

Cross-border shopping is linked to free trade

By DIANNE MALEY
Business Analyst
Thomson News Service

In a world where multinational corporations shift from Korea to Taiwan to Mexico in search of cheap labor, it is not immoral for Canadians to shop in the United States. Those who say it is are confused.

But cross-border shopping has become mighty inconvenient for Canadian retailers. The number of one-day car trips to the United States leaped 27.3 per cent in February from the corresponding month last year, Statistics Canada numbers show. Analysts estimate that Ontario alone loses \$1 billion of retail sales to the Americans each year.

The morality argument holds that border-hoppers are hypocrites because they enjoy the benefits of living in Canada and shopping in the United States. Canadian retail sales help support Canada's health and welfare programs, so the argument goes. Buying American is unpatriotic.

NOT THE ISSUE

But the morality issue doesn't stop companies from laying people off. It should come as no surprise, then, that people decide to lay off their local retailers by slipping down to the United States to shop. Wealthy people have been doing this all along.

Two wrongs don't make a right, you might argue. True enough. In the economic system that prevails in North America, though, layoffs are not considered wrong. They are an economic issue, not a moral one. And so is where you shop.

The question of Canada's health and welfare programs is more complex. There is no direct

connection between retail sales and welfare or medicare. Whatever indirect connection there may be is tenuous.

To some extent, retail prices may be higher in Canada because of higher corporate taxes. But corporate taxes make up only about eight per cent of total federal tax revenue. So the survival of medicare does not depend on corporations.

STILL A PROBLEM

Cross-border shopping also results in a loss of government tax revenue. If it continues, it will result in lost jobs in retailing. This still does not make it a moral issue.

As an economic problem, it

could be serious. It is symptomatic of the problems that have beset this country for so long. Canada has grown up in the shadow of the United States. Not to adopt the Americans' high standard of living would have undermined the country politically. To adopt it when we could not afford it has had much the same effect.

One can trace the big rise in

cross-border shopping to the free-trade agreement between Canada and the United States. Inadvertently, the federal government's defence of the agreement focused Canadians' attention on how inexpensive things were south of the border. It was as if the tariff walls were lifted overnight.

This is what free trade is like, folks. How do you like it so far?

Open house

The Georgetown premix plant of BASF Canada Inc. is holding an "Open House" on Thursday, May 2, 1991, to mark the completion of a major modernization program, which establishes the facility as one of the most modern animal nutrient feed mixing operations in the world.

The plant, located on Todd Road, was acquired by BASF in 1982 from Fortamix Chemicals Ltd., which had operated the facility since 1968. This plant has a capacity of 5500 tonnes of animal nutrient products a year, supplying customers in Ontario and other parts of Canada.

The investment in the Georgetown plant reflects BASF's growing commitment to the Canadian marketplace in general, and to the animal nutrient business in particular. In all, BASF employees number more than 1,400 people across Canada, generating sales of nearly \$600 million annually.

BASF representatives in attendance will be Dr. Norbert Albers, PhD, Animal Nutritionist, of Ludwigshafen, Germany, representing our parent company, and Mr. Christoph von Krafft, President of BASF Canada Inc., along with a number of other senior managers.



Changing of the guard

Georgetown Royal Bank branches on Main Street and Guelphview Plaza have a new manager of Personal Banking. Steve Hay (left) takes over from outgoing Manager, Mike McGuire, who has been transferred to the Royal Bank's main branch in Sudbury as Manager of Personal Banking. Mr. McGuire, with 18 years service in the Royal Bank, worked in Georgetown for three years. Mr. Hay, who has been with the Royal Bank for just over 11 years, worked in Waterloo as Manager of Private Banking prior to his transfer in Georgetown. (Herald photo)

