

the HERALD Outlook

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Soviets sold us more than we sold them



Your Business
Diane Maley
Thomson News Service

In 1987, the Soviet Union sold us \$35 million worth of goods; we sold it \$659 million worth.

The glaring trade imbalance gave Chuck Loewen a good idea. The Soviet Union needs foreign currency to buy our goods. The only way they can earn it is by exporting.

Enter the Winchester Group, a company founded by Mr. Loewen and his partner, Bruce Emonson. The company's purpose is to import goods from the Soviet Union for sale in Canada.

Mr. Loewen is chairman of Loewen, Ondaatje, McCutcheon, a Toronto stockbroker. Mr. Emonson is one of the founders of the CTV Network. On the board of the Winchester Group are some other well known people: Barney Danson, the affable former federal cabinet minister; Aldred Chan, founder of Etac Sales, which imports goods from China; and Andy Sarlos, a Toronto investment counsellor.

Among the goods the company imports are heavy industrial equipment, escalators, pianos, telescopes, binoculars, clothing, crystal and porcelain. Winchester also is among the founding members of the Canada-U.S.S.R. Business Council, a new group set up to promote trade between the two countries.

OLD HANDS

Winchester has been in business only two years. Already, Mr.

Loewen and his associates have become experts at doing business in the Soviet Union. You see, they started before glasnost (openness) and perestroika (restructuring) really took hold. Before Soviet Leader Mikhail Gorbachev threw the doors open to Western business in January.

They learned the hard way.

Finding buyers for Soviet goods is not the problem. Mr. Loewen said in an interview in his posh downtown Toronto office. Getting the factory operators to sell is the tough part. "You say, 'We can sell this if you price it right.' They say, 'Wait a minute. This is good stuff. We can use it ourselves - there are people lined up to buy it.'" And that's that.

As well, production schedules are rigid. Would-be buyers have to place their orders at the right time (for the factory) or not at all.

