ EMPLOYER SUBSIDIES TO EMPLOYEES.

This <u>does not</u> mean that when an employee buys an item in your store at an employee-discount, he must be taxed, as that is a discounted sale. (Although this might come soon.)

Low-Interest Loans to Employees and Shareholders

At present, no tax is payable on the benefit to an employee from the first $50,000 of low-interest or interest-free loan from his employer to buy a house when the employee is relocated. Nor is tax payable on subsidized loans to employees and shareholders to purchase company shares. In addition, on taxable employer loans the first $500 of any interest subsidy is exempt from tax. These benefits are distributed very unevenly and accrue primarily to higher-income employees. To ensure that higher-income individuals bear their fair share of taxes, the budget proposes significant changes to the rules.

Effective for the 1982 and subsequent tax years, the $50,000 and $500 exemptions will be removed

However, if the employer provides a dental plan, his costs are deductible, and the employee pays no tax on the benefit received under old tax policy.

Now he will pay tax as though it were cash received.

In the real estate/bank industry, if the company provides the employee with a discounted mortgage, the tax,under new budget policy, on this benefit, has increased. Previously the amount of benefit between an employee's discounted mortgage(loan) and the general rate at the the time is the taxable value less $500.

OR: John works at Canadian Dominion Bank, receives a 25% discount on a mortgage of $40,000. His rate of interest is 15%. The general rate 20%.

Previously, the formula was: 20% interest($40,000) = $7,800
15% interest($40,000) = $5,850

taxable savings:	$1,950
less $500 deduction	$ 500
taxable benefit	$1,450

With the removal of the $500 deduction, this will add $120-$140 in taxes to employees who receive this benefit. Employees in other businesses who received loaned money at rates lower than the prevailing rate (determined by the gov't) will not pay tax on the total benefit amount.

For Owner-Managers of incorporated businesses, the budget proposes to increase the tax on the personal use of the company car/van.

In a small business, the "company" buys or leases a vehicle which the"employee" (owner) uses all the time.

The "employee" of the small business is supposed to report the value of this benefit, but the gov't gives a'stand-by charge' credit which is added back to income. In the old policy, the stand-by charge credit is equal to the amount of benefit reported, cancelling each other out, a net cost to the employee-manager of nil.

What the Mac budget does is raise the "value" of the benefit the employee-owner-manager must declare & pay tax on. The value that must be declared has been raised from 12% of the value the car(after depreciation) to 30% of the value of the car (after depreciation),or in leasing, from 33% of the lease cost to 87% of the lease costs, while the "stand-by" credit remains at 12% and 33% leasing). This will incur a considerable tax on this benefit.

For example

Pre-Budget	Mac's Budget
Owner-manager has full time use of company van. Van has value of $5,000	Owner-manager has full time use of company van. Van has value of $5,000
Declares 12% for personal use, taxable value: $600	Must declare 30% for personal use:
less government "stand-by credit : $600	30% of $5,000 = $1,500
	12% stand-by credit= 600
	taxable difference= $ 900

This will incur an additional tax payment of $250 to $300.

12.5% NEW TAX ON DIVIDENDS

Dividends are paid out of the after-tax income of corporations. Currently, shareholders who receive dividends are required to include in income their cash dividends plus an amount representing the corporate tax underlying their dividend (called the dividend gross-up). They pay federal and provincial personal income tax on the grossed-up dividend and are then allowed a federal and provincial tax credit equal to the gross-up. The purpose of this tax credit system is to provide incentives for share ownership by Canadians and to partially offset double taxation of corporate-source income.

In 1978 the rate of gross-up and credit was raised from 33 ⅓ per cent to 50 per cent. However, due to rounding adjustments and subsequent changes in provincial income tax rates, the rate of the credit now amounts to some 55 per cent – larger than the gross-up amount included in income. To remove this anomaly the federal rate of the dividend tax credit will be reduced from 37.5 per cent of cash dividends received to 34 per cent. When the provincial credit is added, the combined credit will average the 50-per-cent rate intended under the system. This change will affect dividends paid after 1981.

As part of the restructuring of the incentives, the budget proposes a tax of 12.5 per cent on dividends distributed out of income benefitting from the low small business tax rate. This will apply to dividend distributions after November 12, 1981. Small business earnings retained in the corporation will continue to benefit from the low tax rates now prevailing. The distribution tax will not apply to dividends paid by one small business corporation to another small business corporation within an associated group of companies. It will thus not affect the ability of associated companies to flow income within a group to take best advantage of business opportunities.

A NEW 12.5% TAX ON INDIVIDUALS RECEIVING SMALL BUSINESS DIVIDENDS
&
THE REDUCTION IN THE SMALL BUSINESS DIVIDENDS TAX CREDIT

Bob, in order to keep his taxable income low, worked his income like this:
He pays himself $288.50 a week in salary, an amount at year end will amount to $15,000.

At year-end, his incorporated small business declares a profit of $30,000, pays 25% of the $30,000 in small bus. corporate taxes ($7,500), leaving $22,500 to go to Bob as a dividend. At this point, the dividend amount is taxable, but a dividend tax credit is awarded to offset this. A dividend tax credit is 37.5% of the dividend. In pre-budget days, Bob's 1981 annual income would have looked like this:

	$30,000	Corp. profit
	7,500	less 25% small business corp. tax
	22,500	Amount to Bob as a dividend

	15,000	salary	
	22,500		
	37,500	total income	$7,500 total tax paid
	3,500	personal exemptions	
	34,000	taxable income	
less	8,315	federal tax payable	
cancelled by	8,437	dividend tax credit	
	nil	tax paid (dividend tax credit cannot exceed federal tax payable on total income)	
		since no fed. tax, no prov. income tax	

If the same situation (pre-budget) were proprietorship (unincorporated) or salaried:

$30,000	profit	
$15,000	salary	
$45,000	net income	
3,500	less personal exemptions	
41,500	taxable income	
		$10,715 fed. tax
15,429	total taxes	$ 4,714 prov. tax
$29,571	net income	

As we can see, in the pre-budget period, an incorporated owner-manager could earn as much as $45,000 and pay only $7,500 in taxes. If the same person were salaried, taxes would be $15,429, twice as much!

Now, in Mac's era, this has changed. In our next table, the dividend tax credit is 34% (from 37.5%) and a 12.5% dividend tax has been added. In the salaried example,

federal tax reflects the "new" top marginal rates, although the provincial tax is 46% of fed. tax (up over 1981's prov. income tax of 44% of federal tax)

$30,000	corp. profit
7,500	small business corp. tax
22,500	dividend
2,812	12.5% dividend tax
19,687	net receipts from dividends

	15,000	salary
	19,687	net receipts from dividends
	34,687	
less	3,500	personal exemptions
	31,137	taxable income
	7,125	fed. tax
	6,693	dividend tax credit (.34 x $19,687)
	432	fed. tax payable

$432 from net income of $34,687 is $34,425. (in 1982,)
The same situation under pre-budget tax policy netted $37,500 in income.
A loss of $3,075 has occurred,the gov't the sole beneficiary.

NO MORE TAX EXEMPTION ON 2nd PROPERTY

Principal Residence Exemption

Under present law the taxation of capital gains does not apply to gains on the sale of a taxpayer's principal residence. However, some married couples have, for example, arranged for one spouse to own the family home while the other owns the family's vacation property so that both properties qualify for the tax exemption on capital gains. The law is being modified to prevent the exemption from applying to more than one residence per married couple. In addition, to prevent the new rule being circumvented, unmarried children under age 18 will not be allowed to designate a house as a principal residence. As a result of the proposal, only one residence of a family will qualify for the tax exemption after 1981. Other family residences will, on disposition, be subject to tax on half of the gains accrued after 1981.

REMOVAL OF PRINCIPAL RESIDENCE STATUS PER INDIVIDUAL IN A MARRIAGE.

A policy change with serious prejudices towards married couples. In pre-budget days, the male could have the principal residence in his name & the wife could have a cottage or other residence which would ostensibly be (for tax purposes)regarded as her principal residence.

The profit on the sale of a principal residence is NOT taxable: this gave a chance for each partner in a marriage to own a piece of property not subject to capital gains tax, or often the couple retained a piece of property for future equity/on retirement.

Now only the sale of one residence is free from taxes.

Any more than one dwelling sold by a married couple is subject to capital gains tax (50% of normal rates).

A man and a woman living together may still each own a "principal" residence that may be profitably sold tax-free.

NO MORE 5% CORPORATE TAx ON SMALL BIZ

Corporate Surtax

The 5-per-cent corporate surtax that was introduced in 1979 to apply in 1980 and 1981 will be extended for two years, remaining at 5 per cent in 1982 and declining to 2½ per cent in 1983. The surtax applies broadly to the federal Part 1 tax payable by corporations. However, after 1981 it will not apply to the tax payable by small Canadian corporations on earnings that are eligible for the small business deduction. The extension is estimated to yield $465 million and $255 million in fiscal years 1982-83 and 1983-84 towards reduction of the federal budget deficit.

REMOVAL OF CORPORATE SUR-TAX OF 5% FROM INCORPORATED SMALL BUSINESS PROFITS.

Since the Clark gov't there has been a 5% sur-tax on all corp. profits, this is now removed from small businesses.

This isn't so much good news as it is releasing the turn-key around our neck just a bit.
Still, it will return a small plus to the ledger books of profitable firms.

Small Business bonds

Small Business Bonds

The small business bond provision now allows small incorporated businesses to borrow before the end of 1981 at reduced interest rates for expansion and for refinancing in cases of financial difficulty. These reduced interest rates are made possible by the tax exemption now provided to lenders for the interest they charge on such loans. The budget proposes the following changes to increase access to the measure but to confine the benefits to those who need it most.

EXTENSION OF THE SMALL BUSINESS BONDS.

This is a program that is supposed to provide banks with an opportunity to give low interest loans to small business.

The great Catch-22 is that only a business that is starving,destitute, near-bankrupt,etc. can apply for these loans.

The incentive for banks to lend this money 33% off current rates is the tax breaks offered by gov't.

Except, no bank in its right mind is going to lend money at any rate to a business that appears destitute, near-bankrupt,etc.

In this economic climate, banks are reluctant to lend money even to perfect, profitable businesses. Banks are acutely aware of the increase in small business bankruptcies/closures. A small business, by the intimacy of its proprietor-related motivation to do well, is not good collateral.

And a bank especially ain't going to lend money at 9%-11%, no matter what the tax break is.

I've never heard of anyone who has successfully qualified for a loan under The Small Business Bond program,or for that matter, at the Small Business Development Bank (useless squared!)

Even if you have enough in assets/collateral to convince today's tight (ouch!) bankers that you can back a loan, then obviously you are starving, destitute, etc. so you only qualify for a loan at regular rates.....

Catch-22!

DEDUCTABILITY OF IAACs GONE

Income-Averaging Annuity Contracts

The budget will end deductions for individuals for purchase of income-averaging annuity contracts (IAACs) starting with the 1982 taxation year. Deductions for IAACs will continue to be allowed for the 1981 tax year but IAACs purchased after November 12, 1981 must have a term that does not extend beyond 1982. Amounts used to purchase IAACs after budget night will be deductible in 1981 but the full amount and any interest thereon will be required to be included in income and will be taxed in 1982. Interest on loans for the purchase of IAACs after November 12, 1981 will not be deductible.

The IAAC enables taxpayers to spread out over a number of years the taxation of certain types of income, such as the taxable half of capital gains, incomes of athletes and entertainers, employee stock option benefits and other specified types of income that might otherwise push a taxpayer into a higher tax bracket. A taxpayer with eligible income has been able to claim a tax deduction for the purchase price of an IAAC and pay tax later as future payments from the annuity are received.

THE BUDGET PROPOSES TO END THE DEDUCTIBILITY OF THE PURCHASE PRICE OF AN INCOME-AVERAGING-ANNUITY-CONTRACT.

Bob decides to sell his clothing store. For this example, we shall assume it was built from scratch over the past 20 years.

Bob has decided to retire at age 40, perhaps to pursue a less demanding business venture, or for a few years in the interim anyway -just relax, spend some time at home, plan.

If, upon the receipt of his sale he paid taxes on the $200,000, it would be $37,450 in federal tax alone (capital gains tax.) YIKES!

Often, in the case of many of Bob's friends, "capital gains" is just the unit value of your equity keeping par with inflation. The capital gains tax is very often a tax on non-existent appreciation, or more precisely, a tax on non-appreciation in real money value. Or as explained by Brian Jackson of the CLARKSON GORDON Tax Group:

> **The real travesty of tax on capital gains is that people must pay income taxes on illusory profits during a period of inflation. As an example, consider a taxpayer acquiring a capital property in 1981 at a cost of $100,000 (which represents one unit of purchasing power in 1981). Further assume that he holds the property for five years during which time the value has increased only by the amount of inflation so that it is still worth one unit of purchasing power. However, the amount realized on sale is, say, $150,000 so that he must pay income taxes on a $50,000 capital gain. As a result, he has expended one unit of purchasing power and received back one unit of purchasing power. Unfortunately, however, he will be required to pay tax on an illusory gain causing him to be worse off from an after-tax point of view.**

But before the MacEachen Budget Policy of November 12, one of the things you could do to defer this tax was buy an Income Averaging Annuity Contract (IAAC).

An IAAC is bond, so to speak, usually sold by life insurance companies, that uses your lump sum to pay you a regular annual interest, and at the end of the term (a maximum period of 15 years), the principal amount is returned to you. Then, unless you otherwise again defer the money in another IAAC (or what would ever be available at that future period), then you pay the existing tax on the lump sum.

Alot of different kinds of income qualify for IAAC's before the Budget, much of the proceeds from a business sale are applicable. For our purposes, we shall consider the lump sum of $200,000 eligible (most of it would be, for sure).

Bob, planning for the period of 40 to 50 in his life, purchases a $200,000 IAAC, to mature in ten years, interest at 10%, to be paid every 6 months.

The annual yield for Bob would be a taxable $20,000 interest, but we point out that no tax has been paid on the sale of the business, as the IAAC purchase price was deductible from that.

The IAAC also deferred the provincial income tax due on the sale of the business, which, with $37,450 federal income tax, would have been $16,500. A total of $54,000 has been deferred by the use of the IAAC

Now, IAACa are no longer deductible, rendering them useless.

The reduction in the top marginal rate of federal income tax helps in this case, but not much.

As well, forward averaging also helps, but combined with the reduction in the top marginal rate (and the awkwardness of forward averaging procedures), it still does not come close to the advantages offered by IAAC deductibility.

Further, this puts good money into the hands of government, where it will be squandered non-productively, and out of insurance companies, where it was invested prudently.

Our Table Shows the Difference in Selling Bob's business

On Sept. 30, 1981	TAX PAID	On May 30,1982
sale of business for $200,000		sale of business at lower 1982 tax rates. half of regular tax rates for capital gains tax.
invested in $200,000 IAAC	none	
$20,000 received annually		on $200,000 income (forward averaged makes no difference in this case)
static tax rate	2,775 (fed. tax) 1,341 (prov. tax)	
total annual tax	4,116	
		$31,000 (fed. cap. gains tax)
net interest income	$15,884	$14,260 (prov. income tax rates, 46% of fed. tax payable)
Total tax paid over next ten years (static tax rates assumed) $41,160		$45,260 tax payable on receipt
		Amount available to invest-$157,740 Annual yield at 10% = $15,774 Net yield after tax = $12,850
	$15,884 Net annual income	$12,850

Over the ten years of Bob's retirement, the pre-budget opportunities offer over $30,000 more in income. Mac's budget has incurred a loss of income-producing equity, seriously undermining the small entrepreneur's retirement security.

AND IT GETS WORSE!

The budget proposes to end the opportunity now available for individuals and corporations to defer income tax on capital gains by claiming reserves. Currently, taxpayers who sell assets can avoid having to pay tax immediately on the capital gain by arranging to receive the sale proceeds over a number of years, and the taxable portion of the gain is taxed pro rata as the proceeds are received. In effect the seller, in disposing of the asset, makes a loan to the purchaser which is repaid over several years. Since the seller has disposed of the asset, he should be liable for tax on the gain at that point, as is generally the case when assets are disposed of. The substantial deferral of tax through the reserve provision is in addition to the tax deferral which already occurs prior to sale of an asset because of the fact that capital gains are taxed only when realized rather than as the value accrues over time. The deferral available through reserve provisions has primarily benefitted higher-income individuals. It is similar to the system of income-averaging annuity contracts, which the budget is also ending.

THE BUDGET CANCELS RESERVE PROVISIONS FOR CAPITAL GAINS AND OTHER PROPERTIES.

In pre-budget days, another way of selling your business and deferring taxes would be:

- To take a $50,000 cash downpayment, and receive the remaining $150,000 over the next 5 or 10 years(whatever is negotiated) from the buyer. This would provide a degree of retirement planned income in the same way as an IAAC would work. In what is essentially carrying a mortgage, you would pay only the capital gains tax on the amount of principal received in each year (full tax rates apply to the interest revenue gained)

While effectively deferring tax for the seller, this presents a very attractive opportunity for the buyer.

Normally, for the buyer to arrange such a transaction through a bank, if that were possible, he would make the purchase with $50,000 of his own money and borrow the remaining $150,000 from a bank at 18% to 20%, again assuming a bank would do such a thing -very unlikely.

It would discourage potential buyers if this was the only avenue available (as the current Mac Budget policy makes it that way.)

The bank as the only source of financing would make buyers more rare, aquiring a business more costly (and more risky) and drive down the selling price of a small business. Furthermore, interest on the investment-loan is not tax deductible if the loan is from a third party!(as it stands now in the Mac era).

When a seller takes back a mortgage on his own business, he has confidence in the collateral that no bank would have and he eliminates the financing-middleman, so the interest on his take-back mortgage can afford to be 10/11/12%, a substantial chunk below bank rates.

Because you paid tax on money only upon receipt, this was a convenient, affordable way for two parties to make a transaction.

In the post-budget period, this is made completely unprofitable for the seller to offer a take-back mortgage.

Under current Mac Tax Policy, you may be taxed on the entire sale price ($200,000) irregardless of when you receive the money.

If you receive $50,000 down, the remainder to come over 5 years, you still pay the capital gains tax on $200,000 in the first year. That $45,260, leaving you with $4,740 to invest!

Obviously, sellers will not be taking back mortgages on business/farm property as it will make sense to get the whole amount up front. This will force buyers to borrow from banks (if they can) at much higher rates. Sale prices on businesses will drop, and buyers will be scarcer.

More bad news...

Tax Deferrals on Dispositions of Property

The budget proposes to tighten up on tax deferrals available to those who dispose of property. Normally under present law, one-half of any realized capital gain is taxed in the year a property is disposed of. This rule does not, however, apply in a number of cases when property is disposed of in exchange for other property rather than for cash. In these cases no capital gain is realized until the property received in the exchange is subsequently sold. The resulting tax deferral occurs most commonly in corporate reorganizations, mergers and takeovers when shares of one corporation are exchanged for shares of another, or in cases where physical assets are exchanged for shares of a corporation. Such transactions are equivalent in their economic effect to selling one property for cash and using the proceeds to purchase the new asset. However, the tax system has not treated them equally – cash transactions give rise to immediate tax on any capital gain while a barter exchange of properties does not.

CANCELLATION OF TAX DEFERRALS ON 'CREATIVE' DISPOSITION OF PROPERTY.

Mac's new policy here eliminates a creative avenue of selling your incorporated small business without paying any/or much capital gains tax.

Let us say(for this example), Bob paid $100,000 for his business 5 years ago, and now wishes to sell for $200,000. In both pre & post budget policy,the cash received on the first $100,000 is not taxable, as this is the restitution of the original equity. (con'd)

This leaves the remaining $100,000 subject to capital gains tax. Capital gains tax & prov. tax on $100,000 would be about $23,000.

However, another way of deferring this tax and maximizing investment interest-dividend yield on the, say, $100,000, has been cut off.

