

Halton Hills Outlook

Their Outlook

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Playing the spy game



Ottawa Report

By Stewart MacLeod
Thomson News Service

Looking back on that spy expulsion contest we held with the Soviet Union, one arrives at the inescapable conclusion that the Canadian government doesn't qualify for first prize.

It's a good thing the tit-for-tat expulsions ended when they did; otherwise, it could have turned into a long-running farce. Come to think of it, some farcical aspects had already begun to appear.

In the best of circumstances, Canada would require a very large handicap to win any spy-expulsion game with the Soviets. And if we insist on playing by their rules - which we did this time - a Canadian victory is all but impossible.

Playing by Soviet rules means that the public is told virtually nothing about expelled spies. "Unacceptable behavior" is the favorite catch-all phrase to cover such activities.

In this business, we should follow the basic American rules - that is, when any Soviet is expelled for spying, tell the people exactly what the culprit had done, or tried to do, how he or she was caught, and all other relevant details.

That's one thing the Americans do well. Once a bare detail is released, there is a tendency to let everything hand out.

But not here. The external affairs department hates talking about spies. In fact, the department is not particularly chatty about anything - except, perhaps, Joe Clark's next goodwill trip abroad.

ALWAYS RETALIATION
It's not as though we are inexperienced when it comes to kicking out the odd Soviet spy. And, if there is one certainty, it's that the Soviets will retaliate. In diplomatic circles, this is called the deterrence factor - any country expelling Soviets must expect to have some of its own diplomats sent home.

Normally, the expulsions end there. But in this case, Canada retaliated against the Soviet retaliation, which forced the Soviets into a second round. And this was a devastating blow to Canada because it involved the withdrawal of 25 Soviet support staff from our embassy in Moscow.

Now this is a war we had no chance of winning. The Soviets, with thousands of English-speaking diplomats in Canada with virtually no local labor. But it's not that way in the Canadian diplomatic corps. Without Russian-speaking support staff, our Moscow embassy would be crippled.

So, it's difficult to know why Canada decided to go ahead with the second round of expulsions - particularly while playing by those Russian rules of not providing any details or evidence of the spying allegations.

If the second-round expulsions involved actual spies, why weren't they booted out with the first group? If no spying was involved, why get further embroiled in a numbers game with a superpower, knowing we can't win?

CALLED HALT

Naturally, it was Canada that took the initiative to end the ill-timed tit-for-tat contest. Mr. Clark called in the Soviet ambassador, who said later they had a "very useful talk."

If future cases of espionage arise - which is likely - the external affairs minister should provide a detailed briefing on what took place, expel the spies, and accept the inevitable response. This will, at least, give the impression that the Soviets were actually guilty of spying, while they were merely retaliating on a matter of principle.

Without a detailed briefing, our case is no more convincing than Moscow's, particularly when we learn that some of those declared persona non grata haven't been in this country for 10 years.

Another thing: I don't think external affairs adds much credibility to the case by continuing to insist that Canada does not send any spies abroad. What I mean is, just what are embassies for if not to gather information?

