

We may
yet see how
Time flies

U.S.-based magazines' exemption power challenged

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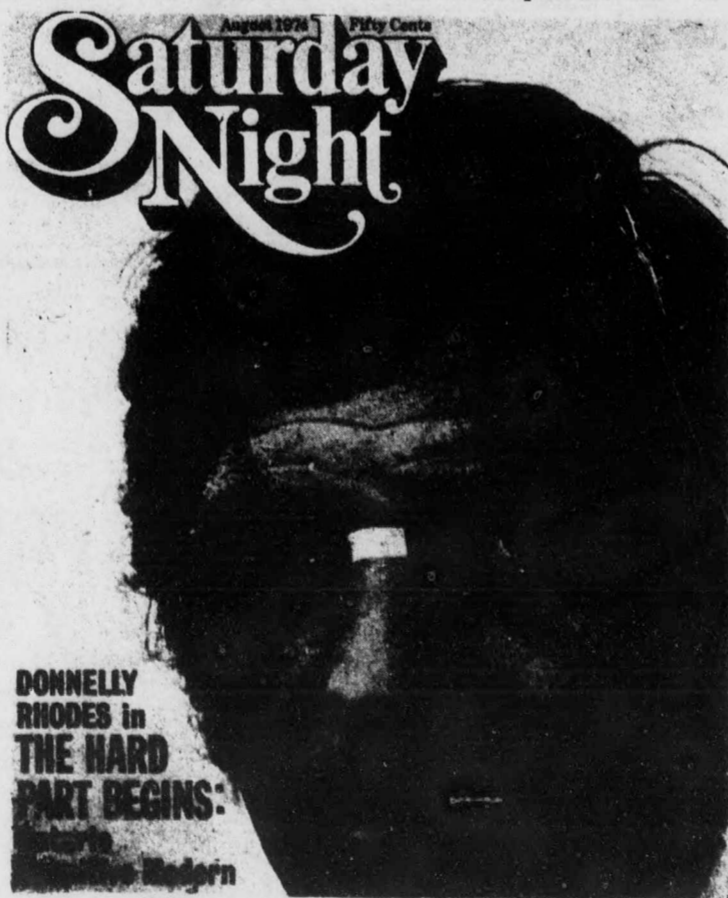
Time magazine is "the single greatest manipulator of public opinion in the 20th century," according to W. A. Swanbury's Pulitzer Prize-winning book, "Luce and His Empire".

The late Henry Luce, former right-wing publisher of Time, recognized this but the magazine's responsibility was to "extend upon the world the full impact of our influence, for such purpose as we see fit and by such means as we see fit."

Luce died in 1967 but his beliefs about the magazine's

right to influence public opinion are still held by its present publishers. Only today Time is using its influence in Canada to prevent government legislation which would decree Time and the Readers Digest non-Canadian publications and would tax them accordingly.

The fuss was started by a brief reference in the throne speech to the government's commitment to helping the Canadian periodical industry. This might mean removing tax exemptions from Time and the Digest that allow Canadian businesses to advertise in the two magazines and write off the expenses.



This is allowed for Canadian magazines, but Time and the Digest were the only American magazines given this tax status when the government brought down its legislation in the sixties.

What this meant to Time was a revenue loss from Canadian advertisers who move their accounts to someplace still allowed the tax break.

Time Canada Inc. is the biggest of Time's international editions selling over 500,000 copies per week, an increase of over 100 per cent since the late fifties.

Time's advertising revenue in 1972 was almost \$8 million. No anti-dumping laws apply to periodicals which meant Time can import much of its copy from its parent company cheaply.

While Time spent over \$1 million last year producing five pages a week for its Canadian section, it spent only \$250,000 filling the other 70 pages a week.

Officials from MacLeans magazine called this figure "peanuts" when compared to what it would cost a Canadian magazine to produce local copy for those 70 pages.

Time also received benefits other than taxes or copy dumping. The magazine said in a cabinet brief, if it were to leave the country, the post office would lose \$700,000 per year in second class mailings. But the Canadian Periodical Association said this spending on second class mail actually amounted to a postal subsidy of almost \$3 million in 1971.

The reaction from Time was understandably fast as the magazine and its friends began almost immediately to lobby the government against the possible legislation. The effect of the lobby was obvious to Time's 511,000 Canadian readers in the October 14 edition, as Stephen LaRue, Time Canada's president, asked his subscribers for support in an open letter.

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"Since 1943 when the Canada section was introduced," LaRue said of the magazine's four or five page concession to Canadian nationalism and tax loopholes. "Time magazine has become an integral part of the national scene."

If the government doesn't back

down on its tax changes, LaRue threatened Time readers with cutting out the meager Canadian news section, firing its Canadian staff, and raising subscription rates for a magazine carrying only editorial and advertising content from the United States.

The October 14 issue also carried a cover story on the Canada-Russia hockey series and more colour pictures than the Canadian section has ever seen. This might be an indication of what Time considered the price of its Canadian readers.

Time and its friends lobbied the government professionally

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and with some success. The magazine had been fighting off government attacks for a long time and learned its lessons well.

The Readers Digest does not have as much to worry about since their Canadian edition is already more than 30 per cent Canadian owned and published in both official languages.

The biggest threat to Time's Canadian citizenship and profits was yet to come in Senator Keith Davey's 1969 Royal Commission on the Mass Media.

However, following the paths of most royal commissions, Davey's Mass Media Commission was promptly shelved and forgotten after publication. But Davey, a Liberal organizer and the man who engineered the party's brilliant 1974 election campaign was not so easily forgotten.

Not forgotten either were Hugh Faulkner, or other members of Trudeau's cabinet who wanted a somewhat more nationalistic slant concerning cultural and economic affairs. The result was the brief section from the throne speech calling for support of Canadian publications and the start of a new campaign by Time.

This time, however, things are not going so well for Time. MacLean-Hunter, now smelling not only Time's profits, but government aid as well, had decided to oppose Time again.

MacLeans magazine was already planning to go weekly with a staff of 60 to replace Time magazine. Editor Peter C. Newman was even reported to have made tentative staffing

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