Formerly, exchanges in shares of one corporation for another were not taxable. In this way, the buyer of your business would arrange to buy $100,000 in securities/stock, etc. and hand this to you as the $100,000 (another $100,000 being in cash). You would pre-plan this so he was trading equity to you that you were familiar with. You might, in consideration, knock something off the purchase price for this.

Bob does not pay any capital gains tax until he liquidates the stock/securities. However, this arrangement is now taxable and effectively neutered.

LOWER U.I.C. PAYMENTS

MOST EMPLOYER/EMPLOYEE U.I.C. contributions will be lower by 9% as of January.

20% of workers/employers will face increased premiums, largely in big corporations.

Maximum U.I.C. benefits will rise from $189 to $210, which will entice more people to stay on pogey.

Cost of this program incidentally, will rise from 5.4 billion to 6.3 billion in 1982, far exceeding the revenues collected by U.I.C. premiums by over 3 billion dollars.

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what does it all mean?

It is no secret that most businesses in the city -retail & otherwise- have experienced a very lean Christmas sales period.

Provincial taxes are up to 46% of fed. income tax (from 44%) and may rise higher as a result of federal cuts in transfer payments to provinces.

New federal taxes alone in 1982 will take $18 BILLION more out of productive circulation and go to maintain gov't instead.

Unemployment is up, lay-offs are up.

You know it's bad because strikes are way down!

Bankruptcies are double over last year, 2½ times higher than 1979.

Interest rates on loans and mortgages are holding firm at 17 - 20%. This is soaking up a tremendous amount of previously disposable consumer income, now re-directed towards paying higher home mortgage costs.

Businesses are facing mortgage increases of 60% and renters of retail business space are seeing increases to reflect landlords increased costs.

The annual gov't deficit (not to be confused with the total deficit) is planned

to come down only at the expense of taxpayers being forced to pay continually larger taxes. Even then, this will not affect the $136 Billion (yes, $136 billion) total federal gov't debt (called the national debt to infer the blame goes wider than the government), the interest on which takes up 22¢ of every tax dollar we pay.

With more money going to government, it is obvious that government employment will increase. If government increases, this comes at the expense of jobs in the private sector. Former Auditor-Generalof the federal gov't reported in 1979 that for every 6 jobs created in the government sector, NINE IN THE PRIVATE SECTOR WERE ELIMINATED.

Yet it is the private sector, already seriously poisoned, that must surrender more of its dwindling capital resources!

Expect major money earners in the country to leave for the U.S., Taiwan, Bahamas, Singapore, etc. where better shelters exist. If you want to see what will happen here soon, look to what is happening in France with money fleeing the country any way it can, despite fines that include complete confiscation of wealth plus fines of double the "escaping" amount.

We can find no more succinct appraisal of the situation that this editorial from the fine magazine -INQUIRY:

> *IT COST THE AMERICAN* taxpayers a grand total of $40,000 a year to support George Washington and his staff. As we understand it, there was some grumbling from the citizenry about the extravagance of the tab. Times change. Back when the nation was founded the feds were *very* careful about extracting funds from the people. Now we live in an era of "tax expenditures," which is a phrase used to describe what it costs the government to let people keep what they earn—the principle being that all wealth really belongs to the government and it's Congress's job to determine how much they'll let us keep.

The government, when all their negative yet deliberately calculated disincentives take solid hold, will intervene further in the marketplace saying piously " private enterprise has abandoned this area of the marketplace".

The gov't is saying this now about the real estate industry, which the gov't has almost destroyed in the first place.

An example may be seen in Canadian Mayors, when at a conference together 3 weeks ago. Virtually all (except London Mayor Al Gleeson) was begging for massive gov't intervention to alleviate the housing crisis. Yet every level of gov't has had a bloody hand in the death of the industry, including local government.

To wit:
- elimination of soft costs in Fed. (Mac) Budget
- high interest rates due to gov't borrowing
- rent controls (provincial)
- capital gains tax (federal)
- zoning, official plan restrictions (local)
- building codes/standards (local, provincial)

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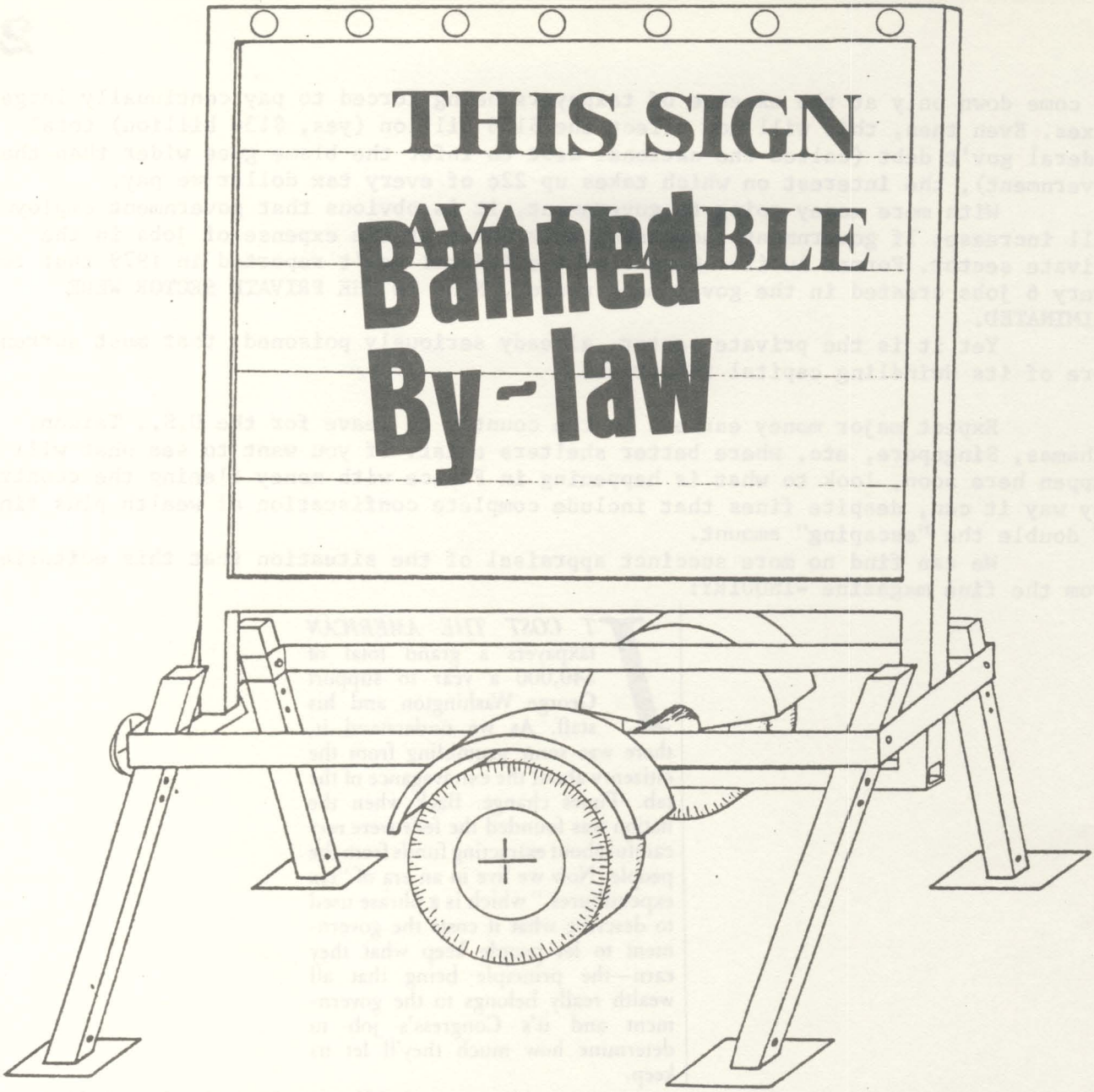
In summary, to determine the exact and accurate consequences to your business, please consult your accountant.

It is Possible that there are errors in our interpretations/figures, but we have cross-referenced most material with several sources to arrive at the finish draft.

Once again ,we thank JAN STUART of CLARKSON-GORDON in the CITY CENTRE MALL for her help & generous assistance.



The City of London, particularily Land Use & Development Committee, will be debating on Wednesday, December 16 a proposal more or less to ban portable signs, of the variety you see above. We sent a letter to the gov't about this, each alderman, controller & Mayor. The letter explains the serious clauses in the law and why such a proposal should die.

The important thing is that this is just the the tip of the iceberg, as they note in their own literature. They will soon have laws prohibiting hanging signs, neon lights, etc.

Call your alderman & controllers and tell them to squash this proposed by-law.

Our letter:

Mr. Administrator & Individuals of Council;

I would like address your proposal to regulate portable signs through a " Portable Sign By-law".

Why is taxpayer money being spent on a law that endangers jobs, make life for businesspeople more difficult, cuts into legitimate advertising freedom and causes increased costs for businesspeople?

This new tome of bureaucratic verbiage will cost money to administer, though healthy fees are levied from the poor S.O.B.s you are harassing. It is open to interpretation in clauses in the "Copy" section, whether the sign is "portable" or "permanent",in good taste, etc. More rituals are required as businesspeople must come downtown, fill forms, wait for approval from on high; then we are expected to make plans based on when we receive your OK.

It is absolutely inevitable from my experience with politicians and administrators that these laws merely expand to cover "additional problems" that are perceived in the'public interest' to regulate, thus in a few years, all advertising will see restrictions placed on it, particularily billboards, neon lights, bus boards, sandwich boards; all in the name of some isolated incident where it was found that one or two individuals got careless looking at some advertising.

What is the motivation for this amount of government red-tape? Are you all so desperate for things to do?

Has someone been seriously hurt, died,(or something or other like this) due to a portable sign?

Have you hundreds of letters or complaints?(I get your agendas & committee meeting notes; I have seen 2 in one year)

Have sign owners or leasees been violating the property rights of other property owners?

I know of NO examples where any of my questions can be honestly answered yes.

In fact, I know of no reason why such a complex, troublesome law would ever be introduced. Yet taxpayer money is spent on "research", more money is spent so you can debate the 'merits' over and over, you spend more of our money advertising the proposed law, and then we citizens waste our time trying to convince you otherwise when you shouldn't be venturing into anything like this in the first place.

OK, OK! Regulate portable signs then! But why stop there? If Jim Tiller thinks these signs are a " blinking blight" whereby every weak minded fool with the concentration span of a 5 yr. old might do serious harm to himself in his car, then why not control and restrict all outdoor advertising!

Especially good advertsing! Let's face it, if its effective in getting someones' attention, it's got to be "distracting." So ban all billboards (which are really giant portable signs), neon signs (which can flash), blimps (which move), bus boards (also move), hanging signs (which " clutter" the street), sign paintings on doors, windows, etc.(which don't mesh with the City Planner's utopian scheme of aesthetics for the City).

I can understand if you were concerned exclusively with signs placed on physical government land (not including hanging signs where taxes are levied as though you own the airspace), then a law essentially saying " Don't do it." would suffice. But instead, we have the usual rigmaroll of permits, fees, inspection, bureaucrats, qualifications, etc.

Of specific objection:	Why
6.2. Duration:	
6.2.1. One portable sign shall be permitted...for a maximum of two 14-day periods or one 30 day period a year	Why these restrictions at all? What business is this of yours? Get lost.
6.2.2. ...in a shopping centre, ...signs shall be permitted for a maximum of four 14-day or 2 30-day periods per year.	Even worse because there are possibly dozens of businesses per mall or plaza. These sections must be eliminated.
6.4 Copy Area	
Maximum copy area shall not exceed 60% of the sign area and no copy shall be permitted on the edges of the cabinet.	The reason for this, say the Planning Dept., is, " excessive copy " ... " creates clutter" and " is distracting" saying also that " it is not possible to read a substantial amount of copy while in motion." First off, the Planning Dept. is the pot calling the kettle black by saying excessive copy creates clutter!

	(Why -con'd, Copy Area.) If it is true that it is not possible to read a substantial amount of copy while moving, then I'm sure the merchants would catch on to this, as the sign is out there to make business for them,not lose it. Also, in the case of very large letters, 3 or 4 words may well take up the whole sign.
6.5 Height Maximum height shall not exceed 10 feet.	If billboards, hanging signs, etc. are allowed higher than 10 feet, why not any sign? Or are billboards and hanging signs next?
6.7.4 Location ...the minimum distance from any traffic light shall be 50 feet.	Completely unnecessary. 50 feet is the complete property occupied by some variety stores at corners with lights.
6.8.2Lighting Portable signs shall not have any animation or have any type of flashing lights.	What's the point of the signs then. You've just killed the industry. Sure the flashing lights are tacky, but they work. Sexy women, nice colours, etc. work the same way. If lighting is too bright and causes an accident and this can be proved in Court, the sign company would be held liable.
7.1 Permits required	More horseshit.
7.2 Information Required...	More wasteful time & effort for nothing
7.3.1. Erection before Permits The applicant shall not proceed... until permits... have been approved.	In other words, our advertising campaign is at your mercy until we hear from you.
7.4.3 Approval of Permits ... may Refuse a permit if, in the opinion of the City Engineer, there is any liklihood of a sign interfering with.. traffic lights	Just in case every specific reference wasn't enough to regulate sign use, this discretionary power will clear up any doubt, eh?
7.4.4. ...May revoke a permit if the permit was issued in error for any reason	Well, this could mean your error or my error. More crap.
7.7.2 Permit Fees ... permit shall be $20 with an additional $50 deposit	Of course making the cost prohibitive when a sign can be used FOR ONLY 2 WEEKS AT A TIME. plus the bother, hassle, etc.

And then of course the usual zoning crap so if a Church wanted to use one to promote a bazaar that would be out of the question.

In your abbreviated summary, you claim the objectives of this by-law are to get control " over the problems created by this type of sign."

Is there any evidence to suggest there is a problem? Yet, in circumstances where problems exist, downtown snow removal for example, the money and time you're pouring into this meddlesome by-law could be put into getting snow removed from the core area, something that would take up about the same amount of money, less administration, etc. and make you thousands of friends instead of enemies.(money which you receive in quantum amounts more than we get from you in service, and when we do get it, its "service" like this stupid sign by-law).

The most ominous item of all in your red-tape proposal is on page 3 of the Summary, where you say:

> " THE BY-LAW COULD BE INCORPORATED INTO A COMPREHENSIVE SIGN BY-LAW IN THE FUTURE."

What you mean is more restrictive and more complete in its regulatory powers, like billboards, over hanging signs, etc.

I beg all of you to reject the entire premise that an advertising by-law (disguised as a portable sign by-law)brings up, that is that government should be telling business how to run itself. It most certainly shouldn't.You will most certainly ruin an industry, reduce advertising leverage, all for your utopian social solutions which, need I say for the 1000th time, never work.

SNOW ß SIDEWALKS

In early November, all businesses received a very pushy letter from D'Arcy Dutton's office (City Engineer) regarding snow removal.

Like all City letters demanding something of you, it ends with " it is my hope that through mutual co-operation the problems experienced in previous years can be minimized."

In essence, you're being told you must shovel in front of your premises or face a $50 fine.

Apparently, an officer will be supervising the area throughout the winter to make sure we uphold the quality of gov't property. Those of us who don't are liable for the costs incurred if a city plow has to clear the snow (minimum charge $50).

As we pointed out last issue, the cost of having a cop go around to every business & remind them to clean the snow is a 4 or 5 hour job, the cost of which is identical to hiring someone to use one of the older (& available) city plows to plow the entire core area.

The City Engineer's dept. has pointed out that the blade of snow plows must stay ½" above the sidewalks when plowing anyway because the city lays lousy sidewalks which are uneven and subject to pre-mature deterioration & temporary coverings (eg. black tar tops on sidewalk on west side of Clarence between York & King).

This creates a thin layer of packed snow which quickly becomes ice.

As we will never cease mentioning, the core finances a full 13% of all City revenues ($14 million in 1981 in business-property-licencing-permit taxes), so you'd think our sidewalks could be of the same, even quality as those in suburbs.

But in regards to the actual by-law & its penalties, a financial hazard exists for businesses that are closed on Mondays or Wednesdays (barbers); to wit:

> If it snows the night before & the snow isn't removed by noon on the Monday or Wednesday, then the City will come & clear it at your expense.(minimum $50)

We're not against clearing sidewalks, but where the hell does our $14 million go?

++++++++++++++++++++++++++++++++++++

Where indeed.

You just can't get the police when you need them.

Did you know that after 6 p.m. at night, there are no police downtown on the beat? Unbelieveable but true!

In fact, downtown is the last priority of the police dept. If the entire night shift shows up for work, then there are 3 police downtown working on the beat. However, as police readily admit, somebodys' always absent, or on holiday or somewhere -but not downtown. Any shortfall in staff is withdrawn from the foot patrols in the core (but not cruisers).

As some of you may have read in the Free Press, I found this out first hand. Below is a letter describing a recent incident:

> On Tuesday, September 22 at 7.50 p.m., I went to inspect the display kiosks which I lease from the city.
>
> As you are aware, it is necessary for me to remove the glued posters which would otherwise accummulate. Over the past year, I have consistently removed all posters promptly from any of the 70 display & utility kiosks.
>
> Not one person engaging in this illegal public mischief of defacing kiosks(when privately administered by myself as opposed to much more prominent Council loathing when the taxpayer was paying for their cleaning!), - has ever been apprehended or charged.

On this night at 7.50 p.m. I saw several dozen (over 30) posters freshly attached to over 15 kiosks, as well as on the Canada Trust building, telephone poles, and on several buildings on the north side of Dundas between Richmond and Arnie's Restaurant (east of Clarence).

I had been working on them until 5.00 p.m. this day so I knew these were very recently attached. In fact, dusk having just arrived, I felt that for once I could actually apprehend whoever was responsible.

Imagine my glee when a passerby indicated that two young men had affixed them only brief minutes before and were heading east on the northside of Dundas, affixing their notices for "the Straitjackets" playing at the Embassy Hotel.

I caught them red-handed and grabbed the two of them while attaching posters to the kiosk in front of ARNIE'S Restaurant.

I informed them that I would have to call the police and I tried to intimidate them into coming with me. Obviously I could not apply force because invariably a fight would ensue and they would charge me with assault. Vainly I searched the streets hoping (no,praying for once!) that I would spot a police officer between Wellington & Richmond.

They acted surprised that they had been caught, realizing my anger that they had been caught by "the Marc Emery" ("Of all people" was going through their head), they acted the usual nervous & simultaneously tough-abusive roles.

At first they indulged in " We didn't know it was illegal nonsense " then, sensing they were in no danger of being interviewed by police, proceded to start swearing and verbally abusimg me quite loudly on the street -Dundas St. at Clarence!!!

This brought about the attention of several passersby.

They actually stopped at a bus stop at approx. 7.55 p.m. and stood there 12 to 15 minutes. At the exact time they began to stand at the bus stop, I called police from the ticket sales booth at the CAPITOL THEATRE, and informed the police of the situation and stated that the culprits could be arrested and that in fact were only 10 yards from me." Right away " they said.

Police did not arrive within 10 minutes, so I called again and implored that incredibly they could still be apprehended, would they please send someone. " Right away." the desk officer said.

The two poster attachers walked away from the bus stop by the end of 15 minutes, but in that time they stood yelling obscenities at me during the time! (I was standing roadside in front of the Capitol awaiting police, they were at the bus stop on the south west corner of Clarence & Dundas, in front of Majestic Sound).

By 8.10 p.m. they were out of my sight, although they were apprehendable A FULL FIFTEEN MINUTES AFTER MY CALL.

At 8.15 to 8.20 a police cruiser passed slowly in front of me but did not stop! I almost ran up and grabbed the door handle expecting them to stop, but they proceded straight ahead, albeit very slowly. I still felt the culprits could be apprehended as they weren't even trying to hide. (They've probably gotten away with this dozens of times!) The two officers in the cruiser were laughing and visibly relaxed, neither had caps on (not expecting to get out of their car?). They proceded slowly down Dundas with no apparent concern.