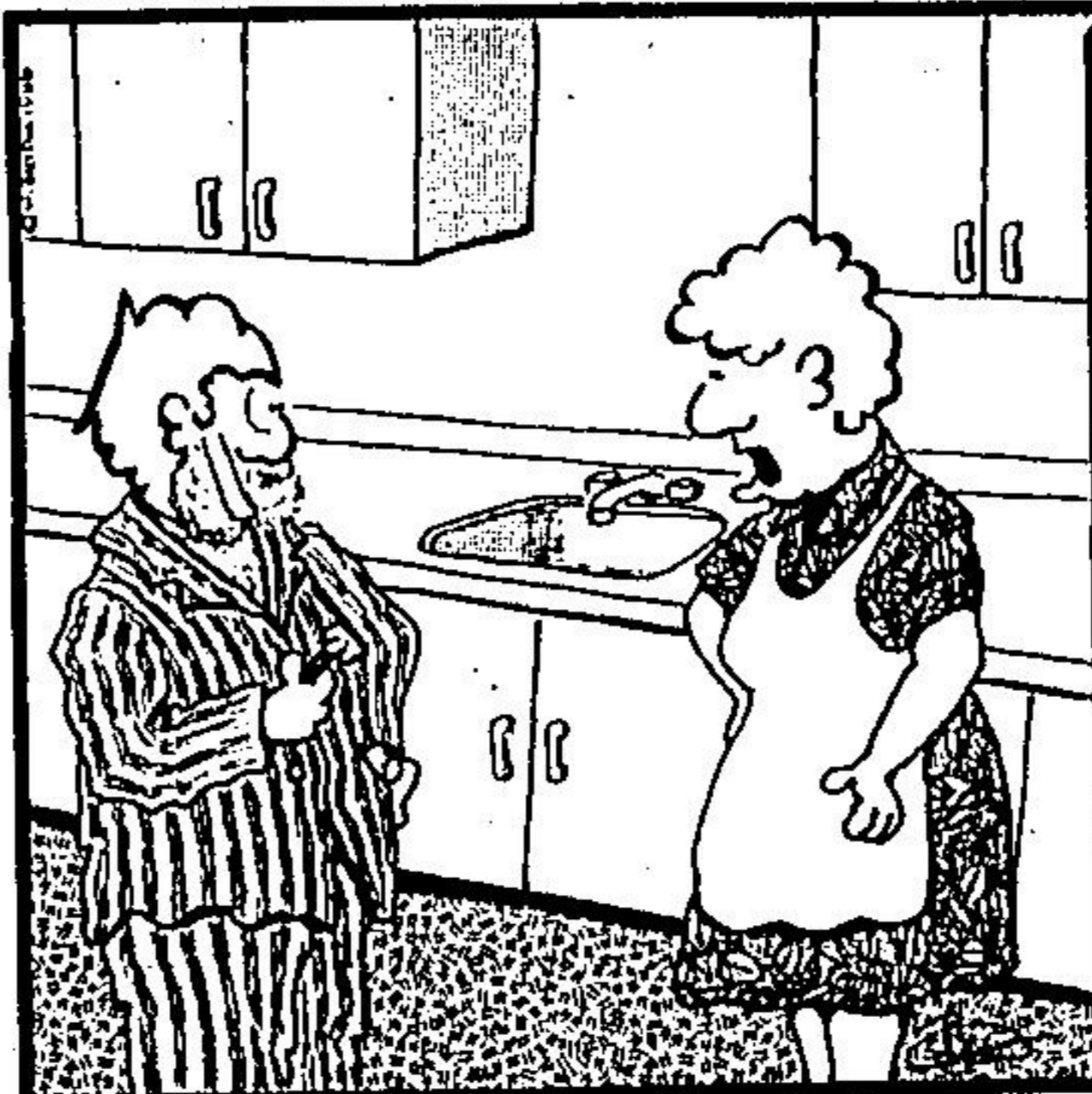
Perhaps our diplomats haven't graduated from spy schools, nor do they necessarily stand behind bushes with binoculars. But how do you think our three military attaches in Moscow, or the three Soviet military attaches in Ottawa, spend their days? Making artificial flowers for peace marchers?

No, when Canada decides it's necessary to boot out eight Soviets for spying, we have every right to assume it involved a major espionage operation. And we not only have a right to assume this, we also have a right to know the details.

This, at least, would make it a tad more awkward for the Soviets to retaliate without explanations.

Two's a Crowd

By BILL BUTTLE



I PEEL THE CARROTS WITH IT, WHY?

The deregulation fracas



Your Business

By DIANNE MALEY
Business Analyst
Thomson News Service

A year has passed since Canada set sail in the uncharted waters of financial deregulation - and what a year it's been.

Wood Gundy has fallen to the Canadian Imperial Bank of Commerce; Dominion Securities is controlled by the Royal Bank of Canada; McLeod Young Weir by the Bank of Nova Scotia and Nesbitt Thomson by the Bank of Montreal.

Yet, one short year ago, on the eve of Canada's version of the Big Bang, no such alliances were foreseen. At that time, the anticipated predators were American and Japanese investment dealers, who, it was thought, would swoop down and grab Canada's fat, coddled stockbrokerages.

