

acceptable level, because of their production costs and their small subscription base.

● (1710)

The Canadian Magazine Publishers Association did a survey on a representative group of magazines to analyze what the effect of the GST would be on them. The five publications were: *Canadian Art*, a special interest publication supported in part by grants; *Canadian Business*, one of Canada's best known general interest business magazines; *Coup de Pouce*, a large circulation, advertiser-driven, French language women's magazine; *Eastern Woods and Waters*, a regionally based, special interest magazine; and *Owl Magazine*, Canada's largest circulation children's magazine, which has become internationally famous and operates with negligible advertising revenue.

Running through those five magazines, the survey of profit as a percentage of revenue shows that *Canadian Art* is now operating at minus 5.67 per cent and with the GST will drop to minus 12.07 per cent. *Canadian Business*, operating at plus 6.59 per cent, will drop with the GST to 0.07 per cent. *Coup de Pouce*, now operating at 7.66 per cent, will drop to 1.10 per cent with the GST. *Eastern Woods and Waters*, now at 0.20 per cent, will drop down to 3.16 per cent with the GST; and *Owl Magazine*, now operating at a profit percentage of 2.09 percentage points, will drop to minus 1.36 percentage points.

Canadians have discovered, through these kinds of magazines and books, that we have a taste for home-grown literature. The demand has become sufficient that these kinds of publications are staying alive in spite of high saturation, mass marketing competition from U.S. publications. But the economics of this new tax will make it tough for these kinds of publications to survive its imposition.

This brings me to a second point, honourable senators, namely, that the government has constantly claimed that its free trade deal with the United States creates a "level playing field". Yet with this tax it turns around and creates a distinct disadvantage for Canadian publishers and distributors who are already struggling to survive in the new and "freer market."

As the president of the Canadian Magazine Publishers Association pointed out before the Senate committee, Canadian publishers will face United States competitors who do not have to charge their subscribers a 7 per cent tax. That 7 per cent disadvantage, combined with economies of scale that are 10 to 20 times bigger than what the Canadian market can provide, may make it even more difficult for Canadian publishers to maintain a periodical publishing industry in this country.

[Senator Fairbairn.]

My final point, honourable senators, pertains to literacy and the shocking levels of functional illiteracy among Canada's adult population. I have spoken about this at some length during debate in the Senate. The government's own statistical research body, Statistics Canada, stated a few months ago, in a special survey done for International Literacy Year, that over one-third of our adult citizens—that is, 38 per cent—are not strong enough readers to meet every day reading demands.

If more than one-third of our adult Canadians had an infectious disease, we would declare an epidemic and take radical measures to cure it. But, instead, despite of all of the good intentions that have been reiterated by the government, and measures launched by the government in recent years, in 1990, in International Literacy Year, the government is imposing a tax that will make reading materials even more inaccessible to potential learners and volunteer teachers.

What kind of symbol is that at a time when we are trying to persuade Canadians to become a nation of readers? And what about Canadians on the margins? In his speech, Senator Poitras made a statement, which particularly impressed me, to the effect that when a book—possibly a valuable book—is written, whatever its price, people will buy it and read it. To a degree, I think that is true. I think that is true for everyone here in the Senate. In other words, with or without this tax we will buy it and read it.

But what about Canadians on the margins — that is, people who do not budget by the month or even by the week, but who budget by the day, item by item? For those people books very definitely fall into the category of being a luxury. They may be poor parents with children who are starting off with a whole lot of strikes against them. It is very difficult in such circumstances, when such people are struggling to maintain a home, to feed and clothe a child, to instill in them an interest or an understanding of the importance of learning to read and the lifelong enjoyment that that learning can produce. It is the same thing with single parents who are trying to cope with a job and at the same time trying to find enough dollars to afford child care. A tax on books will really make that item transfer from the table of "family necessity" to that of "family luxury."

Senior citizens are another group of Canadians who will be affected by this tax—and this is something that I observe constantly. I spend a great deal of time in senior citizens' homes and nursing homes. Very often the residents are people who are living on fixed incomes, pensions and the supplement, with nothing to spare, and their entire support system of friends and family has virtually gone. Books, in many circumstances, are their only continuing friends. For those people a 7 per cent tax can be a monumental sum. They also have great difficulty in availing themselves of a library service.