Incidentally, the desk officer for my second call claimed that officers were experiencing "communication trouble ", a pathetic excuse under any circumstance.

At approximately 8.22 p.m., another cruiser passed by and also did not stop. Utterly shocked, I called the police a third time and entered into a dispute with the desk officer. During the argument which went along the lines of: " Where the f* * * are you?" (an outraged me), the officer told me that:

1) there were NO FOOT PATROLMEN ON THE/A BEAT IN ALL OF DOWNTOWN AT THIS POINT IN THE EVENING, and

2) " if it wasn't rape, murder or robbery, it wasn't a priority."

How much rape, robbery and murder goes on that not one officer could be dispatched to the main intersection of the city during early evening? In fact, the 11.00 news did not mention a single rape or murder. Robberies average 7 or 8 a night, does this occupy the whole police force?

By 8.30, no police had arrived and I placed my fourth and last call to the highest paid police force in Canada and said forget it, my dinner was waiting for me at home (which thankfully it was.). I left in absolute contempt and disgust.

Sirs and madams of City Council, I am appalled.

What good are police if they do not respond IMMEDIATELY on the rare occasion that an individual calls upon them. The average person requires a policeman only once a year or so; what good are they if they don't come on that <u>one</u> occasion. If 40/50/60 minute waits are to be the rule, then why not get rid of the police altogether and let us put out tax money towards our insurance premiums. This seems a better investment under the current situation. Perhaps this is what a study done by a New York University had in mind when the New York police force went on strike in the late '60's. The study showed that there was no increase in crime whatsoever on the 6 days the police were on strike! Crime didn't decrease mind you, but whether there <u>were police or not made no difference to criminals</u>!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

The conclusions drawn were that police methods and efficiency were unsound, and that the criminal element knew this best of all! (This study available if interested).

I would like to point out that although this is the first time I have been able to catch the culprits, police have been unsuccessful in finding evidence or culprits over the last 6½ years in crimes committed against myself and property:

1 break & enter of my home (uninsured loss of $250)

7 break & enter of business (uninsured loss of over <u>$5,000</u>)

3 break & enter of my vehicle (uninsured loss of $150)

7 break & enters of my kiosks involving theft of items valued over $25 per b & e. (one involving 7 kiosks in one night, again on the main street!) -uninsured loss over $500

The numerous shoplifters, petty vandals, petty kiosk b & e's etc. needn't even be mentioned lest I overstate my case.

But last night was the shocker. Here I had 2 culprits in my sight for almost 15 minutes and they swear and catcall me while I wait for police! Even the ticket lady at the CAPITOL felt insecure by such "tardy" response. She was no doubt thinking about what might happen if she were assaulted, raped, robbed or threatened, how long would it take police to respond if she weren't on THE MAIN STREET IN THE CITY?

I may point out the Mayor, Board Of Control, Community and Protective Services have all discussed the importance of curtailing unsightly posters placed illegally. Now that I am doing such a nice job cleaning, all of you think the problem has disappeared except when one of you derides me for having them & how " merchants" have complained and " want " them taken out. (all crap of course).

Well, if you think I am going to continue to pay respect to doing my utmost (remember, I've stopped all posters downtown, not just on kiosks) to keep the main street clean while I am denied essential police back-up, you're nuts!

Perhaps if I were homosexual in Victoria Park or dope-smoking outside some pinball parlor, I would see some police action. For this law abiding citizen protecting his interests (kiosks) and the publics'(private buildings, telephone poles, litter containers, etc.) I couldn't get action in ½ an hour. On the main street yet!

I would also like to point out that my kiosks are being assessed THE COMMERCIAL BUSINESS TAX, which means that the 8 display kiosks transgressed suffered an act of vandalism, albeit, correctable. If you expect me to pay taxes, then I expect to receive services!

In fact the Centrsl Business District pays over $14 MILLION IN TAXES a year and yet we have not one foot patrolman in the entire core to respond to alarm after 6 p.m.

Disgusting.

The police admitted to me in writing & before Council that they "erred". Big deal. Like sidewalks, they may admit there are faults, but with gov't you can't take your business elsewhere.

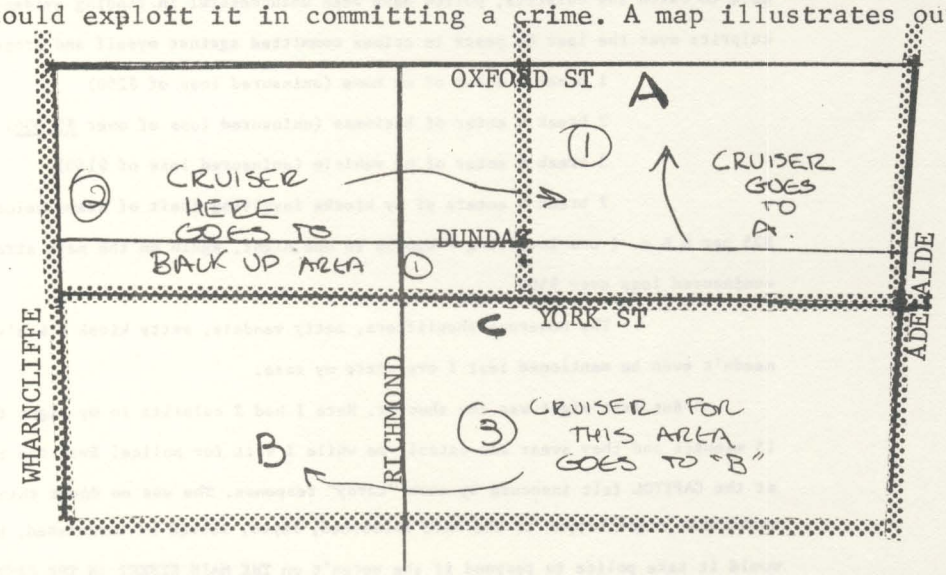
CLEVER CROOKS?

As part of his duty to placate citizens with complaints, Deputy Chief McBride gave me a tour of the police dept.

On one wall it shows a map of the City, divided up into 35 sections, each section has one cruiser in that area.

When a cruiser is radioed to answer a call in his area, another cruiser moves into his area to back him up & "cover" the busy officer's area. This is why you see an extra squad car within a block of another cruiser making an arrest or investigation.

I pointed out, not the first person apparently, that anyone who knew this procedure could exploit it in committing a crime. A map illustrates our example:



note: map not identical to police room map for benefit of downtown security.

Remember, the map I saw was daytime coverage. We'll assume the same cruiser strength at night.

A felon places a call at 11.07 p.m. instructing officer to go to point A. Same felon places another false call at 11.09 p.m. saying crime at point B. Felon commits real crime at 11.11 p.m. at point C

In the case of variety hold-up, this gives a felon a few extra minutes to get away because cruisers are known to be at least a mile away.

Of course there isn't much police can do about this, but it doesn't make you feel any more secure.

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NO CHANGE FOR A DOLLAR?

Are downtown businesspeople hard nosed meanies? Would we refuse to let people use our washrooms. Are we niggardly about change for a dollar? A number of consumers think so.

These 3 letters below appeared all on the same day in The London Free Press (Nov. 18)in regards to a woman who previously wrote to the Free Press complaining that 7 businesses in the ARCADE MALL refused to give her change for a dollar. It sure didn't do the reputation of the ARCADE MALL any good to say that The complainant was a nuisance, etc. A flat-out apology would be the ONLY response in my store, regardless of who was at fault. You'd certainly want the public to know this was not the normal sort of thing. But the manager did not politely address the original complaint and then look what happened!

This reflects badly on all of downtown.

And then the consumers really gave it to us. 2 days after these letters appeared a woman wrote that 2 small retail outlets downtown wouldn't let her use the washroom facilities for her young son. Another woman wrote in saying she would stop shopping at Simpson's because they kept changing the book dept. & disorienting her.

I know at City Lights, my manager is not happy when people ask to use the washroom unless they are customers because it means cleaning up after some people. I must admit, I too, sometimes said no when people asked to use the washroom downstairs at our store. People often started wandering through inventory, leaving a mess, etc.

An appalling service policy

Sir: This is my response to the Sound Off article by Susan Greer (Free Press, Nov. 11) about the woman from Paisley trying to locate change for a dollar to make an important phone call. To discover that people who own or work in stores designed to provide service to consumers lack the good sense or compassion to aid one who needs help is appalling.

I for one will never be found in the London Arcade for any reason and suggest other Londoners follow suit until an apology is noted and mall policy changed. My apologies to Ann Clark and let it be known that not all Londoners are cold hearted, some still give help to those who are looking.

London RONALD (A. J.) GREEN

Not helpful

Sir: I sympathize with the woman mentioned in the Nov. 11th column of Sound Off. Surely the "inconvenience" caused by producing change for a $1 bill is not so great as to interfere with the performance of those individuals operating the cash register.

I had a similar experience last summer when I stopped off at the London Arcade for a snack before taking the bus home. As I had no change and wished to purchase bus tickets, I asked exactly seven stores within the mall to change my $10 bill. There were few or no customers in nearly all of them, though not one cashier had the decency to give me change. At that time it seemed to me a small incident in itself, so I did not write to this newspaper. What prompted me was the said column Sound Off. What can be the explanation?

London L. WONG

Rubbing it in

Sir: I would like to take this opportunity to voice my personal opinion on an article which appeared in your Nov. 11 Sound Off column.

Not only was I dismayed at the fact that nine stores in the London Arcade refused to give Ann Clark change for a dollar but I was appalled at the reply given by the manager of this establishment — this was like adding salt to a wound!

I didn't realize that a doctor's diploma was part of the criteria for a manager of a mall. It certainly is gratifying to know Karen Clingo knows how to handle an epileptic child and would keep such a "cool head" if the circumstances were reversed.

I contend that the reply and the only one given by Clingo should have been a straight-forward apology — not to defend her tenants by insulting Clark's integrity.

I am a mother of three healthy children and have lived and worked in London all my 37 years and I truly hope that Clark's unforgiveable incident does not spoil her from patronizing our city in future.

London MARY ANN KESTLE

DARTH VADER

'The Force' vs. kid-power

Even evil Lord Darth can't keep 2,000 youngsters quiet

By Don Murray
of The Free Press

Darth Vader must have left "The Force" behind when he came to London Friday for a promotional appearance.

But in all fairness to the most sinister bad guy in outer space, has anyone ever been able to tell several hundred small children in one room to be quiet — and succeed?

There were 2,000 little Star Wars fans tugging at space-weary parents on the second floor of the downtown Simpsons store — and another long lineup at the bottom of the escalator — when the first notes of the movie theme came crashing out.

The hum of little voices rose to an excited clamor as the famous bad man in black strode on stage, towering nearly seven feet from his heavy boots to the top of his villainous helmet.

"I want silence," he growled. "While you are here, you are under my command. Is that clear?"

"Yes," came the crowd's answer. But — sorry Darth — even you can't quench the squeals of star-struck kiddies.

That is, until they started flowing up to the stage to get an autographed Darth Vader coloring book picture. For a brief moment as they goggled upward at the imposing black figure, they were struck dumb. Then, as impatient or embarrassed parents hauled them away, they found their voices again.

The next stop — naturally — was downstairs to the toy department and the Star Wars-Empire Strikes Back displays.

Gary Connell, Simpsons' Ontario region department manager, said the space shuttle has helped keep up interest in out-of-this-world toys.

Connell, who guaranteed that the man under the black suit was the original Darth Vader, actor David Prowse, said although traditional toys continue to sell steadily, space toys and electronic games and computers are the toy wave of the future.

He predicted space toys will replace cowboys and Indians.

Not quite, said Phil Carrigan, Southwestern Ontario sales representative for Irwin Toys. Star Wars is about cowboys and Indians, it's just that they're in outer space, he said.

Irwin co-sponsored the Darth Vader promotion with Simpsons. Vader drew 3,000 fans in Kitchener Thursday night and is scheduled for a Windsor appearance today. Prowse, a 15-year-old father of three who lives in England, does not give interviews, presumably to avoid endangering the Darth Vader mystique.

Friday, there was plenty of evidence that the mystique isn't restricted to the young. One store employee noted aloud that some of the parents were as awestruck as their children.

One woman went away with an autographed picture, admitting: "I have no sick kid at home, this is for me."

Reporter to desk. I got one too.

2,000 kids ß parents show up at SIMPSONS event (the force is with them)

We all know Comrade Bob & Chairman Hal have blown a quarter million on various projects that were promotional duds (eg. Midday Madness, Discover Downtown -Its Luverly,) but all they had to do was look at SIMPSON'S.

On Thursday October 16, Simpson's placed a gorgeous black & white full page ad announcing that next day, for one hour, DARTH VADER would be visiting SIMPSONs.

Next day, over 2,000 kids lined up to see the villain of the movie! STAR WARS.

2,000 kids! With their parents! ALL IN ONE STORE! OMIGOD, the potential sales!

We reprint the Free Press article that appeared next day. Why didn't $100-a-day (plus c.o.l.a. & trips to Portland, Oregon) Bob & $60-a-day (plus benefits)Betsy think of this? Next sale, Comrade Bob can dress up as DARTH VADER & I'll cut & dye my hair and come as LUKE SKYWALKER (won't cost hardly anything, and as always, the good guy'll win.).

++++++++++++++++++++++++++++++++

Allan MacEachen's budget will make it harder for video arcades to set up after November 12, (capital cost allowance reduction), but this isn't halting plans for many more to set up downtown.

Incidentally, Rob Smeenk of Pinball Palace held a great opening party for a lot of regular customers & businesspeople downtown. A great time. Robert has opened a really sharp looking video arcade next door to Johannsen Sports on Dundas St., called THE CRYSTAL PALACE.

As well as the CRYSTAL PALACE, a new video arcade opened on the west side of Richmond, a few steps north of Dundas, called Centertainer. In the vacant HAIRBENDERS building (Richmond & King), a video arcade is supposed to be going in. That will make 3 video arcades within 50 yards of my store (maybe I'm in the wrong business). One is also supposed to go in across from the courthouse and we also hear one is going into the London Arcade. Stay programmed for more.

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We reprint the following item from the Globe & Mail about suburban malls:

Shopping centres called dinosaurs of the 1980s

By NICHOLAS HUNTER

Shopping centres are the dinosaurs of the 1980s, says Vancouver building consultant Phillip Boname.

Enough shopping centres have been built in Canada in the past 10 years to look after everybody in the country, Mr. Boname, president of Urbanics Consultants Ltd., told a Toronto conference of builders and members of the financial community.

To keep their customers in the face of competition from revitalized downtown shopping areas, he said, suburban centres should add such enticements as cinemas, amusement centres and libraries.

He also said successful shopping areas of the next 10 to 15 years should specialize rather than trying to be something for everyone.

"What has happened on the waterfront of Baltimore cannot necessarily be transferred," he said of a shopping complex in that U.S. city.

Developer Gerhard Moog, president of Canada Square Corp. of Toronto, said residential areas included in commercial and office developments would help out shops by providing customers.

He suggested that one way to finance the residential segment would be to have units built for both business and residential use.

Planning departments might have different ideas because it has never been done before, Mr. Moog said.

"But that is just too bad; we will have to fight that out . . . It is innovation and creativity that will put us ahead again."

Mr. Moog said that with proper engineering the commercial and retail areas could generate heat for the residential sections, saving energy costs.

Douglas Tigert, dean of the University of Toronto's business school, agreed that traditional suburban shopping centres are in for tough times, partly because disposable incomes are bound to shrink further.

"I would not buy a nickel's worth of stock in a retailer who does not turn over (his stock) at least 12 times a year," Mr. Tigert said.

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HAL SORRENTI may go through our ¼ million dollars of confiscated funds (B.I.A.) without a care in the world, but when it comes to his own money, well....That's different!

Hal is manager of Carleton Realty.

The VIC TANNY's on KING ST. has closed, but the landlord was Carleton Realty. For being arrears one month rent, Carleton put locks on the door and seized assets in lieu of rent.

We're not condemning this. Possibly the tenant was a deadbeat and always late with the rent.

But why isn't HAL this vigilant or prudent with our money as he is with his own?

I notice Hal didn't wait until Carleton Realty was owed $240,000 before deciding something was definitely wrong.

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Postal Propaganda

I don't know if anybody still uses the gov't post office to mail anything important.A vice-president of a construction firm once said to me: " I don't feel confident dealing with a firm that does business by The Post Office. If time isn't money to them, if efficiency isn't a priority, then how is the rest of their business run?"

In order to combat the public reaction to increased rates as well as increased business use of couriers, the post office has a piece out called " Here's Why..."

Why Do Canadians Need A Post Office?

A national post office provides services no other agency or organization can. Even our main competitors, the couriers, admit this.

One passage is pure nonsense, reprinted at left. What they neglect to say is that couriers would love to compete head-on with the Post Office and charge less for better service. If the Post Office is convinced no-one else can do it, why is there a law prohibiting competition from charging less than 3 time the current postal rate?

THE NIGHTMARE GERMAN INFLATION

If history teaches anything, it is that governments cannot be trusted to manage money. When currency is not redeemable in gold, its value depends entirely on the judgement and the conscience of the politicians. (That is the situation in this country today).

Especially in an economic crisis or a war, the pressure to inflate becomes overwhelming. Any alternative may seem politically disastrous. Whether it be the Roman emperors repeatedly debasing their coinage – the French revolutionary government printing a flood of assignats – John Law flooding France with debased money -- or the Continental Congress issuing money until it was literally "not worth a Continental" the story is similar. A government in financial straits finds its easiest recourse is to issue more and more money until the money loses its value. The entire process is accompanied by a barrage of explanations, propaganda and new regulations which hide the true situation from the eyes of most people until they have lost all their savings.

In this country money has lost two-thirds of its value since 1939. As explained in the final section of this report -- despite the current "battle against inflation" – there is grave danger that it will accelerate. The story of the German hyperinflation tells us a great deal about how to recognize the signs and to protect one's savings in time.

In World War I, Germany -- like the other governments – borrowed heavily to pay its war costs. This led to inflation, but not much more than in the U.S. during the same period. After the war there was a period of stability – but then the inflation resumed. By 1923 the wildest inflation in history was raging. Often prices doubled in a few hours. A wild stampede developed to buy goods and get rid of money. By late 1923 it took 200 billion marks to buy a loaf of bread. Millions of the hard-working, thrifty German people found that their life's savings would not buy a postage stamp. They were penniless. How could this happen in a highly-civilized nation run at the time by intelligent, democratically chosen leaders? What happened to business – to wages and employment? How did some people manage to save their capital while a few speculators made fortunes?

1914 - 1921

When the war broke out, on July 31, 1914, the Reichsbank (German Central Bank) suspended redeemability of its notes in gold. After that there was no legal limit as to how many notes it could print. The government did not want to upset people with heavy taxes. Instead it borrowed huge amounts of money which were to be paid by the enemy after Germany had won the war. Much of the borrowing was discounted and monetized by the Reichsbank. As explained later, this amounted to issuing straight printing-press money.

By the end of the war, the amount of money in circulation had increased fourfold. In view of this, the extent of inflation was less than one might have expected. The consumer price index had risen 140% by December 1918. This was equal to the inflation during the same time in England, a little more than in the U.S. but less than in France. Yet the floating debt of the Reichsbank had increased from 0.3 billion to 55 billion marks!

Why was inflation kept within bounds? For the same reason that it got off to a slow start in the U.S. during World War II. Necessities were rationed and luxury goods were not easily available. Millions of men were at the front and not in the market for goods. Civilians worked hard and had little leisure for spending. People saved money against peacetime, and in some cases to evade taxes. But the fuel for inflation was accumulating in the form of vast hoards of money.

The harsh reparation payments imposed on Germany led the mark to depreciate against foreign currencies. Also the new democratic socialist leaders had promised the people all types of bounties – increased wages – reduced hours – an expanded educational system – new social benefits. But all this meant a vastly increased demand on a limited production capacity.

