

essential to physical well-being, it would be totally logical that books, which are essential to intellectual well-being, enjoy, like food products, also a preferential status and be also declared untaxed products.

Canadian publishers who publish in English have problems very similar to those in Quebec who publish in French. However, here are some relevant Parliamentary proposals submitted by the Don't Tax Reading Coalition:

● (1600)

[English]

Canadians have expressed their view on this subject to no avail. A recent poll, the *Environics Focus Report* of July 1989, indicated that 80 per cent of Canadians support a zero-rate of tax on books. Further, a record number of postcards advocating the zero-rate have been received by government members, including the Prime Minister. The coalition now looks to the Senate to ensure that Canadians' voices are heard.

A motion to zero-rate would be both precedented and wholly consistent with current international and domestic policies. Norway, Spain, Switzerland, Ireland, Italy, Australia, Japan, the United States and the United Kingdom have applied a value-added tax rate of zero to reading materials. Further, domestic policies related to the support of the print industries, including those of the Canada Council, Secretary of State and Department of Communications, have traditionally supported the primacy of reading. In book publishing, for example, current annual federal direct assistance totals some \$18 million, applied to retail sales of about \$400 million. If the GST were applied it would raise approximately \$26 million. However, any federal tax gains would have to be offset in new aid to our sector.

A zero-rate would also be consistent with current federal taxation policy. The GST, if applied to the print industries, would not supplant a federal manufacturing tax.

[Translation]

As I was saying earlier, everything that went into the manufacturing of books since Confederation, the paper, the thread to sew the book's spine, has been exempted from taxation.

[English]

Indeed, the Department of Finance has estimated that the industry bears a one per cent "FST trickle down" at most.

Such federal support was, and is, essential. Expressly, because both producers and consumers have never paid tax on reading materials, the impact of the tax, and the concomitant price increases, would be deeply felt by both. Recent Canadian studies, as well as experience in the U.K., show that a 10 per cent increase in prices would mean a 10 per cent decrease in sales revenue. Given that the government's own findings indicate that the book and magazine industries, including the retail sector, operate on minimal profit margins, and given that companies cannot pass on increases to the consumer, a decline in both output and employment is inevitable. Ironically, the decline will be most conspicuous in those areas where the government has targeted its policy priorities on cultural and

social grounds: writing by Canadians on subjects of interest to Canadians.

Canadians are proud and fortunate to be able to enjoy the best English-language books available from Canada, the U.K. and the U.S.

[Translation]

As I was saying earlier, French-language books published in Quebec face competition from books imported from France, Switzerland and Belgium, and, as very often their readers are bilingual, also from the United States, English Canada and elsewhere. During all the time I was an active member of the profession, we never wanted competing foreign books to be taxed. We were even against taxation of books coming from France, against taxation of books coming from the United States, because we wanted that the free circulation of ideas be respected to the full extent, and in our case, those were ideas expressed in the French language.

● (1610)

[English]

Fully 75 per cent of the books sold in Canada are imported from the U.S.—and, by the way, part of them are bought in Quebec by francophones. The Canadian publisher-agents of these books would have to pay the GST at the point of entry. Because publishers' receivables often run as long as 80 days, fronting the cost of money to do so will have serious cash-flow implications. Furthermore, because existing mechanisms for collecting taxes would be overburdened, individual consumers might find it cheaper to purchase books in the U.S., thereby avoiding the GST and disadvantaging Canadian books. Similarly, non-taxed U.S. magazines will be put at an advantage over Canadian. It will not be possible to capture the tax on a vast proportion of the books and magazines crossing our border.

While the government has claimed that education is essential to remaining competitive internationally, the GST applied to books, magazines and newspapers would undermine that stated goal. Educational institutions will be unfairly hit, we submit, since, for example, the school board, not the school, would be the recipient of the rebate. There are no checks and balances to ensure that funds will be returned to the school and spent on learning materials. Similarly, rebates to public libraries will be sent to the municipality. University students will be required to pay 7 per cent on textbooks.

Educationally, the prospect of applying the GST to the production and consumption of scholarly and academic works, we submit, is alarming. Institutional learning, research, literacy, and independent ongoing study all require full and fair access to books, magazines, and newspapers. The printed work is the foundation of our education from the early childhood years through the rest of our lives. We submit that any "educational exemption" should encompass tax-free status for all print materials. To apply that exemption in any other manner can easily be construed as anti-democratic.

Canada's system of education does not exist simply to create elites in which knowledge is protected and safeguarded; the