It all started when Ontario stepped in with a modest proposal to let American investment dealers buy up to a third of their much smaller Canadian counterparts. Behind closed doors, brokers began striking deals with Americans.

Suddenly, from out of nowhere, Canadian bankers stormed onto the scene, demanding to be let in, too. Bankers accused regulators of snatching the investment business from under their noses, handing it over to foreigners. Banking and investment dealing have been separated in North America since the 1930s, when bankers lost depositors' money on

the stock market.

BANKERS' VIEW

Leading the fight to let bankers in to the business was the Toronto-Dominion Bank and its outspoken chairman, Dick Thomson. Oddly enough, the T-D is the only one of the Big Five chartered banks that did not buy an investment dealer, preferring to build from within instead.

"Only time will tell if we were right and the others were wrong," says Charlie Baillie, executive vice-president, treasury and investment banking, at the Toronto-Dominion. "Maybe we're all wrong," he said, mindful of how much the stock market crash has hurt dealers' profits.

The Toronto-Dominion entered the business through its discount brokerage subsidiary, Green Line Investor Services. Today, customers at most bank branches across the country can buy mutual funds, government bonds and treasury bills, or set up a Green Line account.

This week, the bank launched its new family of no-load mutual funds; investors can switch from one fund to another free of charge, Mr. Baillie said.

Asked if bankers face a potential conflict of interest by going into the brokerage business, Mr. Baillie admitted that they do. "There are all kinds of conflicts of interest, whether you bought a dealer or didn't," he said. "We're trying to come to grips with them."

So are government regulators. In the meantime, bankers lend a degree of stability and financial strength to the business that was not there before.

Horror in Hormuz



Staff Comment

By BRIAN MACLEOD

In the days following the actions of the US warship Vincennes in the Persian Gulf, which resulted in the deaths of 290 innocent Iranians aboard an airliner, many people in the west have been rushing to the defence of the Americans.

But if ever a country had to eat its words, the US is demonstrating the proper technique.

The Americans were as outspoken as any country in condemning the Russians five years ago when they shot down a Korean airliner killing 269 people.

The circumstances may have been different this time but the results are the same. Hundreds of innocent people are dead.

The most sophisticated warship in the US navy couldn't tell the difference between a tiny, fast moving F-14 jet and a much larger and slower passenger airliner and the result was catastrophic.

It means we in the west have a lot to learn.

The ensuing events show we've learned a lot.

The tragedy proves, once and for all, that even with the most sophisticated battle equipment on the Earth's waters, technology is only as good as the people using it.

The incident also showed the US watched carefully in 1983 when the Soviets waited for five days before admitting to shooting down the airliner. Meanwhile, the rest of the world's anger boiled.

Instead of stalling, the Americans took just 3 1/2 hours to admit their mistake.

The fact is, that incident never would have happened if President Reagan hadn't led the way with his trigger-happy moves in Libya. His actions set the tone for the military.

Since Vietnam, the US never used its might on a tiny nation - until Libya. That action freed up the military to use its power in the middle east without worrying about setting a trend. They were just following an example set by their president.

It's easy to feel frustrated with the Iranians. All we see are people gathered in the streets chanting "Death to America."

Don't forget, these people feel they've been shafted by the US for three decades. Even so, it's only a few who ham it up for the cameras that we see on television. Most Iranians don't spend their time in the streets chanting.

The 290 people on that plane can only be seen as innocent bystanders.

Claims by the US that the plane acted like an F-14 jet, or that it was sent on a suicide mission or that it was masking an F-14 from radar detection can only be seen as desperate attempts to keep their image clean.