For these reasons inflation resumed after the peace until by February 1920 the price level was five times as high as it has been at the armistice. Yet during this same time the amount of currency in circulation had only doubled. Prices were in fact rising much faster than the rate at which money was being printed. Therefore, reasoned the officials, the price inflation could hardly be blamed on the government. Actually, as we shall see, the ebb and flow of confidence can play a big role in the short-term trend of prices. Confidence in the mark had weakened. At the same time, and as a consequence, billions of hoarded marks came out of hiding and entered the marketplace. The accumulated fuel was burning.

By February 1920 this inflationary episode had run its course. For the next fifteen months the price index held stable. The mark actually gained in value against foreign currencies, so that prices of imported goods fell by some 50%. Here was a golden opportunity to establish a stable currency. However during these fifteen months the government kept issuing new money. The currency in circulation increased by 50% and the floating debt of the Reichsbank by 100%, providing fuel for a new outbreak.

In May 1921 price inflation started again and by July 1922 prices had risen 700%. The Reichsbank continued printing new currency, although more slowly than the rate at which prices were rising. In fact all through this period the issue of currency proceeded at a fairly smooth steady rate, while the price index moved up in great surges, interspersed by periods of stability.

After July 1922 the phase of hyperinflation began. All confidence in money vanished and the price index rose faster and faster for 15 months, outpacing the printing presses which could not turn out money as fast as it was depreciating.

1922–23 HYPERINFLATION

From mid–1922 to November 1923 hyperinflation raged. The following table tells the story:

	Wholesale Price Index
July 1914	1.0
Jan. 1919	2.6
July 1919	3.4
Jan. 1920	12.6
Jan. 1921	14.4
July 1921	14.3
Jan. 1922	36.7
July 1922	100.6
Jan. 1923	2,785.0
July 1923	194,000.0
Nov. 1923	726,000,000,000.0

Seemingly Reichsbank officials believed that the basic trouble was the depreciation of the mark in terms of foreign currencies. In late 1922 they tried to support the mark by purchasing it in the foreign exchange markets. However since they continued printing new currency at a feverish rate, the attempt failed. They merely succeeded in buying worthless marks in return for valuable gold and foreign exchange.

All hope of checking the collapse of the mark vanished in January 1923 when the French – alleging treaty violations – occupied Germany's key industrial district, the Ruhr. Germany subsidized the occupied companies and financed an expensive program of "passive resistance". New billions of marks were printed to finance these heavy new costs. By late 1923, 300 paper mills were working top speed and 150 printing companies had 2000 presses going day and night turning out currency.

Under the forced draft of inflation business was now operating at feverish speed and unemployment had disappeared. However the real wages of workers dropped badly. Unions obtained frequent increases, but these could not keep pace with the soaring prices. Unorganized workers – domestics, farm workers and various white collar groups – fared especially badly. They had no unions to fight for pay boosts for

them, and often they were reduced to hunger. Many people showed visible signs of malnutrition. Skilled workers, writers, artisans and professionals found their wages lagging until they reached the unskilled-worker level, which often meant the bare minimum needed to support life.

Businessmen began to abandon their legitimate occupations to speculate in stocks and in goods. Thousands of small men tried to eke out a living by speculating in fabrics, shoes, meat, soap, clothing – in any produce which they could obtain. Each fall in the mark brought a rush to the shops. People bought dozens of hats or sweaters.

By mid-1923 workers were being paid as often as three times a day. Their wives would meet them, take the money and rush to the shops to exchange it for goods. However by this time, more and more often, shops were empty. Storekeepers could not obtain goods or could not do business fast enough to protect their cash receipts. Farmers refused to bring produce into the city in return for worthless paper. Food riots broke out. Parties of workers marched into the countryside to dig up vegetables from the ground and to loot the farms. Businesses started to close down and unemployment suddenly soared. The economy was collapsing.

Meanwhile middle-class people who depended on any sort of fixed income found themselves destitute. They sold furniture, clothing, jewelry and works of art to buy food. Little shops became crowded with such merchandise. Hospitals, literary and art societies, charitable and religious institutions closed down as their funds disappeared.

Then – by a mere effort of will – the government stepped in and stabilized the currency overnight. Through the "miracle of the Rentenmark" the depreciation halted in its tracks – business revived – the inflationary spree was ended although, as we shall see, their was a nasty hangover yet to come.

Millions of middle-class Germans – normally the mainstay of a republic – were ruined by the inflation. They became receptive to rabid right wing propaganda and formed a fertile soil for Hitler. Workers who had suffered through the inflation turned, in many cases, to the Communists. The biggest beneficiaries of this enormous redistribution of wealth were feudalistic industrial leaders who distrusted the democracy and who proved willing to deal with Hitler, thinking that they could control him. The democratic parties and the labor unions lost their capital and were weakened. The liberal democratic regime was discredited.

WHAT CAUSED THE INFLATION?

Our thesis is simple – the inflation was caused by the government issuing a flood of new money, causing prices to rise. Then, as the inflation gained momentum, events seemed to demand the printing of larger and larger issues of currency. To halt the process would have taken political courage, and this was lacking. As usual the true facts were hidden behind a barrage of excuses, explanations and propaganda laying blame on everyone except the true culprit.

First, it would be wrong to think that everyone was opposed to inflation. Many big business leaders accepted it cheerfully. It wiped out their debts. They knew how to protect themselves and even profit – by speculating in foreign exchange – by converting money into goods and fixed plant – by borrowing money from the bank and using it to buy up cheap stocks and competing companies. Their wage costs, in true value, decreased, swelling their profits. Yet many workers also thought that they were benefitting, at least in the earlier stages of the inflation. Their wages were increased, and it took time before they recognized that, with prices soaring even faster, they were actually suffering a cut in true income.

A crew of speculators arose who traded in goods and foreign exchange – they had a vested interest in continued inflation. And the government could not help realizing that the inflation was wiping out its burden of debt and would ease its financial problems.

Above all it became an article of faith among the political leaders and most ordinary citizens that the inflation was really due to the burden of reparation payments imposed by the peace treaty. This meant – so the argument ran – that Germany would be stripped of its gold, foreign exchange and wealth; it would be bankrupt. Hence the mark fell in value in terms of gold or dollars. This drop in the foreign exchange value of the mark was said to be the true reason for the inflation.

The German leaders felt that the collapse of the mark was proving how impossible it was for Germany to pay the reparations which were demanded. Stabilization of the mark would have spoiled this "proof". Especially after France occupied the Ruhr in January 1923, it was felt that the destruction of the mark was somehow a blow against the hated occupier – the only patriotic response available to disarmed Germany.

Finally, inflation seemed to bring prosperity. In 1921, when the rest of the world was in a severe postwar recession, production indices in Germany rose sharply. Late in 1921 the mark stabilized temporarily – and business promptly weakened. By early 1922 the mark was sliding again, and business immediately revived. People were buying goods as fast as they obtained money; companies rushed to expand plants and turn money into fixed investment. Germany was actually envied for its "prosperity" by many foreigners.

The mechanism of inflation was simple. The government issued paper promises to pay, and the Reichsbank issued money on the security of these promises. When a government spends more than its income, it must borrow. If it merely borrows money from its citizens by selling them bonds, there need be no inflation. Instead of that money being spent or invested by the citizen, it is borrowed and spent by the government, but the total amount of money is not increased.

When the government needs more money than its people are able or willing to lend it, it monetizes the debt. That is what happens in this country when the government runs a big deficit. The Federal Reserve (our central bank) "buys" as many bonds as necessary to stabilize the market. It prints money on the security of these bonds. Despite the facade of the government supposedly "borrowing", the net result is the creation of printing press money. (Actually these days the money is created in the form of new bank deposits – checkbook money – but the net result is exactly the same as if bills were printed).

This is what happened in Germany. The government issued notes which were promptly discounted by the Reichsbank – i.e. the bank issued money on the "security" of these worthless notes. To compound the evil, the bank failed to raise its interest rate sufficiently. Businessmen found it very profitable to borrow money from the bank and buy up goods, shares and companies. Their debt was wiped out within weeks by the rapid inflation, and the businessman remained holding the valuable assets he had bought. The net result was a huge "private inflation" caused by the rapid expansion of credit. Even foreign exchange was bought with borrowed money, so that the Reichsbank actually financed speculation against its own currency. Yet the bank refused to raise interest rates, arguing that this would only add to the cost of business and thus would increase inflation!

The tax system virtually broke down. Businessmen found that by merely delaying tax payments the depreciation in the mark would virtually eliminate their true value. But the government, lacking adequate income, felt forced to resort more and more to creating money. By October 1923 1% of government income came from taxes and 99% from the creation of new money.

But the main force which gave inflation its momentum was the steady decrease in the true value of money in circulation. This has been observed in all past rapid inflations and it is vital to understand it if inflation is to be coped with. During the war, as we saw, the price inflation lagged behind the rate at which money was issued. But now, as people lost confidence, prices began jumping much faster than the government could generate new money. Thus the total circulating currency fell drastically when measured in terms of its true value. One economist stated that "In proportion to the need, less money circulates in Germany now than before the war. This statement may cause surprise but it is correct. The circulation is now 15-20 times that of pre-war days, whilst prices have risen 40-50 times". In fact the total currency when calculated in gold value fell from 7428 million marks in January 1920 to a mere 168 million by July 1923.

Despite the proliferating billions of trillions of marks, the average citizen found it harder and harder to get enough money for necessities. Banks, short of money, could not honor checks. Businessmen were strapped for money to buy materials and meet payrolls. The government faced the same problem. It appeared that there was not too much money around but rather much too little. The clamor for more

money grew on all sides. It seemed that any halt to the printing presses would bring business to a standstill and throw millions of workers out on the street. The government itself would be unable to carry on. Riding a tiger, it dared not dismount. On October 25, 1923 the Reichsbank noted that it had that day printed 120,000 trillion marks. Unfortunately the day's demand had been for one million trillion. However it announced that it was expanding production and the daily issue would soon be 500,000 trillion!

Once people loose confidence in a currency, they try to get rid of it. As Lord Keynes pointed out, this makes circulation speed up enormously, and hence prices rise faster than the government can print new money. Marshall, studying this process, concluded that "The total value of an inconvertible paper currency cannot be increased by increasing its quantity; any increase in quantity which seems likely to be repeated will lower the value of each unit more than in proportion to the increase".

Customarily, however, governments blame everyone and everything except themselves for inflation. When inflation lags behind issue of money, as it did in the war, they say that this shows that the issue of money is not dangerously high. Later, when confidence vanishes, and prices soar ahead of currency issues, that again is taken to prove that the government is not to blame – it is only reluctantly issuing money that is desperately needed in view of rising prices.

We will conclude this discussion with a quotation from Dr. Milton Friedman's book Dollars and Deficits. Friedman notes that after the Russian revolution the Bolsheviks introduced a new currency. They printed huge amounts of its and soon it became almost worthless. At the same time some of the older Czarist currency still circulated and maintained its value in terms of goods. It appreciated enormously in terms of the new money. Why? This money was not redeemable. Nobody expected the Czarist government to return. Why did this currency hold up? "Because" says Friedman, "there was nobody to print any more of it".

EFFECTS OF INFLATION ON BUSINESS

As inflation proceeded, people rushed to buy goods and get rid of their depreciating money. For similar reasons businessmen hastened to buy machinery, to build new factories, to buy huge stocks of coal, steel and other raw materials. Those who had access to credit borrowed heavily for these purposes, and inflation wiped out their debt. There was a tremendous conversion of working capital into fixed investments. Business was booming, and unemployment virtually vanished until the last stages of the inflation.

Farmers got rid of currency by heavy purchases of equipment, and later many were left holding large supplies of useless machinery. Shipbuilding was expanded beyond all market needs. Marginal mines were opened leading to serious overproduction later on. But while basic industries prospered, there was a severe depression in consumer goods industries such as textiles, meat, beer, sugar and tobacco. Too many workers and persons on fixed incomes had lost their purchasing power.

There was a tremendous move toward concentration of industry. Large firms or combinations found it much easier to raise prices, to obtain raw materials and above all to obtain bank credit. Also they could issue "Notgeld", or emergency money which more and more came to replace the paper mark as a medium of exchange. Some of these new industrial combinations were rational and efficient, but many were purely speculative operations. A new breed of financier arose.

Earlier the great German industrial leaders – men like Krupp, Thyssen and Siemens – had developed basic new ideas in technology or in organization. But now the rising stars were those of shrewd speculators and manipulators geared to quick trading and to jumping from deal to deal and from company to company. The most successful were those who saw the trend of events early, who borrowed to the hilt and bought up goods, shares and companies at bargain prices. Conglomerates sprung up forty years before the heyday of the conglomerate movement in the U.S. Perhaps the biggest operator of the day, Hugo Stinnes, formed a giant conglomerate including companies in oil, coal, steel, shipyards, electrical works, insurance, newspapers and hotels. He died in 1924, just before his empire fell apart in

the cold winds of the stabilization period. Most of these new mushroom combinations and conglomerates were speculative bubbles which were only able to survive as long as they benefitted from ongoing inflation.

Beneath the surface of prosperity there was enormous waste and inefficiency. Much of the new capital plant proved inefficient or unneeded. Middlemen multiplied like locusts, and more and more time and energy went to speculation and to endless paperwork generated by currency fluctuations, new tax laws, regulations and labor disputes. Speculation caused banks to multiply; there were 100,000 bank workers in 1913 and 375,000 in 1923. Labor became much less productive. Workmen were preoccupied with their own problems of trading, getting wage boosts, and staying ahead of inflation. With paper wages rising rapidly and full employment, they were less inclined to work hard. Despite the surface boom, net production was really much less than before the war.

Bewildering fluctuations in costs, prices and wages made it impossible to allocate resources and production rationally. More and more the businessman became a speculator in goods and currencies. However very few businesses failed, since their debts were constantly wiped out by inflation. Bankruptcies had run to 815 per month in 1913; by late 1923 they were 10 per month.

Finally, however, in the last stages of the inflation, the economy began to collapse. Retailers could not get goods or else could not sell at a profit. The money they received was depreciating too fast. Farmers stopped selling their produce. More and more stores became empty. Now unemployment began to soar.

Some economists argued that inflation may have helped Germany by stimulating the building of capital plant and the rationalization of industry. But much of this investment proved to have no value except in the dream world of inflation. Most of the inflation combinations fell apart after stabilization. On the whole much energy and wealth was wasted in unproductive channels -- speculation, paperwork and unprofitable equipment. The working capital of industry was largely dissipated, making that much harder the eventual process of economic rebuilding and rationalization.

STABILIZATION – THE RENTENMARK MIRACLE

In November 1923 a currency reform was undertaken. A new bank, the Rentenbank, was created to issue a new currency – the Rentenmark. This money was exchangeable for bonds supposedly backed up by land and industrial plant. A total of 2.4 billion Rentenmarks was created, and each Rentenmark was valued at one trillion old paper marks. From that moment on the depreciation stopped – the Rentenmarks held their value; even the old paper marks held stable. Inflation ceased.

What was the secret of this "miracle of the Rentenmark"? After all the new currency was not redeemable in anything. Its backing by real property was a fiction, since there was no way by which property could be foreclosed or distributed. Further, here we have the government distributing a vast new supply of money – 2.4 billion trillion in terms of the old mark. Ought that not have led to a new wild inflation?

To understand this we must recall that the real value of the money circulating in late 1923 was small – equal to a mere 168 million pre-war gold marks. The continued depreciation at this point was due to utter lack of confidence – to the belief that the printing presses would run indefinitely. But actually there was a great shortage of and need for money. New money could be introduced without price inflation if only people had confidence in it. How was confidence developed?

First the government announced that the new currency would be "Wertbeständig" – stable in value. In their hunger for usable money people accepted this – at least until it should be proven false. Then the property backing seemed to give the currency value. True, the Assignats of the French Revolution – backed by fixed property – had depreciated, but still the backing helped.

Third, and certainly most important, the government limited strictly the amount of Rentenmarks which could be issued and it halted the issue and discounting of notes and the creation of paper marks.

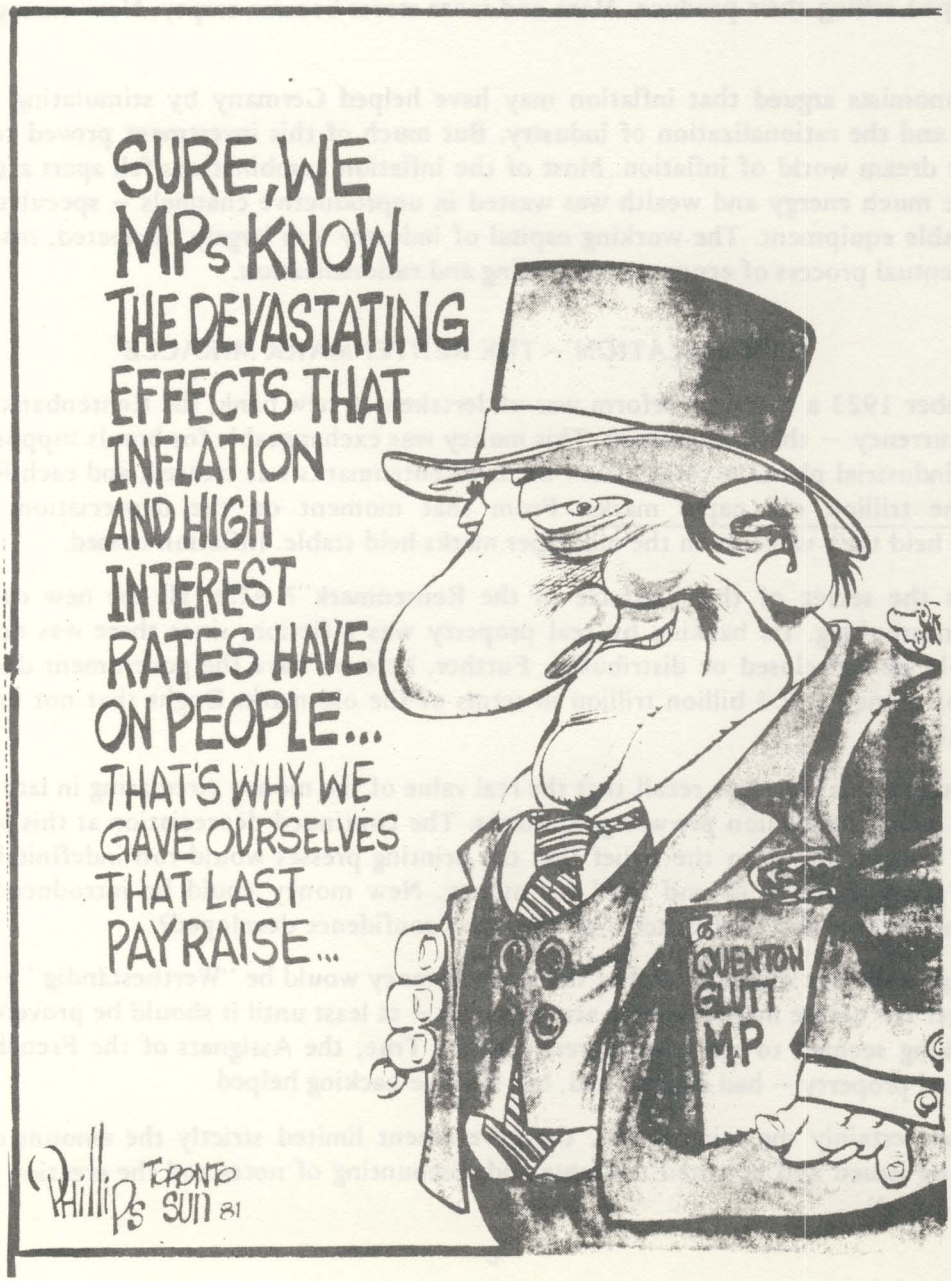
Finally, after April 1924 the Reichsbank stopped the expansion of credit to business which had been stimulating inflation. Businessmen were required to repay loans in gold marks, equal to the original value of the loan. Thereafter incentive was gone to borrow except for legitimate needs.