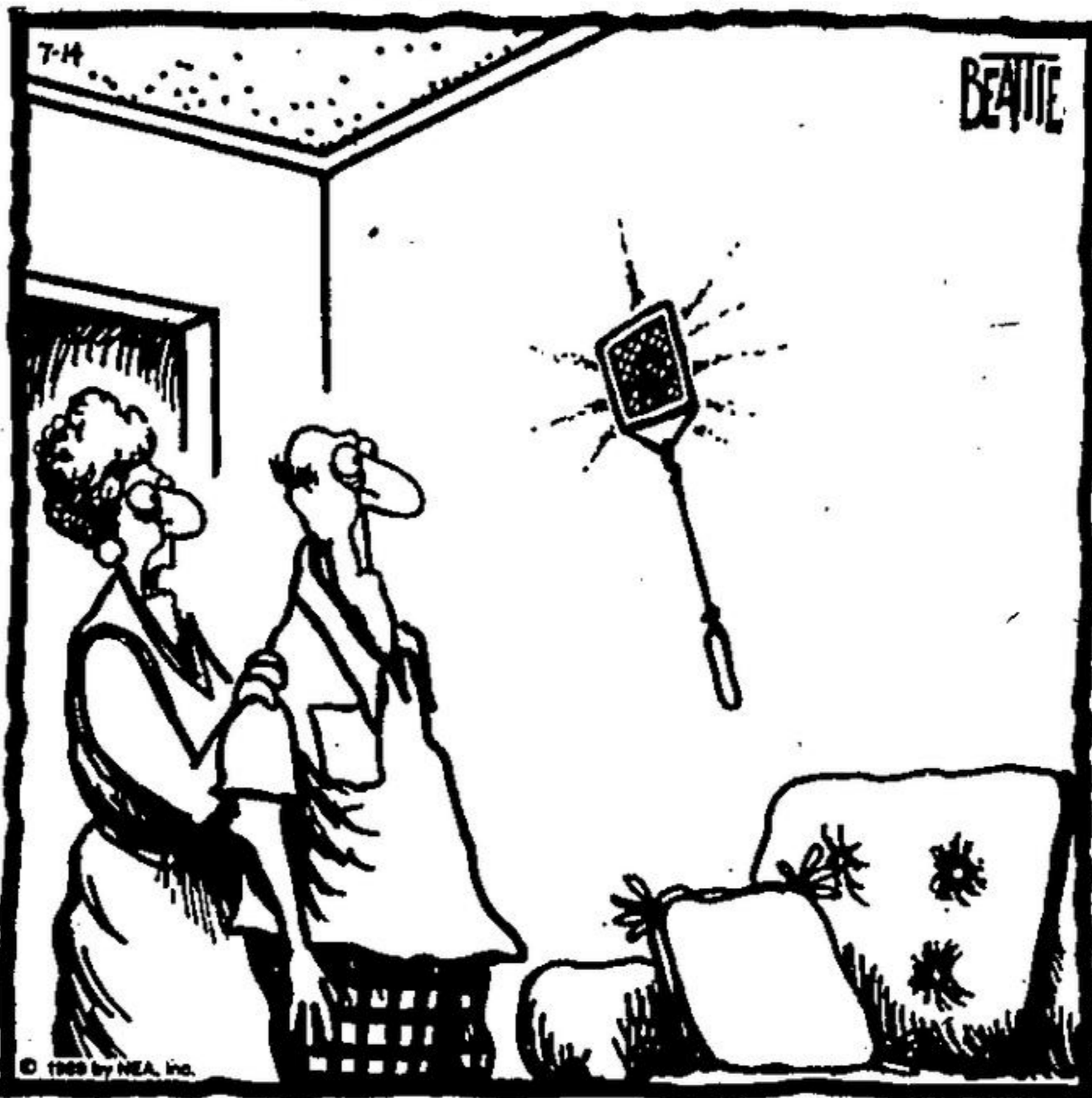
But the real problem is delivery. Prompt delivery is not an idea the Soviets are familiar with. As a result, Winchester had the unhappy experience of finally getting a shipment of Soviet-made pianos long after a fall trade show designed to spur Christmas sales.

BETTER NOW

Perestroika is expected to put a gradual end to the problems because Soviet and foreign businesses will be allowed to deal directly with each other, Mr. Loewen says. The opportunities for a company like the Winchester Group are tremendous.

The company has spun off its original subsidiaries into separate operating divisions for each product line. Once the parent company has spotted something it wants to import, it looks around for an expert in the field to run the subsidiary.

SNAFU® by Bruce Beattie



"He must have been eating glue just before I got him."

Canada's research effort fails miserably



Ottawa

Vic Parsons

There's a wealth of words to describe Canada's research and development effort. Deplorable, disgraceful, dismal and abysmal are some that spring to mind.

Unfortunately, while there's much ado about our inertia on the R and D front, much of it consists of finger-pointing.

The differences were apparent when government, industry and academic experts met recently in Halifax for a session of the National Forum of Science and Technology advisory Councils.

What occurred was a free-wheeling discussion about the state of Canadian technology. But much of that talk focused on the same tired refrain: Industry demanding more tax breaks to do research, with government responding that it's up to business to take the lead.

It's frustrating that while this impasse continues, the country falls further behind in the R and D competition with other industrial nations.

What are the facts? Of eight major industrial powers, Canada funds the least research. We spend 1.36 per cent of our gross domestic product on it. We're not even close to our nearest rival. The other seven all spend at least two per cent.

Moreover, the share of R and D funding paid by Canadian industry is barely more than half the total, at 50.8 per cent. Compare that to the United States, Germany and Japan or even socialist Sweden - where industry pays about 70 per cent.

POOR PERFORMANCE

We also rank lowest in international patents per 100,000 persons, scientists and engineers in the labor force and the number of technology-intensive industries with a positive trade balance.

