of some 22 to 23 million, Canada is hardly a threat to the establishment and dissemination of the American culture. But certainly, with no content rules, no Canadian obligation and no added costs, their penetration of our area can seriously threaten our identity and culture if that penetration undermines the very existence of healthy Canadian television. In all honesty, Mr. Speaker, I should like to say that to date the lack of action by Canada over the years since television first came into its own in the early 1950s has given the advantage to the much stronger United States stations to start with, who in addition operate without those controls that Canadian stations must face.

To leave the situation as it is would mean not just the failure of expansion, the kind of expansion that the CRTC is now attempting through, for instance, the awarding of a second private station in Vancouver to Western Approaches, or the development of the Global network in southern Ontario or City TV in Toronto; the continuing situation in fact threatens the ability of the existing stations I have just mentioned and the new ones, to survive. It will affect not only their ability to produce new, more costly and better programming, but even to maintain the programming level that Canadian television audiences now have.

Under Canadian licensing, TV Stations in major urban centres in Canada must have sufficient profits so that they are not only viable in Toronto, or Winnipeg, or Vancouver, or Montreal. Private stations must also profit well enough to help subsidize smaller stations along their network who still have a sizeable capital outlay for equipment and buildings and to meet the considerable labour cost necessary to run a television outlet no matter its potential audience. So it is not only a matter of threatening the viability of these individual private stations in the major Canadian marketplaces, but also their ability to assist smaller neighbours so that throughout Canada we can have a competitive and healthy television industry.

All major Canadian television centres—Vancouver, Winnipeg, Toronto, Ottawa and Montreal—are seriously affected by the currently heavy sales and drain of commercial revenues which buy TV time in the United States rather than in Canada. Yet the TV stations in the major urban centres to which I have just referred must find the revenue not only to be healthy themselves but to pay for programming and network costs which smaller communities cannot fully support by themselves.

● (1540)

This legislation is so important really because of double jeopardy, and it is necessary not only to the survival of these particular border area Canadian stations but the survival of the smaller areas in Canada as well who rely on the assistance of these major Canadian television centres. Enactment of this bill as it relates to television advertising will simply give Canadian outlets a better competitive position, dollar for dollar, in dealing with competitors who are not licensed in Canada and do not have the restrictions of Canadian TV even though they are dealing directly in the Canadian marketplace.

I would also like to note that this proposed amendment, Bill C-58, as it relates to broadcasting was recommended by the Standing Committee on Broadcasting, Films and Assistance to the Arts in 1973. The bill itself does two things in the area of broadcasting. First, TV advertising will not be tax deductible if the commercial is broadcast by a foreign broadcasting undertaking to the Canadian market. You can still purchase in the United States, but you will no longer get the tax credit from the Canadian government by spending your money outside the country. Surely that seems reasonable enough when you consider that the Buffalo stations are putting our Canadian stations into real financial jeopardy.

Second, multinational corporations in Canada will not be allowed the deduction of commercial advertising costs when purchasing time from foreign networks or groups of stations. Once more, this is simply a protection and is based on stopping multinational corporations operating in both countries from using the deduction up here of many dollars spent in the United States, thereby saving the cost of paying for Canadian advertising as well. It is important to note that despite the very serious situation I am attempting to outline, this bill allows time for the United States industry to regroup and fill the United States role for which it was licensed. As I understand it, all contracts concerning advertising which would be affected by the passage of this legislation signed before January 23, 1975, will be allowed to run out as long as they do not go beyond 12 months from the date of the enactment of this legislation.

If I may, I would like to go into some of the problems faced by particular border areas. Let me set down, if I can, just what the situation is in respect of time sales for television in major Canadian marketplaces, in terms of money staying in the Canadian marketplace and money going to the United States. The latest figures I have are for 1972, although we have some updating as well. In Vancouver, in 1972, $7.3 million was spent on Canadian television advertising. In the same marketplace, in the same year, more than 50 per cent of that amount, another $4 million, went to United States stations which had no programming obligations, no Canadian content obligations and no additional costs in respect of the Canadian audiences they were picking up.

In Winnipeg, $4.9 million was spent on Canadian television advertising and $1.5 million flowed out to the United States. In the Toronto-Hamilton area, $33.8 million stayed in the Canadian market-place and $9.8 million flowed out to the United States, again without any commitments or obligations in respect of programming on these United States stations intruding into the Canadian marketplace. In Ottawa-Montreal, $35.7 million was spent here in Canada for Canadian television advertising, with $1.5 million going down to the United States.

The drain in 1972 of almost $17 million is estimated currently to be more than $20 million a year, yet these U.S. border stations have no Canadian content requirements, no Canadian social obligations and are not licensed to operate in Canada. In fact, they are licensed only to operate within their own territory in the United States and under that licensing procedure, as I understand it, they are considered by the Federal Communications Commission in the United States to be economically viable operating within those boundaries.

An hon. Member: What about jamming?

Mr. Fleming: We will get to that. The advent of cable television in Canada has really revolutionized the situa-