In August 1924 the reform was completed by introduction of a new Reichsmark, equal in value to the Rentenmark. The Reichsmark has a 30% gold backing. It was not redeemable in gold, but the government undertook to support it by buying in the foreign exchange markets as necessary. Drastic new taxes were imposed—and with the inflation ended, tax receipts increased impressively. In 1924—25 the government had a surplus.

After the stabilization, most companies found that they were critically short of working capital. Their funds had been dissipated or converted into goods and plant, and cash was very short. They could no longer rely on a stream of incoming capital at the cost of bondholders and workers. Taxes were again a serious burden, as were wage agreements that had been made under the inflation.

In other ways the business climate changed. Now there was a huge demand for consumer goods, but the capital goods industries which had so overexpanded in the inflation were depressed. Huge stocks of coal, steel and other materials which had been accumulated were a drug on the market. Agriculture and building however flourished.

Many of the speculative and conglomerate companies which had been formed in the inflation were unable to survive. They failed, or split up into their original components. In 1923 there had been only 263 bankruptcies; in 1924 there were 6033. Most of the great inflation speculators were ruined or faded from the business scene. However strong, well-organized companies like Krupp and Thyssen which had resisted overexpansion and speculation were able to weather the stabilization period and to thrive.



The Honourable Crook from London East

Last issue,we reprinted parts of Liberal MP Jack Burghardt's Constituency Report, particularily how Jack was giving out frivilous grants, talking about the North-South dialogue while the standard of living here drops, etc.

Well, three weeks before the budget came out, Charlie Turner's Constituency Report arrives in my mailbox.

It is a promotional pamphlet for nationalization of energy resources.

The over-all theme is to suggest that if the gov't of Canada buys PetroFina and makes every Canadian pay an extra 14¢ on a gallon of gas in order to pay for it, this somehow makes gas cheaper.

(Someone remarked to me that this was the only time in history he could remember a group buying a company by having a tax slapped on the product of his competitors!)

Our question is: If oil companies are making "excess profits", then why is PETRO-CANADA charging the same for gas too? Is it all right for them to make excess profits? (whatever that is). I guess Al Gleeson said it best, government never profits, " It is only a loss."

So how will this make gas cheaper, this hoo-doo Canadianization? It won't !

For starters, its already 14¢ a gallon more, a full 12% of the cost of a gallon of gas.

There has never been a supply shortage in this country -except when Trudeau wouldn't come to terms with Alberta last winter! Then we bought the difference at twice the price from Arabs!

Canadians seem to believe there are advantages when a government owns an oil company, but no one is saying this about the gov't owned Post Office, VIA RAIL or CBC or <u>any other</u> gov't business!

CHARLIE TURNER'S STATISTICS are also outright lies (although this is discourteous to say about an " honorable member "), his own figures for the LIBERAL WELL-HEAD PRICE do not include the 14¢ a gallon (3.5¢ per <u>litre</u> -whatever <u>that</u> is) tax for PetroFina purchase, nor does include the cost of importation of OPEC oil when Pierre was fighting with Peter Lougheed.

Of course, with each federal tax increase in gas, the 20% "ad volerum" tax imposed by the socialist Ontario PC government increases.

Mr. Turner's figures do not include the federal royalty taxes on crude at the well-head, nor does it take into account the new taxation measures on gas & oil in the new budget,

" Canadians have a right to decide their energy future " says Charlie.

Oh really? When did Canadians decide they wanted to pay 14¢ more a gallon so Pierre could own PetroFina?

And why do individuals really think that a government owned business is any more efficient than the same business owned privately. All evidence says the opposite!

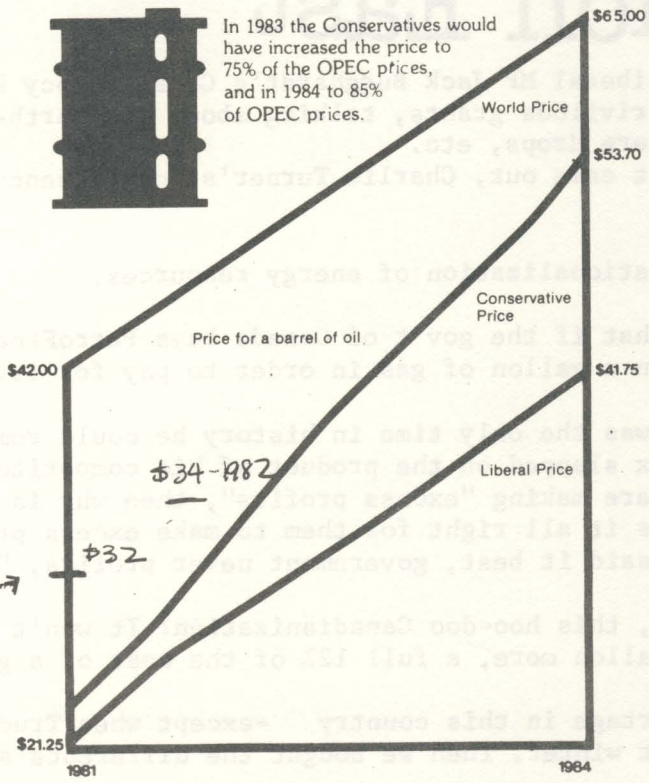
It used to be (and still is) that socialists accused multi-nationals of shipping "excess profits" back home (which wouldn't be true if we had lower taxes) to the U.S.

But Trudeau does that too. He's giving billions to dozens of socialist dictatorships, shipping his gouged "excess tax profits" (our wages) to the "Third World."

Give me Shell or Esso anytime!

National Energy Program

OIL PRICES — JUST LOOK AT THE DIFFERENCE



CURRENT WORLD PRICE, ALSO TO STAY AT $34 WORLD PRICE IN 1982!

This chart is based on *low* estimates of world prices, and thus on *low* estimates of Conservative prices.

THE CANADA-ALBERTA AGREEMENT

The government of Canada and the province of Alberta have concluded an agreement on the price of petroleum and for the sharing of revenues from petroleum development.

The agreement signed by Prime Minister Trudeau and Premier Lougheed ends months of negotiations between Energy Mines and Resources Minister Marc Lalonde representing the national government and Alberta's Energy Minister Merv Leitch.

Election Promises Kept - During the last election campaign, the Liberal Party of Canada promised to keep oil price increases below $4.00 a barrel in 1980 and at $4.50 a barrel in 1981.

The Liberal government has kept its promise. In fact, the price increase in 1982 will still be only $4.50 a barrel. Canadians will pay less for oil, under the agreement, than they would have paid under the Clark government. GARBAGE!

According to the Conservative budget, the price of oil in 1981 at the wellhead would have been $22.25 a barrel compared to $21.25 price under the agreement. Next year, a Conservative government would have taken $26.75 a barrel, the price under the Liberal government will be $25.75 in 1982.

For 1983, the opposition had planned a $42.40 a barrel price compared to the $33.75 price arranged by the Liberal government. In 1984, the Conservatives would have forced Canadians to pay $53.70 a barrel for oil, under the agreement the price will be $41.75. Not until 1986, the final year of the agreement, will the price arranged by the Liberal government break the $50-mark. Then the price will be $57.75.

National Energy Program

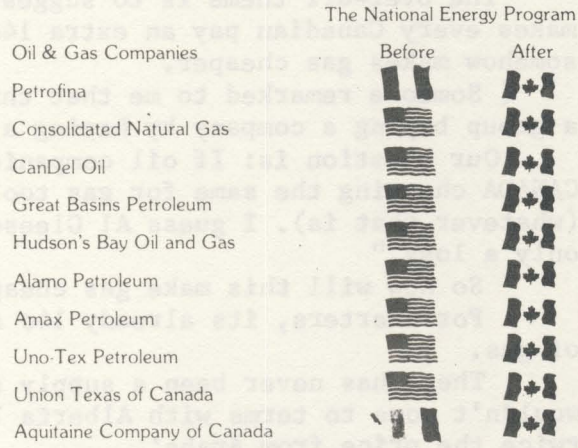
TOWARDS A TRULY CANADIAN ENERGY INDUSTRY

"We will ensure that the booming energy sector will be majority Canadian owned."—Pierre Trudeau, Feb. 12, 1980.

Canadians have the right to decide their energy future. Canadianization of the petroleum industry ensures that the benefits from Canada's abundant energy resources stay here at home in Canada.

During the last election campaign, we set three goals:
- *50% Canadian ownership by 1990
- *Canadian control of more of the large companies
- *an increased role for Petro-Canada

A number of Canadian companies have acquired foreign-controlled companies over the last year, proving that Canadians have the skill and the determination to control their energy future.



IT WAS CHEAPER WHEN FOREIGNERS OWNED THEM!

National Energy Program

A NEW DEAL FOR CANADA

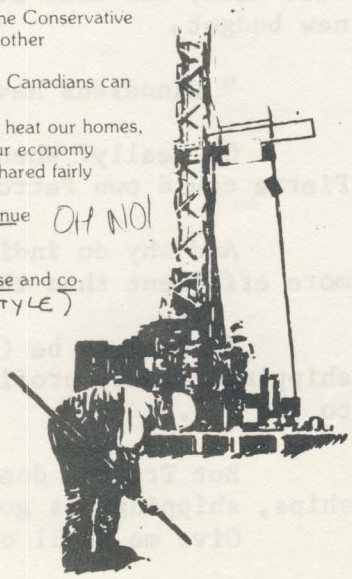
F.D.R. STARTED ALL THIS TROUBLE!

The recent agreement between the Government of Canada and the Government of Alberta has received the support of all provincial governments.

Now the National Energy Program will move ahead with the cooperation of all, to ensure the achievement of our three goals in energy
- security
- opportunity
- fairness

The new deal keeps key Government commitments:
- prices lower than under the Conservative plan, and lower than any other industrialized country
- gradual price increases — Canadians can plan ahead
- secure energy supplies to heat our homes, drive our cars, and fuel our economy
- energy revenues will be shared fairly among all Canadians
- Canadianization will continue OH NO!

The new deal benefits us all
- a new spirit of compromise and co-operation (B.I.A. STYLE)
- Canadian consumers are protected from spiralling and erractic OPEC prices A LIE!
- jobs and opportunities in every region due to energy projects, and new economic growth



Welcome to the Downtown Merchants' and Businesspersons' Association

INTRODUCTION

Most independent businesspeople just want to be left alone to run their business or their particular responsibility. This is proper.

Collective groups are costly,unwieldy, and rarely accomplish what individuals can. Anyone who has ever belonged to any committee knows how true this is.

Other collective groups however, particularily governments, tend not to recognize individuals.

Why? Because collective groups analyze votes, not ideas. Therefore one individual is one vote,period, as far as they are concerned.

Only for the purpose then of exercising strength before government is this DOWNTOWN MERCHANTS' & BUSINESS-PERSONS' ASSOCIATION made necessary.

Even organizations require go-getter individuals to allow the group to achieve any headway. Usually they do most of the work, a few years later they experience " burn-out", leave the organization, the organization weakens, etc.,etc.

The most efficient and successful organizations are those which encourage independent action, independent initiative and freedom of the members to pursue their interests. The organization merely provides the philosophical framework that allows individuals to direct their energies most efficiently.

An organization's major function is communication. Most of us know how to run our own business, but our time is too limited to constantly observe the environment around us, the government forces, etc. That is where individuals who have facts, ideas, observations can exploit the organization to communicate faster with his/her neighbours. From there, members can take action.

All projects this organization sponsors will be ones where the only beneficiaries are those who pay the cost, as is proper. (but impossible in mandatory associations'). No program is to be designed which can be exploited by those who do not contribute.

Conversely, the best way to convince our neighbours to join is to provide a service which they require and would profit by, or that without, they lack an essential tool. Forcing someone to participate in any venture is not a technique of selling a product on its merits. Political parties, business clubs, social clubs, etc. all "sell" their organization on the benefits it offers. We must do the same.

2

Statement Of Principles

1. All membership, participation and contributions are voluntary.
2. No member may advocate the use of coercion to provide funding, program acceptance, or participation in any sphere of business activity.
3. All members acknowledge that individual freedom (and commercial freedom) and voluntary co-operation are essential to a stable and just society.
4. This Statement of Principles cannot be altered, changed or amended in any way.

Purpose

Acknowledging that independent businesses' primary interest is managing their respective businesses, the DOWNTOWN MERCHANTS & BUSINESS ASSOCIATION's purpose should not ever be to replace the philosophy of individual self-initiative as the source of success.

Instead, our group's purpose is to assist merchants and businesspeople in various endeavors that enables a merchant/businessperson to better run their own affairs free from interference. Programs proposed by the DMBA should never harm the interests of any one business. Programs will be aimed at enhancing specific services (ie. parking, streetcleaning, tax reductions) that, through our methods, will provide benefits to those who specifically pay for them.

It is our intent that those who do not contribute will not receive any specific benefit, avoiding the resentment that occurs with the sentiment of " there will always be hangers-on and people who take advantage of everybody else's _____ (egs. "work", " advertising", "sweeping", "snow shovelling", etc.)

We must acknowledge that some people are just lazy, or uncaring, or whatever, but forcing hundreds to obey the opinions of a few is hardly the answer.

The key is like any business, we must make it profitable for them to be members, and conversely unprofitable for them "to be left out". Results are our only selling point, as is true of any service.

The DOWNTOWN MERCHANTS & BUSINESS ASSOCIATION's functions will be:

1) to provide regular in-depth information in the form of regular magazine/newsletter

2) to regularly & frequently survey membership opinion for
   a) publication in membership magazine
   b) submission to City Council or other levels of gov't
   c) the media

debate

3) to defend business interests against government regulation, encroachment & interference from all levels, particularily local

debate

4) to lobby for the maximization of the performance of monopoly government services to match the value of taxes paid by the Central Business District, ie. in reference to street-cleaning, snow removal, police protection, sidewalk repair, etc.

5) To defend and advance in the media & all relevant channels the consumers' & business operators' right to a free choice of their financial expenditures

6) To promote & administer plans that are acceptable and approved by a voluntary consensus (eg. merchant subsidy parking to be paid for by participating merchants, etc.)

Membership

1. Basic membership is $25.
   This provides a) 9 copies of the association newsmagazine, " Downtown London MetroBulletin "
   b) 6 surveys of some depth that will be used to relay merchant sentiment to City Hall, the media, etc. (surveys to be done & published every 2 months at stated intervals).
   c) access to all Executive meetings
   d) eligibility to be nominated & elected to Executive
   e) access to Association newsmagazine to give opinions

2. Parking Program.
   The association will contact all major parking outlets to set up a merchant subsidy parking program with the DMBA acting as clearing house. The DMBA will charge 10% surcharge on top of the billing amount as its service charge.
   For example, if BUSINESS A issues $88 in parking subsidy tickets (that are redeemed) then Business A will pay DMBA $88 plus $8.80 service charge. The original $88 will be forwarded to the respective parking agencies.

3. Parking Brochure Program
   The association will investigate all the parking lots of any size that continually offer available parking to consumers, particularily those who are involved in co-op deals with the DMBA merchants (thus we advertise the business & parking lot, an incentive for them to participate).

4. Other programs will require contributions but only from those businesses that wish to benefit from that specific service. Members are welcome to propose and discuss viable propositions.

The Executive

EXECUTIVE & OPERATING STRUCTURE

1. EXECUTIVE IS: President, Vice-President, 4 Activists, 2 Executives are the voting body.

2. EXECUTIVE considers on new proposals to propose to membership in respect to 1) surveys, 2) services to offer, and 3) disposition of services with regards to manpower available

3. The Downtown London MetroBulletin will be editted solely by Marc Emery. All members have access to magazine if they wish to submit opinions. Articles and other contributions will be enthusiastically considered. Advertising at cheap rates will be made when MetroBulletin receives paid circulation of over 200 (to members only). debate

4. President must approve all items released to the media under the aegeis of the DOWNTOWN MERCHANTS & BUSINESS ASSOCIATION. In the complete unavailability of President, Vice-President must approve debate

5. A co-ordinator to manage parking subsidy program will be paid out of surcharge

6. President must prepare Agenda and call meetings. President must be present in order to have quorum.
President is responsible for issuing minutes to any member who so requests
President has one vote in Executive
President should appear at all functions sponsored by Association.
President must oversee that Activists complete tasks on schedule.
President is on Judiciary Committee (to supervise members' payment of Parking subsidy billings, members adherence to Statement Of Principles,)

7. Vice-President assumes all duties of President in the inavailability of President. debate
Vice-President is on Judiciary Committee, has one vote.
Vice-President has one vote on Executive

8. Position of activists are appointments made by 4 member Executive. No positions will be filled until a dedicated performer wishes to apply. The Executive must remove the incumbent if performance falls below what position requires.
   Activists are:
   1) Parking Activist (& Co-ordinator of programs)
   2) Streets & Maintenance Activist
   3) Taxation & Government Interference Activist
   4) Special Events Activist. (ie. getting Darth Vader to come to your business, etc.)

   An Activist receives one vote on Executive.

9. The Executive and specific Activist will decide on a workable agenda for 1982 for each category.

10. Two Executive Officers shall be elected to a position lasting 12 months

11. Of appointed Activists and two Executives, one person shall be elected to Judiciary Committee who shall have one vote in Judiciary Committee.

By~laws

1. THE DOWNTOWN MERCHANTS & BUSINESS ASSOCIATION must never go into debt.

2. The Downtown London MetroBulletin must be issued 9 times yearly.

3. Members must be consulted if MetroBulletin editor wishes to edit Letters to The Editor. Editting must be for space only, not content or style.
   Grievances of letter editting should be forwarded to Judiciary Committee.

4. The MetroBulletin must give relatively equal coverage to all candidates in magazine space.

5. No members are restrained from issuing publications or their own or influencing members in any way as long as no contravention of Statement Of Principles takes place.

6. All monies received are to be deposited in daily interest account.

7. Any member of Executive may accept membership application. Any payment should be by cheque made out to " DOWNTOWN MERCHANTS & BUSINESSPERSONS' ASSOCIATION" Cancelled cheque is your receipt, or collector may issue receipt.

8. The President & Vice-President are signateurs on all Association cheques.

9. All expenditures greater than $5 must be voted on by Executive except for payment transfers to MetroBulletin. For each issue, $2 per member is transferred from DMBA to Marc Emery. Any extra amount required for Mr. Emery's costs are to be provided by him.
   Mr. Emery does not receive any amount for subscriptions already obtained from member previous to Association birth. The members'$18 will be placed in a daily interest fund for the Association and released only with that members permission.

10. Executive meetings to be held once monthly. Notice must be issued in MetroBulletin.

11. When a member is alleged to have willfully violated the Statement Of Principles, to such an extent as to compromise the DMBA and its credibility, the 3 member Judiciary Committee shall:
    a) ask the member what was actually said (in case of misquote)
    b) decide if a violation has occurred
    c) the President shall discuss this with the member and encourage a written explanation and retraction for the membership, if the member was in violation of the Statement of Principles
    d) If member was in violation, and chooses not to recant in writing, membership should be removed and remaining funds from member refunded.
    e) The member may re-apply at any time if member acknowledges Statement of Principles

debate

Agenda For 1982

PARKING:

- Establishment Of Simple Brochure Promoting Parking Availability at major lots where significant vacancies exist.
- Merchant Subsidy scheme, ie. merchants issuing tickets good for one hour/½ hour at all or certain downtown parking lots, promoted on brochure & parking lots & in media
- contacting a company called Pillar-Ad who erects giant signs with " P→ " at the top in whatever colour, the signs paid for by 4 advertising signs below the Parking sign. These look nice in Toronto.
- other inexpensive but effective tie-ins with brochure & "free parking"

STREETS & MAINTENANCE

- Lobbyist & Researcher for:
  a) more police downtown at night
  b) 7-day street cleaning
  c) snow removal from core area (bulk amounts that exist after clearing) and sidewalk snow removal
  d) uniform sidewalk quality, particularily on Clarence St. between York & Dundas, west side, etc.