Canada is second-lowest in government-funded and academic

research, and in domestic patents per 100,000 population.

We place in the middle of the pack in government-performed R and D and advanced degrees awarded per 100,000. We lead in none of the indicators.

Only about three per cent of Canadian manufacturers do any R and D. Yet, home-grown, research-intensive manufacturers do substantially more than foreign-controlled companies, an Ontario study shows. This is especially significant because 46 per cent of our manufacturers have foreign head offices.

These facts provoked Ontario Premier David Peterson to call for screening of foreign takeovers of successful Canadian high-tech firms.

Several have fallen into foreign hands recently, including Lumonics Inc., the world's third-largest laser firm; Mitel Corp. and Leigh Instruments Ltd. All are located in Kanata, Ont.

Some business leaders have criticized Peterson for reviving the idea of an effective screening agency, and they've pumped life into the old argument that Canadians don't have the money to invest in such ventures. Interestingly, Investment Canada just released figures showing that Canadian firms invested \$12.9 billion in foreign firms last year, while only \$8.1 billion of foreign cash came this way. The money must be there.

DEBT PROBLEMS

Prime Minister Brian Mulroney's Halifax contribution was to say that the deficit does not allow the government to invest in science and technology. He was backed up by junior science minister William Winegard, who blamed the private sector for not doing its job and who added government spending is not the way to attack the problem.

This is a long way from Mulroney's 1984 promise to double R and D spending. But, more than that, it is short-sighted because money spent on science and technology is an investment in the future.

Egos up their sleeves



Queen's Park
Derek Nelson
Thomson News Service

The wild card hidden up every politician's sleeve is ego.

It is easy enough to carefully weigh all the factors involved in a decision in the most thoughtful and rational manner to reach an obvious conclusion.

And then do the opposite. It is the political equivalent of drawing to an inside straight in poker.

It is a wild gamble, driven by the ego saying: I can do it.

Premier David Peterson knows all the arguments against him running for leader of the federal Liberal Party.

He is from Ontario, and a provincial premier to boot who has already made enemies in western Canada for his Toronto-centred thinking.

His French is described by those who know the language as only passable, and on the usual traditional Liberal leadership rotation basis, it is a francophone's turn.

He is one of the craftsmen who created that widely detested document, the Meech Lake accord.

He probably can't beat Jean Chretien anyway.

But still, there is ego.

In the 12 months between now and the federal Liberal leadership vote in Calgary next June, we are going to see Peterson's ego stroked in incredible ways.

It's already happening.

Quebec Premier Robert Bourassa touts him the best candidate for the job.

The premiers of Newfoundland and Prince Edward Island have only nice things to say about him.

Flattering stories appear in the media about Peterson's voter appeal and his success at turning around a bankrupt and going nowhere provincial Liberal party.

It is all very heady: Peterson as Grit savior.

And now the premier has apparently taken the first step.

Where before he adamantly ruled out running federally, he now hedges the bet slightly.

After one recent hour-long interview, the reporter noted that "not once did he say: Look, I'm not going to run."

"NOT LIKELY"

"It's not likely. A lot of people have come to me... and I have told them, don't hold up your plans waiting for me... I am very happy where I am," she quoted him as saying.

Ah, yes, but would he be even happier as prime minister?

It is intriguing that Peterson's recent speech in Halifax dealt almost exclusively with the federal scene, with the need to create a "national science and technology strategy for Canada."

It is equally interesting that Peterson seems to think himself better able to (in the reporter's word) "articulate the strong national leadership - the vision of what Canada means" than Brian Mulroney.

And - does it go without saying - Jean Chretien?

What a boost for Peterson's ego, to be told and perhaps to believe that only he has the talent to keep the country together.

Berry's World



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Jim Berry

"I always thought of you as a fun, campy kind of guy until I saw your new movie. What happened?"