

We fully recognize that this influence is friendly. Canadians welcome the opportunity of seeing and reading the best that the U.S. creates. However, Canadians also want to be able to read, hear and see themselves through our own artists, writers and entertainers. In the past, these artists have encountered great difficulties in obtaining sufficient opportunities to reach their audience. Recently, various Canadian authorities have taken steps to try to ensure that some of these problems encountered in the past were removed.

One recent area involved Canadian periodicals. The Government has for some time been determined to ensure that there was a viable Canadian magazine industry where Canadian periodicals will be autonomous and possess their own style and individuality and be free of direct foreign control. Our magazine market has been dominated by U.S. publications. A section of our Income Tax Act has conferred for some time now an advantage of incentive to Canadian magazines by allowing Canadian firms to deduct the cost of advertising in Canadian magazines at 100%. There was no intention to interfere with content since emphasis was placed on "dissimilarity" from a foreign periodical in order to qualify for income tax relief. In 1965, when this section of the income tax became law, Time and Reader's Digest, unlike all other foreign publications, were exempted from the effect of this section of the Income Tax Act and Canadian advertisers in these foreign-controlled periodicals were permitted to deduct the full cost.

The Government recently announced that it was proposing to end the exemption for these two magazines. The intent of the section of the Income Tax Act was to support the Canadian magazine industry, then as now weakened by the virtual domination of the market by United States publications. Instead of legislating against the entry of United States material - that would have been unacceptable interference with the free flow of ideas and information - the framers of the section legislated an advantage or incentive for Canadian magazines. However, the exemption of Time and Reader's Digest from the beginning, vitiated the very purpose of the section because these were the two main competing foreign publications. By ending the exemption, we are restoring the original intention and force of the section.

I would like to emphasize that there are no restrictions on the availability of Time and Reader's Digest within Canada as a result of this action - just as there is no restriction of the availability of Harpers or Atlantic or The Economist or L'Express or Le Point, all of which are currently being sold in Canada as foreign publications.

Canadians are generally concerned that when they look in the mirror of their cultural tradition and identity, they will not recognize themselves. Canada is still a relatively young country and we want to ensure that our cultural identity is shaped as much as possible by ourselves, with contacts and influences from abroad that enrich us but do not stifle us. I think many Canadians would agree with the following remarks that I would like to quote to you:

"The true sovereigns of a country are those who determine its mind, its mode of thinking, its tastes, its principles,