TAXATION & GOVERNMENT

- Researcher & Watchdog on any new taxes or increased taxes affecting the Central Business District. Analysis of existing taxation and corresponding government service performance
- Watchdog & 'Town Crier' (media, newsmagazine, encouraging members to write, call, etc.) on new attempted government regulations at local level, in major cases, provincial & federal also.

debate

- Recommending candidates in municipal elections in newsmagazine. Candidates will be assessed on attendance, voting record on regulation, spending,etc. Challengers will be given attention where necessary.
- Monitor growth in Bureaucracy, etc.
- Assist members with clearing red tape, zoning problems, etc.

SPECIAL EVENTS

- where interest is relevant & manpower provides, it is conceivable that the DMBA could sponsor a 3 day carnival in Mid June for Dundas St.
- permits (alcohol, rides, ethnic foods, merchandising.,etc.) would need to be obtained. Costs of promotion etc. would be collected directly.

send money

(NOTE: DO NOT NOW SEND MONEY, THIS IS ONLY FOR DISCUSSION AT THIS POINT.)

YES, I AM INTERESTED IN BECOMING A MEMBER
OF
THE DOWNTOWN MERCHANTS' & BUSINESSPERSONS' ASSOCIATION.

I BELIEVE IN THE STATEMENT OF PRINCIPLES OF THIS GROUP.

NAME _____ BUSINESS _____

ADDRESS _____ ZIP CODE _____

PHONE _____ AMOUNT ENCLOSED _____

Membership is $25. I am already receiving MetroBulletin (one year) Yes☐ No☐

1. If you already subscribe to the Downtown London MetroBulletin, $18 of your membership will be placed in a daily interest account until you choose a project to relinquish it to. Other donations will be put in the account under the same conditions. The interest is placed in your " trust " also.

2. All statements but the Statement of Principles are open for debate & revision.

3. The Executive should be elected by the end of February, 1982.

4. A notice of nomination to Marc Emery will put applicant on ballot for specific office. Contact Marc Emery 438-4991 for further details.

5. Terms are for one year.

6. Frankly, the name of the group is long and awkward, but I really couldn't think of anything that succinctly summed up what we aim to be. Any great ideas for another name will be given serious credence.

7. The name is tentative until confirmation by membership (or changed).

8. Make all cheques payable to " Downtown Merchants Association " or "DMBA". or the full " Downtown Merchants & Businessperson's Association".

9. Anything left out will be sent to you soon.

10. Join. Send money.

Mailing address: DMBA,
P.O. BOX 2214, Stn. A,
London, N6A 4E3

Phone 438-4991 (Marc Emery, co-ordinator)

B.I.A. HUMOUR

(IT'S ALL TRUE, I SWEAR!)

Did you know that Roger Beaufoy of the TRAVELLER was thinking of selling a line of leather goods - " an exclusive line " - with " Discover-Downtown -It's Luverly " as its motif last year. We wonder how that went over.

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Did you know last year the B.I.A. took a ½ page ad out in the FREE PRESS to deal expressly with the criticism of 352 businesses who signed the get-rid-of-the B.I.A. petition? Yup, we have a copy of that ad, plus we quote from their secret records:

> " On June 19th, a ½ page ad will be appearing in the London Free Press to introduce the logo, explain the B.I.A., and to identify and answer specific points of criticism (ie. the Marc Emery comments, without identifying him."

A $1700 ad just for me? How flattering!

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Apparently Bob Martin was one of the TOP FOUR applicants for the job. Screening was done by BILL REDRUPP'S firm PRICE-WATERHOUSE MANAGEMENT CONSULTANTS. And there were over 50 applicants from all over the country, including some real heavyweights.

What would you think of a management consultant firm that picks BOB MARTIN as as the best qualified? WOW! (No wonder BILL REDRUPP is resigning soon -he's so embarrassed at the guy who was -ulp- tops in the field?)

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Did you know that FOUR OTHER B.I.A.'s in Ontario inquired to TOTALMARKETING,INC. last year for a design like the 'Discover Downtown -Its Luverly?' Wonders!

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Did you know what happens in cities where there isn't a crusading saint like Marc Emery saving everyone a fortune?(on the understanding that all subscribers will donate heavily to next year's aldermanic candidacy by said editor & crusader).

You don't? B.I.A. taxes skyrocket!

Windsor's budget in 1978 was $40,000, $180,000 in 1981, but NEXT YEAR IN 1982 IT WILL BE $645,000, YES, TWO-THIRDS OF A MILLION DOLLARS! An average $400 per business, with the request of a minimum levy of a tiny vendor (say, someone in the Covent Market)of $75 per year!

Page 16 — Western Ontario Business, October 26, 1981

Windsor report

Downtown BIA may be doubled

City council has paved the way for doubling the downtown business improvement area (BIA) with its approval of an expansion bylaw.

The expansion, which must be approved by the businessmen and the Ontario Municipal Board, would bring in the Holiday Inn, the National Traveller Motor Hotel, Canadian Tire, the Windsor-Detroit tunnel and businesses near the downtown but outside the present Downtown Business Association (DBA) area.

DBA president David Novick said the expanded boundaries would add about $465,000 to DBA's present $180,000 budget. The DBA can only be expanded if at least two-thirds of the businesses in the entire improvement area are in favor. Novick said he expects the expansion will be approved by the businesses.

OUR B.I.A. would be the same (if not for you-know who). See budget of 1982 B.I.A.

B.I.A. BASHING SECTION

Alderman DeZorzi Speaks!

Speaking of B.I.A. bashing, it seems some Council members are finally catching on. Jim DeZorzi, the alderman for Ward One, spoke at the Monday December 7 Council meeting and said alot of true things about the B.I.A. that are cited below in a reprint from the next day's Free Press.

Mr. DeZorzi isn't quite accurate when he says merchants are the only beneficiaries, -they aren't- but he's on the right track.

Call Mr. DeZorzi at 471-7691, and let him know that you appreciate his vocal stand on the issue and that its high time we got rid of the B.I.A. altogether.

Noticeably Frank Flitton and Art Cartier continue to support the B.I.A.

Let them know how you feel about that!

JIM DEZORZI

Modified business group urged

London's downtown business improvement area organization(BIA) has not worked and should be modified, Ald. Jim DeZorzi told city council Monday night.

He said the organization imposes another level of taxation on all core businesses and that it has been rife with controversy and backstabbing.

However, his opposition to the organization didn't impress too many of his council colleagues, with Con. Art Cartier saying it was established "to stay alive in the battle of the malls."

Ald. Frank Flitton said DeZorzi should write his feelings to the business improvement executive.

In an interview, DeZorzi said some major contributors to the organization's fund, such as Canada Trust and London Life, don't reap any benefit.

"I'm not opposed to a BIA or the extra (tax) levy, but we have to look at who the money is coming from and who benefits."

He said the organization produces a newspaper which "only goes out in their (merchants') stores," and he criticized the group for paying a consultant to study the streetscape and hiring a one-man staff to "dream up" proposals, without becoming directly involved in promotions.

He said he would take up Flitton's suggestion and write his views along with those of commercial operations which are being taxed, to organization officials.

In council, DeZorzi said board of control should be asked to consider whether the organization is valid. "What benefit does a streetscape give to London Life, which pays a big share of BIA (levies)?" he asked. "I wonder how much we can expect businesses in our downtown core to contribute to such a scheme if the benefits are not the majority of businesses, but retailers."

●

City council tossed back into the lap of the community and protective services committee a proposal for a $10,000 study on housing for ex-psychiatric patients in London.

The proposal called for city backing for a study by the citizen's housing advisory committee which reported last week that former psychiatric patients "have a definite problem in finding suitable accommodation" in London.

Con. Orlando Zamprogna objected on grounds that the proposed study "leads into a whole new social program."

Community and protective services committee chairman Ald. Joan Smith wanted the issue tabled so interested parties would not have to appear before the committee to make their submissions again.

How did the issue of the B.I.A. come up at Council, you ask? Because a certain vigilant editor sent a letter notifying the City that Hal Sorrenti was on the Board illegally -Hal being a resident downtown, not a tax paying businessperson (ironic,— we pay, he spends.)

Our letter:

---3. Mr. M. Emery, 666 Oxford St. E., advising as follows (November 8, 1981):

I would like to request before Board Of Control the removal of HAL SORRENTI from the BOARD OF MANAGEMENT of the DOWNTOWN BUSINESS ASSOCIATION for 1) legal reasons involving his ineligibility under THE MUNICIPAL ACT, SECTION 36I, part 6 and 2) his inability to succeed and accomplish to the benefit of downtown all the major points of his duties as Chairman of the B.I.A.

In the first instance, I cite the provincial criteria for eligibility to the B.I.A., The Municipal Act, section 361, part 6, to wit:

" BOARD OF MANAGEMENT
(6) A Board Of Management established under sub-section 1 is a corporate body and shall consist of such number of members appointed by Council as the Council considers advisable, at least one of whom shall be a member of the Council.
The remaining shall be individuals assessed for business assessment in respect of land in the area or nominees of such individuals or corporations so assessed."

In this reference, I would like to point out that Mr. Sorrenti belongs to no business downtown that pays this extra levy. His current designation of "resident" is ineligible under law as "residents" pay none of this extra levy. Thus, he should be withdrawn under this criterion alone.

In the second instance, let us assess the "achievements" of which Mr. Sorrenti has been a principal:

1) selection of Bob Martin as Executive Director
2) promotion of pedestrian mall concept and ensuing expenditure of $15,000 on studies for said concept.
3) the planning & authority of the Midday Madness sale of which between $20,000 and $30,000 was spent to dismal results
4) the highly contradictory letter mailed to all merchants with their pedestrian mall ballot which showed every intention to deceive merchants
5) the establishment of a B.I.A. paper " The Times Of Downtown London", which is little more than an advertising shopper for the BOARD OF MANAGEMENT & pedestrian mall concepts.
6) the hiring of Michael Lerner at a cost of $9,000 is clearly not what Council had in mind when it approved last year's BIA budget. No approval was given to retention of legal Council as well as this goes against the spirit & intent of the by-law
7) the BIA newspaper refuses to print letters of dissent even though it is financed by all merchants
8) The Board encourages Executive Director Bob Martin to attend seminars in Toronto & Portland, Oregon and other far away centres with regular frequency. This is not what Council meant by awarding this mandate for promotion & beautification.
For example, on November 5 (Thursday), Bob Martin was in Toronto for a seminar sponsored by the Ministry of Housing, the subject? Energy conservation in the revitalized and updated downtown.
For the purposes of this downtown, this is a fabulous waste. This cost merchants Mr. Martin's salary ($100 a day) plus costs, (over $100), yet he was unavailable for a television interview on a matter of pertinent interest to downtown merchants.
Mr. Martin was also given clearance for an all expenses paid trip to Portland, Oregon in September, an "IDEA" conference.

It must be pointed out that Mr, Sorrenti and Mr. Martin have created considerable resentment in the business community by their inability to know what the downtown community requires.
Mr. Martin is a former restauranteur from Durham. The restaurant was none too successful, yet this is Mr. Martin's only credential.
Mr. Sorrenti is not a businessman, but a realtor, as is evidenced by his obsession with the pedestrian mall concept.

As you must be aware by the calls to your offices and to that of the aldermen & alderwomen, Mr. Sorrenti & Mr. Martin have little credibility with the area they, by your designation, supposedly represent.

As a personal aside, I must point out that this makes my job of pointing out the incompetence of the BIA much easier, but with the over-all interests of the merchants in mind, please do everyone a favour and review the positions that these 2 hold.

P.S. I think it was a mean trick asking me to pay $94.96 in business taxes on t kiosks downtown, plus $10.16 for the Business Improvement Levy. I do you a and this is what you do to me. Such ingratitude.

At the Board Of Control meeting to discuss the letter, no one on the Board addressed the criticism of Hal Sorrenti's competence but they did acknowledge he was there illegally.

Instead of withdrawing him from the Board Of Management, the Board Of Control recommended that the law be changed to accommodate him!

But Hal still had to find a legit business downtown who would make him their nominee, making him officially legal.

Who would be so foolish to do such a thing? Why would any business want such an albatross around their store's reputation?

Why-one of Hal Sorrenti's (Carleton Realty's) tenants, of course!

Chester Pegg Diamond of 177 Dundas St. informed Council that they would appoint Hal as their representative.

We wonder if the rent came down in exchange for that kind of consideration.

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Hal Covers his assets...

Speaking of Hal Sorrenti (our favorite fall guy), did you know he received an award from the Ministry of Housing on his swell digs up above CHESTER PEGG Diamond/ Casino Restaurant, called the " LEFT BANK" (need you any more proof that Chairman Hal is politically pink?). Now we appreciate nice renovations as much as the next guy. This "Left Bank" won Hal an award for "multiple housing renovation", but it was strictly as a private builder, not in any way connected with the B.I.A. (as we said in the Vic Tanny item in Downtown, Hal takes care of his own assets real well, its ours that he ruins.)

Yet who went to see private citizen Hal accept this gov't award? None other than Hal's boss Norton Wolf (which in itself is not unusual but...), accompanied by Bob Martin (a.k.a. Comrade Bob or $100-a-day Bob), the Mayor of London Al Gleeson and Lloyd Bishop of Alcor Investments. See the B.I.A. family tree for more interesting details, and the real meaning of this get together.

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...but two others quit

After the pedestrian mall vote (remember way back), two B.I.A. executive members resigned. ROGER BEAUFOY left immediately after Bob Martin's deceitful letter that we all received,saying he " wasn't happy at the way things were going on the Board".

DENNIS LeBLANC of the MERCANTILE BANK resigned almost immediately after our bonus edition covering the pedestrian mall came out. Here's what we said(which we heard from DEEP-B.I.A. was the last straw for Mr. ~~Alcor~~ LeBlanc.)(oh yes, see our Family Tree for his involvement too.)

« We spoke to Dennis LeBlanc, a board member whose occupation,when he isn't squandering our confiscated money,is being manager at the Mercantile Bank, (whose banking hours are 10 a.m. to 3 p.m., giving him lots of time to meddle in our affairs).

He had neither seen nor approved such a letter as the one Bob Martin signed with the damning last sentence.

He said to me however, " Befote I form an opinion on whether the mall is good or bad, I'll have to think about it some more."

Can you believe it? He said this remark the day after the pedestrian mall "forum". Was he there? No, out of town,he said, ostensibly on business.

I think it's sickening when people of this low calibre can be appointed to a group responsible for squandering a lot of our taxes and then not even keep track of whats going on.

Here is one of the ten people supposedly in charge and he hasn't even done any research, made an opinion, attended any meetings, talked to any merchants in his area on the subject, seen or approved any of the documents relating to the vote or anything! YUCH! Let's hope his customers at the Mercantile Bank get a better return on their investment than we are! (But if I were them, I'd transfer my account across the street!) »

Now as you can see, this $15,000 (also shown in budget draft on next page) is for sidewalk improvement. Of course, the City's capital works budget is already complete for next year & the B.I.A. Board knows it, so they automatically know there will be $15,000 available next year.

If they hire another $100-a-day dud like Comrade Bob in June 1982, that comes to exactly $15,000. PRESTO!

In order to call it beautification, he'll be in charge of "Beautification, Environment & Downtown Transit" or something like that, while Comrade Bob will "concentrate" on promotion.

And watch, in 1983 the budget will jumpt to $250,000 or more! (Unless you call in to the elected officials and say NO now.)

Remember the B.I.A. tax is a 12% sur-tax around your neck now, it get larger each year! Don't believe me. Oh yeah, that's what they said in Windsor too, where the budget has gone from $40,000 (forty thousand) in 1978 to $665,000 in 1982 (six hundred & sixty-five thousand). A 16½ times increase!

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No X-Mas Cheer

You know those Christmas decorations that are all over downtown that the B.I.A. has paid for?

Before I found out the exact price the B.I.A. paid for them, I checked to see what they could be duplicated fot. My brother is a welder, so he gave me a quote on the frames (iron rods). I checked on the price of fairly large X-MAS lights and that tinselly snaky stuff that make up the red & green design that wraps around the rods and pole.

Did you know I can produce them for $120 each plus $20 for installation: total cost per decoration -$140.

Guess what your taxes paid for the ones they put up.

Each 5 ft. decoration -a cool $500 each, including installation.

Boy, somebody's relative made a killing.

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Do you Remember Who the Second person To Discover America Was?

Did you know that Bob Martin is actually thinking of spending thousands of our tax dollars on a map showing all the parking available downtown? Even though the MetroBulletin #2 produced the best map-study ever done in the City on downtown parking. Even though your fearless editor has copies available to anyone who wants them -cheap.

Of course, Comrade Bob wasn't here then but many Board members get the MetroBulletin in unmarked brown wrappers, so they could have told him.

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Did you know there was going to be a $12,000 budget surplus left over from the 1981 budget? Yup, but instead of giving it back to us,'Its-not-my-money Bob' suggested , and we quote the minutes:

" requested that the office be allowed to purchase office equipment."

A motion saying the surplus could be put towards new office furniture was forwarded by ROGER BEAUFOY ,now ex-officio, seconded by Brian Stewart , ALL IN FAVOUR! (so now we have proof they're all guilty!)

++++++++++++++++++++++++++++

We hear PRICE-WATERHOUSE Accountant & Board member BILL REDRUPP will resign as treasurer & Board member sometime in late December.

If Bill stops wasting our taxes, I'll stop writing on tax law/policy.

OLD HISTORY DEPT.:

When the B.I.A. was first proposed to Council in 1977, a soon to be Board member said:

" For $100,000 (the first year's budget), we should be able to have FARRAH FAWCETT MAJORS & THE ENTIRE TORONTO BLUE JAYS descend from the Goodyear blimp at Dundas & Richmond!"

Farrah Fawcett (no Majors now), Toronto Blue Jays (may as well not be in the Majors), are two of the duds in the entertainment world, so what an accurate prophecy of what we would get!

Instead of Farrah & The Jays, we get Betsy & Bob, Chairman Hal & the Board.

Even trade!

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FAMOUS LAST WORDS DEPT.

" It can't do anything but good " said Ken Forrester of Eaton's, Vice President of the DOWNTOWN LONDON ASSOCIATION when the B.I.A. was being pushed in 1977. " Call it a form of business insurance if you will." said the soon-to-be Board of Management member. Yeah, the same kind of insurance they call "protection" in Mafia circles...

++

Chances are that PARK N' RIDE scheme of Bob Martin's ($5,000 put aside for) won't work. We're not against such an idea if its privately administered (and at a user fee basis as in the proposal to Associate in this issue).

We reprint an item out of the Free Press:

LTC approves

Shoppers offered Park 'N Ride plan

Shoppers soon may get a break on parking or bus fares thanks to a new incentive program being promoted by the London Downtown Improvement Area.

The London Transit Commission agreed in principle Friday to participate in the program, called Park 'N Ride, expected to start in February or March.

Eligible shoppers will be given plastic tokens, valued at 25 cents each, by participating downtown merchants. The tokens can then be redeemed at parking lots or on LTC buses to help reduce fares.

Bob Martin, executive-director of the downtown improvement area's board of management, said he has discussed the scheme with major downtown parking lot operators — the tokens will not be valid at parking meters — and once it receives final approval from all participants, an advertising campaign will begin.

A similar scheme in Guelph has been "very successful," Martin said, with about 70 per cent of all downtown merchants participating.

London Transit general manager Gord Arblaster recommended the commission endorse the idea, adding costs to administer it will not be high. The commission authorized its administrators to work out final details with the downtown improvement group on such things as token size, redemption frequency and billing.

The cost of the program and the tokens will not be borne by the LTC or the parking lots. They will be reimbursed for all tokens they take in.

The problem that will be encountered is when a merchant announces a free token (or two) with every $10 purchase, everyone who spends over $10 will ask for one/two whether they need one, take the bus or not. Even regulars will ask for them if they are offered free with minimum $10 purchase. And a merchant can't very well demand proof they came downtown by bus.

