

Non-Canadian Publications

I urge the minister to consider these facts as he weighs the issue, and to consider whether it would be advisable, in light of all the sources from which the opposition comes, to take the step which he proposes to take; or whether it should be given further consideration before we are asked to give second reading to this legislation.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I share the views so eloquently expressed by my colleagues. I believe that in fact this bill should be withdrawn, notwithstanding all the work that has gone on throughout the years commencing with the O'Leary commission. The fact is that there is every indication, from what we are now hearing in the debate, that the bill was hastily drafted, that it is ill-conceived, and that it was presented to the House before even the minister's supporters in his own caucus had an opportunity to adequately present their views. When the O'Leary commission on publications made its report in May, 1961, it emphasized the following:

● (1620)

—in an era as vital and sensitive as that of the press, whatever is done should be positive rather than negative, with the goal the promotion of the Canadian periodical, not the suppression of the foreign.

That was from the report of the O'Leary commission. The bill now before us is, in my opinion, a very negative approach to this problem. No one, and I do not think anyone involved in this debate, has tried to deny or to speak against the principle of support for Canadian periodicals and publications. God knows that the Canadian publishing industry desperately needs help. I am sure that when the minister does bring forward a measure to assist the Canadian publishing industry, it will receive the support of this House.

As has already been stated, the fact is that the revenue which will be freed by taking away the tax exemption privileges of *Time* and *Reader's Digest* will not necessarily all go to the Canadian publishing industry or to Canadian magazines. I would like to quote a survey conducted by Canadian Facts Incorporated, in January of this year; it was a survey of Canadian advertising executives. It found that very little new advertising revenue will accrue to Canadian publications. As a matter of fact, that report tells us that just under 20 per cent of the bulk of the new revenues will go to one magazine company, the Maclean-Hunter Publishing Company which already accounts for 42 per cent of the total, and despite the fact that the minister has identified the smaller, special interest magazines as the real problem area we are told that a very insignificant amount of benefit in the form of new revenues will go to smaller magazines as a result of the amendments to the Income Tax Act in the bill before the House.

As the hon. member for Hillsborough (Mr. Macquarrie) has said so eloquently, the smaller publications could be helped in a very positive way and in a very meaningful way by, for example, the government restoring the special postal rates those publications once enjoyed and which were removed by this government. In other words, a return to the postal rate calculated on the basis of circulation would give the smaller and specialized publications in this country a better chance to survive and flourish.

[Mr. Patterson.]

Then there is the argument that the advertising dollars will go where the maximum audience is. That is an indisputable fact. Hence, most of the advertising dollars which will be put into the Canadian market as a result of this amendment, if it passes the House, with a small exception will not go to Canadian publications and will not help the Canadian publishing industry. They will go to the maximum audience achievement which can be bought for the dollar, and in this case it will go to newspapers and to radio and television stations. I submit that it will be a very significant windfall for Canadian radio and television stations and newspapers in this country, which are already in a lucrative position.

Regardless of what new benefits accrue to Canada's major publications, and in this case I mean Maclean-Hunter and *Maclean's* magazine, I am satisfied that *Time* magazine, whether it will appear as the international edition, the American edition or under a new cover as a Canadian magazine which fully meets the terms of the legislation—this, I submit, could possibly happen by *Time* Canada selling out 75 per cent interest to Power Corporation or F. P. Publications or some other Canadian company—will have little or no impact in this country because there will still be *Time* magazine one way or another. It will still have a large circulation in this country because it has the worldwide capability to provide Canadians with a first-rate international magazine. But I do not think it matters a great deal. In the final analysis we will still have *Time* publishing in Canada in one form or another, or at least distributed in Canada from the United States.

What does matter a great deal to a significant percentage of the members of this House is *Reader's Digest*. I, for one, make no apology for standing in this House and saying that I firmly believe a special case can be made for this publication. A special case has already been made by hon. members on both sides of the House. My colleague who preceded me referred to the speech of the hon. member for Cochrane (Mr. Stewart), and he quoted from a letter which has been distributed to all members of the House by the hon. member for Vancouver-Kingsway (Mrs. Holt)—both very eloquent arguments in favour of the retention of tax exemptions for *Reader's Digest* in Canada.

It is an indisputable and undeniable fact that *Reader's Digest* has striven to be a good corporate citizen of this country. I think it has succeeded in doing that. There has already been reference to the very substantial investment this company has in this country—an investment exceeding \$8 million. *Reader's Digest* has met and exceeded every guideline for corporate behaviour laid down by Canadian governments, including the 12 guiding principles of good corporate behaviour laid down for foreign subsidiaries in 1966 by the then minister of industry, trade and commerce.

In addition, *Reader's Digest* meets the qualifications of the Income Tax Act in that its editions are typeset in Canada, printed in Canada and wholly edited in Canada by a company which is a good corporate citizen of Canada, which is incorporated under the laws of this country, whose presiding officer and all other officers are Canadian citizens and taxpayers and, as my hon. friend has already said, five or six directors of the company are Canadian citizens. Sir, that is good corporate citizenship.