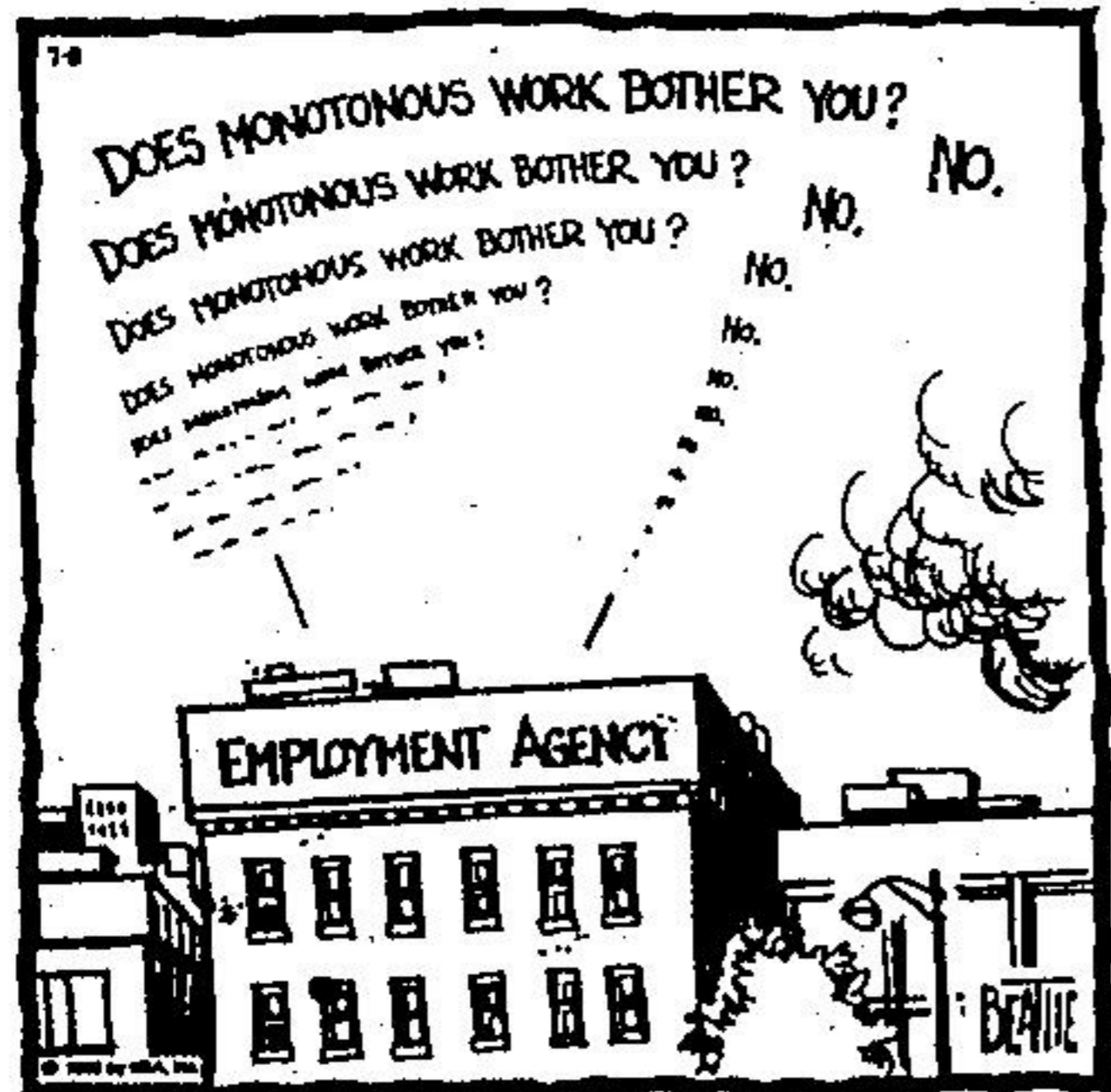
But answer yourself one question. What would happen if the situation was reversed? What if the Iranians shot down an American airliner and said it was a mistake?

God help the Ayatollah.

Regardless of the excuses, the extenuating circumstances, the hindsight analysis and the mutual feelings between the two countries the shoot-first-and-ask-questions-later mentality had better not prevail in the future.

And it shouldn't have on July 3.

The Americans should have made damn sure it was a fighter before they shot it down.



By MARLOWE C. DICKSON

Morning has always been

special to me

like a squeaky-clean

plate between the folds of a tea towel
As with grease people take the squeak away.

Poet's corner