These people will then give their tokens to brothers, relatives, co-workers, whoever they know uses the bus. There is no way to stop this!

Ultimately merchants downtown will simply be subsidizing bus trips -to anywhere in the city!

An efficient system already exists for subsidizing parking by merchants. CITY PARKING, who control about 60% of the parking downtown, sells stamps at face value which a merchant sticks to the value he pleases on someone's parking stub. The Market Parking offers the same thing.

Incidentally, the Market Parking is reducing the number of full-day monthly parking customers, and increasing the space for ½/1/2 hour parking.

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We got a letter from ED PINCOMBE IN THE MARKET on our last MetroBonus Edition covering the Pedestrian mall meeting:

" Dear Mr. Emery:

I appreciate your untiring efforts to disclose to your 100 readers of the MetroBulletin (or is it 10?) my efforts to help the small businessmen in all of London.

Before coming to downtown London, I was a businessman in London since 1934. Where were you then? I bought my home, a store, married a lovely girl from Kincardine and made money through hard work and trying to improve the lot of the small grocer. I spent hours securing a Wednesday afternoon closure in London to secure a ½ day of rest for the small grocer.

I spent weeks in canvassing for an early closing and presenting a petition to City Council containing signatures of 98% in favour of night closing except Friday. Mr. Flitton would offer them 2 nights (Thursday & Friday) but I felt 2 nights would lead to 6. However, City Council rebuked our efforts and threw out a proposal because of one word. I tried.

I ran for a Council member one year but because I would not support eaither political party I was defeated.

Ready to quit? Not me! I rested up for a few years to regain my wind. (P.S. - I've got it!) And now I'm ready to do battle for all those small businesses who need me. Maybe I'll not make it but I never quit.

I wish Mr. Emery would come to the source of his information onstead of listening to the news media. None of the figures quoted are correct. I will gladly supply you with figures if you contact me. The reason for changes are really obvious. At 3 p.m., Market Management circulated a petition asking if all vendors were in favour of staying open Thursday & Friday nights (period.)Of course not, we spend 65 to 70 hours each week in the Market and why 6 more unless it would be worthwhile.

My petition was " would you favour a Downtown Mall for 13 weeks -2 nights a week- if the Covent Market were open? The answer to this question was 67.2% in favour. Would you be interested in a mall concept if the Market Building was open. Yes-37 tenants. Not available -3, balance -no.

Next time, Mr. Emery, please come to the analysis for your information, do not depend others to screw up the words. I'll do it for you."

We have not editted the above letter to keep original intent & flavour intact. Some sentences that are, perhaps,awkward are left intact in respect to the author's last 2 sentences.

++++++++++++++++++++++++++++

We congratulate Ken Lewis of KEN LEWIS MUSIC who was on the local news one evening in late October explaining on TV why he's refused to pay his B.I.A. taxes. GREAT! CFPL-TV went to interview Bob Martin -but, he was away at a "conference" in Toronto! Apparently Ken received some out-of-town phone calls from St. Thomas saying they are in the same boat with their B.I.A.!

Notice how in the B.I.A.'s own paper they don't ever 'fess up to the fact they were clobbered on the pedestrian mall fiasco. They don't even ackowledge really except by printing the ballot results. Nor do they apologize for their devious letter sent with the ballot. Instead they said (reprinted from Front page):

The Pedestrain Mall Committee is very appreciative of the considerable efford made recently by members of the London Downtown Improvement Area, and others, to give imput into establishing which direction should be taken for the downtown.

Various ideas, opinions, and concepts have been expressed, and have been of great assistance in guiding the Committee as to future directions.

It was felt by the committee that opportunities for input should be given before too much money was spent in specific planning, and to ensure that it would be proceeding in accordance with the members wishes.

The Committee has therefore recommended to the Board of Management that it should not proceed with the implementation of a Tempoary or Permanent Pedestrian Mall.

The Committee further recommended that the Board concentrate its major thrust in the two areas indicated by members as being of most concern -streetscaping and parking.

Firstly, by finalizing and presenting to the E.T.C. the streetscape plans are presented to the members at the recent public meeting. Secondly, by developing a 'Free Parking with Minimum Purchase' or similar type parking program, and also ensuring input to the urban parking study presently being carried out by the City

In essence what they are saying is " we'll do every thing the same as with a pedestrian mall but we'll leave in traffic."

Hark back a few pages to DAVID CRAM'S FIVE-YEAR PLAN. Before you know it, it'll be doubled & tripled budgets, deficit financing, etc. -like WINDSOR!

(where they have streetscaping with traffic -and look at their budget for 1982 -$665,000!)

Sneaky bunch.

++++++++++++++++++++++++++++++++++++

I got socked for $1900 in legal fees (yes, NINETEEN HUNDRED DOLLARS) after losing in court to the B.I.A. Whereas the defeat means little in terms of ultimately getting rid of them (which we will, don't worry), but $1900 -ouch!

Oh well, the usual cut backs, austerity, etc. I'm used to it.

Anyway, the judge ruled that hiring a lawyer was a justifiable expense as far he was concerned, but he didn't look that concerned.

The B.I.A.'s lawyer had a good firm voice and was very self-assured -next time I hire him. He didn't have much to say of substance, but the conviction with how he said it was impressive. The B.I.A.'s lawyer even admitted that hiring Michael Lerner for $1000 a day was "back door Promotion perhaps, but promotion nonetheless."

Well, that's the last time I sue the B.I.A. in court, the law is just rigged too much in their favour. I must remember courts decide what is law, not what is right. (And judges are former lawyers, and here I was suing the state -his boss, and indirectly a lawyer -his former profession. OK, it was idealistically pursued, admittedly dumb (particularly $1900 in retrospect -ouch again!) and naive.

Unfortunately, the judge's verdict confirmed what we knew already; the B.I.A. can spend money in any way and on anything they please without accountability.

CONSPIRACY

On January 1st, the B.I.A.celebrates it's 2nd anniversary.
Celebration time!
And what better way than with a B.I.A. FAMILY TREE!

THE TWO BONUS PAGES INCLUDED THIS ISSUE INDICATE the various connections that have been pervasive throughout the life of the B.I.A.

First off, for all the businesspeople downtown, including hundreds of very hard working, successful ones, have you ever wondered why the only people who apply (or get appointed) to the B.I.A. are real duds?

But then, why would any talented, energetic businessperson want to dilute his efforts in altruistic, frustrating, bureaucratic exercises?

Why indeed? Have you offered? No way, because you've got better things to do, namely, looking after your own business.

Why contribute so much energy to have it debated, voted, discussed, committeed, when you could make money for your own business with that time.

Why would anyone invite that kind of frustration only to have most of the downtown think you're one of ten socialistic, free-spending morons?

Why, indeed.

No capable, above board person would, unless he/she was extremely naive, - or had an ulterior motive.

The only types that have been attracted to & on the B.I.A. Board of Management are not free enterprising independents -but middle management types who are usually managers in some monolithic corporate entity. They are there because these people like to exercise their authority, not creativity, make plans, not carry them out.

They join to associate with others of their ilk and mostly, they join to use the B.I.A. for their own personal or firm's ulterior motives -while attaching altruistic tags like " I'm doing this for the good of everyone. " to them

Also included in our chart is the London Developement Advisory Board, kind of an old boys' club (except for the obligatory 1 labour man) usually hand picked by the Mayor and rubber stamped by Board Of Control.Our petition last year went to these people last year for a recommendation to Board Of Control. They also influence future planning commerce-wise (although no doubt much goes on behind the scenes).

Who was on the Advisory Board in 1980 & 1981 is interesting.

The chart indicates what I've found so far, the key with numbers (matched up with numbers of chart) indicates the various connections if any. The chart only indicates what I know (or highly suspect where certainty is not indicated), God knows there are probably a lot more skeletons in closets. We are running down a number of leads at the Registry Office, informers, etc. But you can see most people are not on the Board Of Management by accident. If they are, the B.I.A. has been struck by several dozen phenomonal coincidences. Those who were "independents" or not on the "inside" have either quit in disgust or left citing "lack of time". Others have been humiliated out by the abuse handed out by the MetroBulletin (eg. Dennis LeBlanc of Mercantile Bank).

++++++++++++++++++++++++++++++

Paul Moreau, one of our conspirators in the B.I.A. family tree addressed the very subject on May 27 last year(1980) in a conversation to other Board members. We quote: " Paul Moreau stressed the need to prove to merchants and residents in the B.I.A. that there 'is no conspiracy going on, that we are not stealing their money.' "

Ironic.

YOUR B.I.A. FAMILY TREE

THE FAMILY COMPACT

Things are not always what they seem.
The B.I.A. was ostensibly "invented" to promote "business" interests.
Originally, a few early do-gooders may have really felt that way.

But in the time since it has been going (now 2 years), that has never been the intention of the Mayor, Board Of Management, nor of any of the millionaires who have silently and out of public view exploited merchants & tenants so far, of $240,000.

In private business, using private funds, there is nothing immoral about any kind of friendship/partnership where common goals are pursued to their own advantage.

However, there is something evil & wrong when certain parties conspire to defraud taxpayers -particularily when their intent is disguised as something else.

What has happened in the last two years is that major real estate-developement interests have dominated the Mayor & particularily the B.I.A. Board Of Management.

This is ironic because real estate owners do not pay any of the special tax. The whole point of this "conspiracy" is that "tenants" (most merchants) pay the tax to prop up & maintain the property value of vested interests.

Assembling our cast of characters: Norton Wolf, owns several real estate-development companies, 3 of which are Wolf Realty, Carleton Realty, Waldorf Holdings Ltd., The Ivey family has massive investments or land parcels mostly under Alcor Investments, The Ivey name, possibly through friends (John Whaley Q.C.) and partners in the law firm IVEY & DOWLER (we cite Grant Barker, lawyer at Ivey & Dowler, owner of 265 Dundas St.)

We have strong reason to believe Toronto Dominion Bank is also in partnership with the IVEY firms in the Eaton's Centre-type project that will eventually go up in the block bounded by Clarence-Dundas-Wellington-King.

These 3 groups have wide and significant property interests in the core.

Now, our observations, separate from the impact they have on the B.I.A., there is nothing wrong with this. It is to be congratulated that such ambitious plans are being laid by such aggressive companies.

It is when their tenants & other businessmen are forced to pay a large tax in order to preserve someone else's property-value interests. These "tenants" are are in effect helping to keep their own rents higher by (if the B.I.A. did its own ulterior goal properly) subsidizing a protectionist,pro-developement "lobby".

I'm not ever against any developement -unless it's with my money for their profit.

The most acute examples of this infiltration are the projects pushed by key Board of Management members: a) a new 5-year streetscape along Dundas where most Alcor-TD future developement is to occur

b) blockage of suburban mall expansion with our money by Sorrenti-Lerner-CITY CENTRE MALL(ALCOR) to protect the vast property (and rent revenue) of Alcor-Wolf,etc.

c) emphasis on advising other property owners to improve their facades, paint colour continuity, in other words dressing up your property to Alcor standards. A good idea, but not with merchant money!

Coincidentally, the liason between Council & B.I.A. Board of Management is real estate salesman (Alderman) Frank Flitton.

On the next page is a key(description) to the names you see on the chart.

BUSINESS AND PROMOTION MANAGEMENT

Salary	$26,500.	
Benefits	2,000.	
		$28,500.

GENERAL ADMINISTRATION

Secretary	$14,000.	
Benefits	1,400.	
Rent	4,500.	
Telephone	600.	
Postage	2,500.	
Stationery	500.	
Supplies	300.	
Equipment	500.	
Directors' Expenses	1,000.	
Reproduction Costs	1,000.	
Meetings	2,000.	
Audit & Professional Fees	2,000.	
Insurance	400.	
Experience '82	400.	
Contingency	600.	
		$31,700.

B.I.A. proposed 1982 budget.

PROMOTION BUDGET - 1982

London Free Press (Monthly 2-3 page spreads)	$10,000.
Radio	17,500.
Miscellaneous Advertising	2,000.
Midday Madness - to coincide with Ploughing Match in Lucan	4,000.
Homecoming Banners	1,000.
Canada Week - Band	1,000.
Airplane Advertising	500.
Santa Claus Parade Band	1,500.
Contingency	500.
	1,000.
	$39,000.

BEAUTIFICATION BUDGET - 1982

Streetscape Development	$15,000.
Sidewalk Sweeper	5,000.
Flags - 100	2,700.
Installation	1,000.
Christmas Decorations	10,000.
Installation and Maintenance	5,000.
Experience '82 Students	500.
Contingency	800.
TOTAL	$40,000.

PARKING BUDGET - 1982

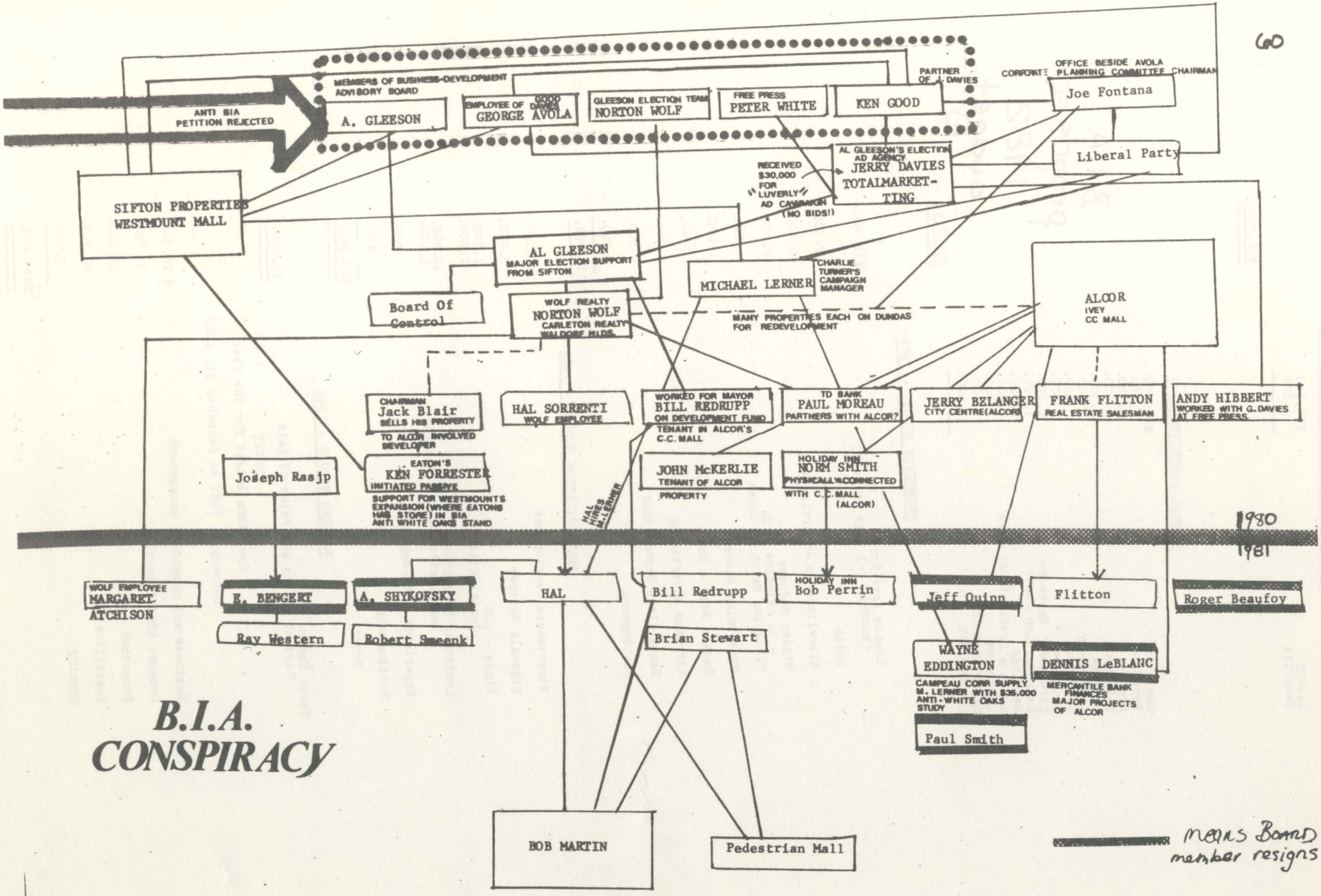
Token Scheme Cost of Tokens and Point of Sale	$5,000.

DRAFT

Operating Budget For The Year

January 1, 1982 to December 31, 1982

Business and promotion management	$ 28,500.
General Administration	31,700.
Promotion	39,000.
Beautification	40,000.
Parking	5,000.
	$144,200.



B.I.A. CONSPIRACY

KEY: LONDON DEVELOPMENT ADVISORY BOARD

This appointed committee advises the Mayor & Council & administration on how to achieve increased development.

A position on this Board is a marketable piece of influence because major Development policy can be influenced.

A note from the minutes of the same Advisory Board meeting where our anti-B.I.A. petition was dealt with explains why certain people would want to be on it: "the Director of Planning presented a verbal report on the possibilities for development in the downtown area. He states we have a strong downtown, and we should market it & accentuate the positive aspects. He states that this could be done by organizing a symposium...seminars...newsletters,brochures. He states that he will not identify sites but good sites do exist. He repeats that our downtown is an asset to London & we should be marketing this asset."

Mr. Draho suggests we should have a preliminary meeting with developers, to determine their views & ideas with regard to the promotion of the downtown area for re-development..."

AL GLEESON

As Mayor , has a large hand in appointing Advisory Board & B.I.A. Board. Facts to bear in mind: Al Gleeson has received significant support in elections from Sifton Developments and downtown development interests. His position on suburban mall expansion was to support Westmount expansion (Sifton), and yet sympathize with downtown Alcor-Wolf-Lerner-Eaton's-Campeau Corp. in stopping White-Oaks. Amazingly, the Mayor wins on both. White-Oaks is squeezed out by lack of clout. Gleeson was ward 7 (SIFTON) alderman when the most growth in the city was on SIFTON land in ward 7. Interestingly development charges for SIFTON were millions too low, the predicament became public after SIFTON building significantly slowed. GLEESON is very active in the Liberal Party and can be seen at all major functions. Sifton,Fontana,Lerner are all active executive Liberals. Gerry Davies, who received the $30,000 ad campaign money from the B.I.A.without any tenders asked from other ad agencies. Davies owns TOTALMARKETING, the Mayor's re-election agency. Ken Good is partner with Davies in the building housing Avola,Davies, Good, Fontana.

NORTON WOLF is good friend and election team heavy

GEORGE AVOLA: Elected in ward 7 with Sifton help. Works as property manager for Davies-Good. Ken Good was partner in SIFTONS until mid '70s. George Avola has office beside Fontana's in Davies-Good building at 111 Waterloo. On Advisory Board.Rejected petition.

NORTON WOLF: Mayor's confidante, has significant real estate holdings downtown and over city. Has properties in close proximity to Alcor's. Two employees on B.I.A. Board. Rounded up most of the first year's B.I.A. Board executives, a revealing move since now it is all put in context. Significant election help to Mayor although WOLF is supposed to be a P.C. Was Chairman of DOWNTOWN LONDON ASSOCIATION in 1964, 1965, the predecessor of B.I.A. On Advisory Board in 1981.

PETER WHITE: Vice-President & defacto of Free Press, receives $15,000 per annum in ads from B.I.A. Has issued 6 editorials in last 20 months supporting B.I.A. (3 on the value of a pedestrian mall -interestingly) Gave biased coverage to B.I.A. in all coverage, including original petition (was on page 10, middle, 6 days after they were informed) and pedestrian mall. Free Press has significant association with the Ivey family (or rather, White does.) Free Press property is second largest property holding downtown. On Advisory Board.