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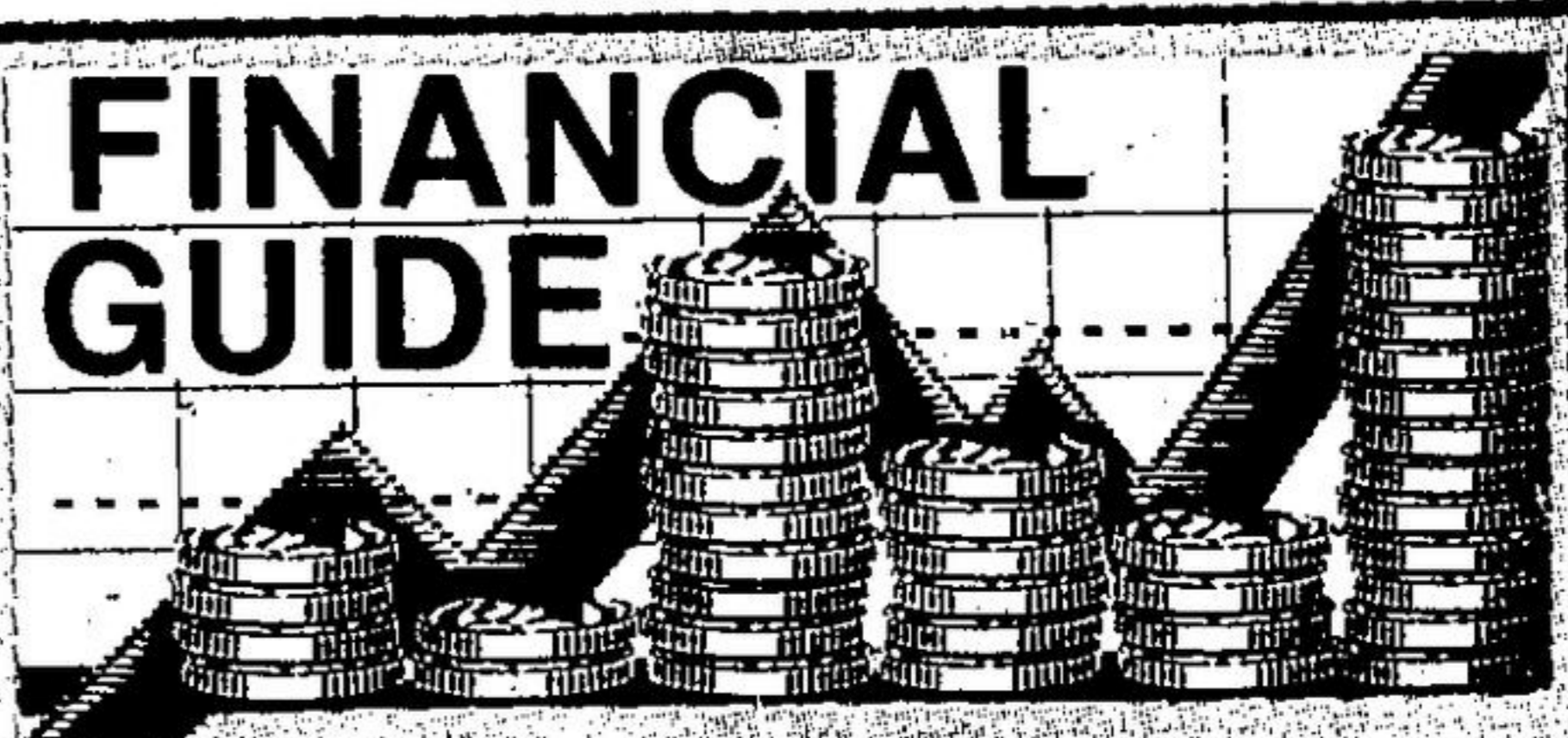
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Q. I am a commission salesman and have always been entitled to deduct office in-home expenses on my tax return. I heard that the rules for claiming these expenses have become quite strict. Does this mean that I will no longer be able to claim my office in-home expenses?



KEVIN CHEMELYTZKI

A. Not necessarily. For 1990, the rules have not changed. However, after 1990, there will be more restrictions as to how the home office must be used. In order to claim expenses, the home office must be either your principal place of employment or it must be used by you exclusively for the purpose of earning income and used on a regular and continuous basis for meeting customers for business reasons.

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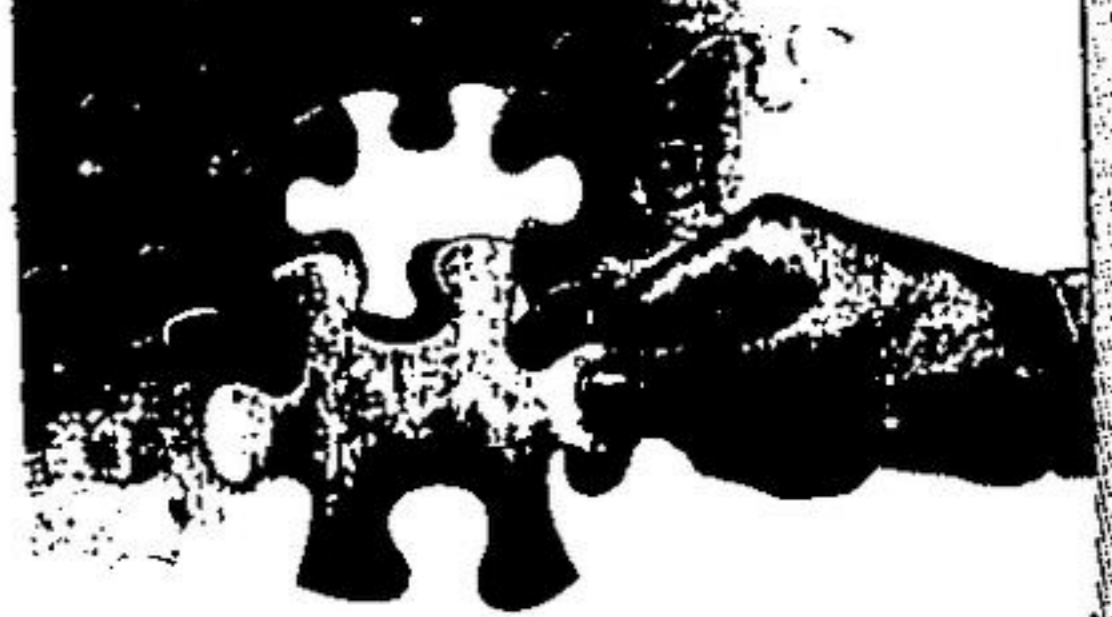
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