KEN GOOD: Millionaire in partnership with Gerry Davies. Good is former SIFTON Vice President. Rejected petition. May own property downtown. Avola is employee. On advisory Board

Gerry Davies: Worked at Free Press as advertising director until 1969.Does election campaign of Mayor and major Liberals. Received,without competition, the $30,000 1980 ad money for "Discover Downtown-Its Luverly" campaign. Does P.C. gov't in Ontario "Yours to Discover" Tourism campaign, which is almost identical to "Luverly" campaign.

Joe Fontana: Has office beside Avola. On corporate planning committee, having significant interest in development downtown.Active Liberal, seen at all major functions. Supports B.I.A. vigorously.Has been City Hall liason to London East B.I.A., which is also manipulated by a few specific vested interests.

FIRST YEAR B.I.A. BOARD OF MANAGEMENT

HAL SORRENTI: Employee of Norton Wolf, manager of Carleton Realty. 3 major projects on B.I.A. have all been real estate supporting ideas:

1) streetscaping

2) OMB hearings, hiring $1000 a day Liberal bag-man Michael Lerner to stop suburban property development (seriously would affect the rent revenue and property value of Norton Wolf's/Alcor/TD property).

3) Pushing a unified 2nd & 3rd story redevelopment by individual,small proper y owners. Since Carleton & Alcor are (or were) cash rich and do terrific renovation work, they want to use B.I.A. money to badger other property owners to do the same (to protect their property investment). Merchants pay for this at no benefit to themselves. Sorrenti has never been a merchant downtown or anywhere.

BILL REDRUPP: Employee of Price-Waterhouse who do a fair bit of auditing for the City. REDRUPP himself was responsible for investigating the DEVELOPMENT FUND fiasco, a fact that in retrospect might be worth investigating itself, since various vested interests would want to bury that. Price-Waterhouse is a large tenant in Alcor Investments CITY CENTRE MALL building.

JOHN McKERLIE: Owner of Gammage Flowers, though the property is owned by ALCOR/IVEY style co.(Registry office is unclear, by McKerlie said Alcor was landlord in a roundabout way. It seems many Ivey family properties that are being land banked go under many styles.)

PAUL MOREAU: MANAGER OF TD REGIONAL HEAD OFFICE here in LONDON in 1980. Booted upstairs to TORONTO. We have solid word that TD will be 25% owners of EATON'S CENTRE-type development that will take up KING/CLARENCE/DUNDAS/WELLINGTON block

NORM SMITH: MANAGER OF HOLIDAY INN in 1980. HOLIDAY INN, though opposed at first, now vigorous supporters, though they are physically connected to CITY CENTRE MALL. If Alcor talked to Holiday Inn about the "future",we think we know why they are such supporters now.

JERRY BELANGER: MANAGER OF CITY CENTRE MALL, Alcor's man on the scene

FRANK FLITTON: Council liason to B.I.A. Vigorous supporter of B.I.A. even though Frank has no good things to say about what the B.I.A. has done. We know Frank has sold property for major developers, he is a real estate salesman, and maybe the connections are pretty good.

ANDY HIBBERT: Andy had a hole in the wall graphic art firm in a second story downtown building. But Andy knew Gerry Davies (in fact, one wonders what came first, Andy recommending the ad contract to TOTALMKTG. or Totalmarketing recommending Andy to the Board). We suspect Mr. Wolf knew both. Davies & Hibbert worked together at one time.

JACK BLAIR: Jack had TOM MUNRO SPORTS, he retired in mid-1980(while still B.I.A. Chairman!), selling his property to Rivertown Dev. (YMCA purchase), who we have reliable information to the effect that IVEY interests have a percentage in this. Jack was Downtown London Association president in 1976, a position Norton Wolf occupied 10 years earlier. DLA was the sell-out business group that lobbied the B.I.A. through.

KEN FORRESTER: Ken actually took credit for doing all the work to get the B.I.A. established downtown. He also said he formulated the "BIA policy" on suburban mall expansion and said that in the fall of 1980, the Board decided to "passively support Westmount's expansion" and oppose White-Oaks third dept. store expansion.

Your editor did note that EATON's has a store in Westmount, while Simpson's has one in White-Oaks. It is curious that the Mayor, the Business improvement area Board, the Development Advisory Board & the Corporate Planning Committee all came to the identical conclusions about Westmount vs. White-Oaks.

A third dept. store would break the monopoly enjoyed by the SIMPSONS-EATONS duo.

JOSEPH RASJP: Manager of Zellers, a subsidiary of the Bay (owners of Simpsons now.) If anything, you'd think he'd have wondered about this "passive support" for Westmount, where the Bay's competition is, and opposition to "White-Oaks" where the Bay has a store. Tsk. Tsk.

SECOND YEAR BOARD OF MANAGEMENT

When 8 of the 10 hand-picked "conspirators" depart, the conspiracy also breaks apart. New people coming in our confused by contradictory and hidden goals. Most independent merchants quit. The conspiracy recruits two middle management types to shore up the anti-suburban mall-property sentiment on the Board, as well as the pedestrian mall streetscaping, most of which is still being proposed, despite the assumption by downtown a "mall" atmosphere has been defeated.

HAL SORRENTI: Hal stays and completes the agenda set forth by the conspiracy in 1980, to stop suburban development, push the streetscaping (while conceding not to take away traffic) and attending redevelopment conferences with conspirator BOB MARTIN. Martin becomes familiar with the ulterior motives and says on his first day on the job: "A pedestrian mall is a good thing". The conference in Portland Oregon we all paid for was for urban property redevelopment.Meanwhile, David Cram's Five Year plan includes uniform 2nd & 3rd story redevelopment. (And you thought this was supposed to be a merchant's group.)

However, Hal has no set priorities for the conspiracy in 1981 or 1982, and admits that direction is lacking.

MARGARET ATCHISON: A NORTON WOLF EMPLOYEE, (Artistic Ladies Wear, a Wolf business). Appointed to shore up the conspiracy.

Ernie Bengert:of SIMPSONS, replaced by Ray Western who has yet to show up to 2 meetings in 5 months.

Arnold Shykofsky: A smart guy, manager of Richardson Securities. Recruited by Sorrenti because Arnold was educated as an architect (hoping Arnold might unwittingly contribute to the vested interests ulterior motives). Shykofsky resigned soon after joining:after observing how things worked.

Robert Smeenk: Of PINBALL & CRYSTAL PALACES Robert is a mid-year replacement who is a vocal opponent of the conspiracy.

BILL REDRUPP: A holdover from the 1980 conspirators.

Brian Stewart: Brian is the ultimate dupe, a likeable guy who goes hog-wild on all the major conspirator ideas. Has been involved in all three major property

(Stewart -con'd)
-vested interest conspiracies. Except I believe Brian thinks this is fine, because he also works on snow removal, sweeping downtown, etc. Hearts in the right place, but his cerebral gears are well, I like the guy, so how do I put it politely? Oh well, you know what I think of his ideas.

BOB PERRIN: A replacement for Norm Smith, but Bob is still from Holiday Inn. Bob has no idea what is going on, so one neutral vote.

Jeff Quinn: A independent who hardly ever showed up to meetings, then quit

WAYNE EDDINGTON: One of the two major conspirators added to the 1981 roster. Eddington is manager of Wellington Square, and his boss, CAMPEAU CORP., was vigorous in opposing suburban property development. Wayne admitted at his first Board meeting he was there because instructions from head office told him to, admittedly to monitor the B.I.A.'s anti-suburban mall stand.

DENNIS LEBLANC: Manager of the Mercantile Bank, which finances the major ALCOR DEVELOPMENTS. This key conspirator doesn't seem to have been cut out for the abuse someone who joins the BOARD OF MANAGEMENT must expect from the MetroBulletin. LeBlanc resigned a few days after our MetroBonus came out (see B.I.A. Bashing section.) This is a major indicator, as the conspirators seem to be willing to relinquish their hold on the B.I.A. apparatus.

PAUL SMITH: independent in the Market, quit.

Roger Beaufoy: Overcome by conscience, quit a month ago.

Unfortunately, the collapse of these insiders does not mean the waste won't continue. Now they have no goals at all, no enthusiasm, bad attendence and lots of resignations.

(Better hope I don't write your family tree, eh reader?)Merry X-Mas.

HAPPY ANNIVERSARY

Yes, for it was a year ago (more or less) that your editor became responsible for cleaning & renting out the much discussed Dundas St. kiosks.

Now no one is going to give me an award for this,no one really should. But please allow me to blow my own horn.

Before I took them over (most people don't even remember any more, they've been so clean):

1) all 70 garbage/bus stop/display-glass kiosks had layers of posters on them. In tatters, with glued/ripped posters pasted layer over layer. A mess! The city would send out a clean-up crew ONE DAY EVERY THREE MONTHS TO CLEAN THEM, at a day-cost of $1009 (1980 daily cost). Of course, the build-up would commence the next day! The taxpayer was paying $4,000 a year to keep them clean for about a week.

2) If the city were to junk them as they were planning, it would have cost the taxpayer an extra $8,000 just to pull out the 20 display kiosks. I saved the city that cost plus take care of cleaning the 50 non-display kiosks at no charge. (Now it would cost the City $14,000 to remove 28 units.)

3) The B.I.A.'s original nucleus & original business group, THE DOWNTOWN LONDON ASSOCIATION, lobbied City Hall in 1964-1966 for a new "streetscape", (sound familiar) and was the business group responsible for the one we have now. They asked for the kiosks! They asked for the planters. They asked for the wide sidewalks. Now I like most of the main street, so I have no bones about most of this. But how the BIA Board of Management (what's left of them) complains! Norton Wolf was the Chairman of the DOWNTOWN LONDON ASSOCIATION when the present streetscape was being designed & negotiated!

   Once the kiosks were on the street in 1968, they quickly deteriorated even though the DLA had a written contract with the city saying they (the DLA) would take care of them. In fact, the DLA defaulted on their contract with the City financially too. An agreement whereby from 1969 to 1975, the DLA would pay the City $1200 a year for the kiosks was never paid. In 1975, Board Of Control rescinded the agreement, giving up on the kiosks as hopeless then. On the day the City cancelled the contract due to DLA neglect, Jack Blair & Ken Forrester were lobbying to have the downtown designated a B.I.A.

4) In August 1980, after my application was made to take them over & repair them at no cost to taxpayer, the B.I.A. sent Board executive John McKerlie (formerly DLA) to Board Of Control saying that "it was impossible for anyone to keep the kiosks clean, including Mr. Emery. No matter how I tried, I was never able to keep just the one kiosk in front of my store clean."

   Which just goes to show that what is impossible for the BIA (couldn't keep one kiosk clean?!) is one normal achievement for a mere mortal not privileged with a ¼ million bucks in stolen money, full time executives, secretaries, et al.

5) On receipt of the kiosks, several problems arose:
   1) all keys to the kiosks were unusable, requiring new locks to be put on all of them
   2) over $300 a year is required by me for $1,000,000 liability (in case someone puts their head through the glass -and that's my fault!) & the infamous performance bond insurance.

   A performance bond is alot more serious that you think.

The performance bond is a contract between myself & an insurance Co. that says
a) if I stop cleaning the kiosks, the City will require the bonding Company to pay for their removal -$8,000.

I pay a premium of $200 a year for this. It is however, very dangerous to me. When the bonding company is called upon to remove them (at City costs), they then sue me to recover their money.

In essence, my premium is a " bond " that guarantees that the City, who before me was very anxious to get rid of them with taxpayer funds, will now never have to pay to get rid of them. Yet, the one group that keeps complaining & demanding the City's contract with me be voided is the B.I.A.

Yet the only direct complaint that has ever occurred in the last year and a half is from Brian Stewart's Utopia Committee of the B.I.A. (a.k.a. known as Bee-yoo-tiff-ee-kashun Comm.). It was lodged in Feb. 1981

The complaint was aired in the media as saying "merchants were complaining".

Although there was no evidence as far as I could see, of neglect, letters had to be written, hassles, etc. and finally a concilliatory meeting at City Hall with the BIA Board, me, three top City administrators.

What was their proof at this expressly called meeting? 4 snapshots.

2 of them-the same kiosk at a different angle showing one poster attached.

1 of them- a kiosk with a light out!

1 of them- showing a kiosk with a tame Playboy magazine sealed in plastic inside

I remarked (in shock) that the poster on the one kiosk was removed the next day after it was attached, which is what we're supposed to do, and Brian Stewart admitted that it was probably true -he didn't check!

As I left (laughing my head off and half furious), a very senior administrator said " what a bunch of nitpicking assholes"

Too true.

Did you know that back in January to April, Brian Stewart actually had a sub-committee to check all the kiosks each night to find posters on kiosks! The Committee member who was "assigned" (can you believe it?!) to monitor the kiosks between Clarence & Wellington told me this just after he quit the committee. Incidentally, over 20 committee members have quit as well as 10 Board members. Now you know why.

In November (a month ago), on top of the $300 in "insurance" the City forces me to pay, $110 in taxes was demanded for 1981, as now the kiosks are taxable & subject to business tax! Ironically, an $11 B.I.A.sur-tax was requested! (Our answer was a variant on drop dead)

I also have to pay $24 an hour to get any electrical work done inside the kiosks (standard repair) even though the City owns them, I only rent.

But the good news is that we have alot of people interested in them; the revenues of the kiosks all go to pay for this magazine. What a deal -retailers get cheap kiosk advertising, a clean main street & the world's best downtown business magazine, ain't capitalism grand!

...TO ME

Oh No the police!

BILL 157

An Act to provide
for the Licensing of Businesses
by Municipalities

1st Reading

October 29th, 1981

2nd Reading

3rd Reading

THE HON. C. BENNETT
Minister of Municipal Affairs and Housing

(Government Bill)

---4. City Clerk, advising as follows re The Municipal Licencing Act - 1981 (November 13, 1981):

On Thursday, October 29, 1981, the Municipal Licencing Act - 1981, was given first reading in the Ontario Legislature. The Act is identified as Bill 157, and the Minister of Municipal Affairs and Housing forwarded a copy of this Bill to each Ontario municipality for information and comment, and I enclose a copy with this report.

The Minister indicated that the exact date for second reading of this Bill has not been set, but that it could be debated in the next two or three weeks. This may be a little early if the Minister expects comments from various municipalities and perhaps we should convey this concern to the Minister's office so that sufficient time can be allowed for appropriate input.

I will attempt to highlight the significant changes which are being proposed in the Municipal Licencing Legislation for your information, namely:

Section 2(1) Municipalities will be permitted to pass by-laws for licencing, regulating and governing any business carried on within the municipality.

B. of C. - 6

Section 2(4)(e) The municipality will have the power to require an applicant for a licence, as a condition of the granting of a licence, to submit to an examination to determine the applicant's competence to carry on or engage in the said business.

Section 2(4)(f) The municipality will have power to regulate, govern and inspect the premises, facilities, equipment, vehicles and other personal property used or kept for hire in connection with the carrying on of the business.

Section 2(4)(g) The municipality will have power to require the person carrying on or engaged in the business to provide public liability, property damage, cargo or other insurance as may be prescribed in the by-law.

Section 2(4)(h) The municipality will have the power to grant or refuse a licence for the carrying on or engaging in of such business or to revoke or suspend such licence, subject however, to the fact that the Council shall not be permitted to refuse to grant a licence to any applicant or suspend or revoke the licence of any person without first affording to such applicant or person the opportunity to be heard.

Section 2(4)(h)(3) The municipality may provide for hearings for those persons who wish to be heard under the above Section by the appointment of a Committee to consist of one or more persons, at least one of whom shall be a member of Council.

Section 2(4)(i) The municipality will have the power to fix the time for which the licence shall be in force.

Section 2(4)(j) The municipality will have the power to fix the fee to be paid for the licence as a condition of the licence being granted, which fee may be such amount as the Council considers advisable. A further sub-section limits the amount of fees to be imposed by the municipality to $10.00 per annum, or $25.00 per annum where an inspection is required in respect of a business as a condition precedent to the granting of the licence. A further sub-section allows, as an alternative to fixing fees in accordance with this Section, for the Council to fix the fees for licences issued by it in such amounts that the total of the fees paid to the municipality for all such licences in any year does not exceed the total of all expenditures made by the municipality in that year for administering and enforcing the licencing by-laws of the municipality in respect of those licences.

Section 6 The new legislation will provide that a by-law passed, or continued in force under the authority of this Act shall, upon the expiry of five years from the date of its passing, or from the date of this Act, whichever is later, shall be deemed to have been repealed.

This proposed bill received first reading at Queen's Park on Oct 29, and is now being circulated amongst municipal gov'ts for their opinion.

Board Of Control discussed it on November 18. Deputy Clerk Ken Sadler reported to BoC. that BILL 157 would give Council (though mostly B.O. Control, if you know how the system works)power to licence (or refuse), regulate, attach performance standards, REQUIRE EXAMS OF ANY BUSINESSMAN, restrict areas/hours/terms of business.

When asked what limits there are on current licencing laws, Mr. Sadler said ominously " wherever the provincial law has permitted, we have passed licencing laws on most businesses at various times. There still exists on the books somewhere a 'hat licencing law'amongst others.Since we now issue up to 5 or 6 licences per business,a law allowing us to licence the whole business in one procedure is desirable.

This provincial mandate would make the administrations' job alot easier."

NEEDLESS TO SAY!

Only Orlando Zamprogna gave strenuous opposition to the bill, saying quite properly it was " a police state of controls " proposal. (con'd next page)

The specific relevent laws are listed on the previous page & THEY CAN APPLY TO ANY BUSINESS, INCLUDING YOURS, as the Deputy Clerk points out in his introduction.

Judy White (Controller) had nominal objections to the BILL for reasons she chose not to articulate, Art Cartier was concerned that the fees the province would limit the city to charging,was too low! Conroller Bigelow said nothing, obviously asleep or relishing all this new power for Board Of Control. Al Gleeson presided in his dignified non-committal way and probably approves of the new bill.

IT IS NOT LAW! YET!

Call area MPP's and beg not to let local politicians have such broad discretionary powers: Call Gord Walker's office 434-7442, or write Constituency Office,220 Wellington

Call Ron Van Horne office 438-1763/write C.O. 6-1140 Adelaide St.

Call David Peterson -433-6631/write: 419 Dundas St.

The law was intended originally to limit body rub parlors but it now goes far beyond that (need I add "I told you so"). It almost seems that body rub parlors/video arcades are a form of gov't propoaganda that the gov't uses to find favour with the public while really designing the law to bring everyone under its thumb.

Zamprogna warns police state ahead in licensing laws

Reprinted from Free Press Nov. 19,1981

An Orwellian future was predicted for London by Con. Orlando Zamprogna Wednesday when he warned that legislation being advanced by the provincial government would lead to a "police state of business controls."

"We are going to legislate ourselves into oblivion," said an exasperated Zamprogna after he was told at board of control that the proposed change to licensing laws would bring everyone from florists to lawyers under the big eye of city hall.

The proposal, which could receive second reading by the end of this month, is an outgrowth of Toronto's attempts to curb body-rub parlors. But it is far more embracing and would govern "any business carried on within the municipality."

Zamprogna said to enforce the sweeping powers of the proposed Municipal Licensing Act, "we would almost have to set up a police state of business controls."

"There is always one owner or business the pressure is on to regulate. The whole bureaucracy grows."

Deputy city clerk Ken Sadler said the act would cover just about any business operation within a municipality. And agencies involved with licensing "would welcome, basically, the type of legislation" proposed.

He plans to prepare a report on the licensing plan which could form the basis for an official city reponse to the ministry of municipal affairs and housing.

One of the advantages, Sadler said, would be that "you would license the business, not the product." Present municipal licensing is a cumbersome affair, especially for variety stores, which need individual licences to sell items such as bread, milk, tobacco and meat. "Under the (new) act, we would be able to issue one licence."

Zamprogna said the legislation could result in the London Life building requiring a business licence, along with lawyers, newspapers and radio stations. "Can you imagine coming before council saying, 'Please let me sell my flowers.'"

He asked whether city hall would be subject to the act.

"Government is not a business. . . . There is no profit," said Sadler.

"Just a loss," interjected Mayor Al Gleeson.