

will come up again if we do not look after it now. They have now begun to argue against the basics of the earlier points they tried to make.

My colleague from Skeena spoke extremely well on the situation of profits and just what is involved in operating these magazines. It is true from our investigations we found that all the profits either go out of the country or are held in a corporate or separate account in this country. The share-holders who have a right to the profits are outside this country. The profits which in large part arise because of the tax write-offs do not help the Canadian consumer but flow outside the country.

These are limited circulation magazines paid for by the drug houses, not the doctors. There is no reason why, at the extent of adding two or three more pages of advertising in either of the magazines, they would not be up to the same ground as if C-58 had not taken place.

**An hon. Member:** But the doctors pay a subscription.

**Mr. Young:** The doctors do not pay a subscription now. Perhaps they should pay a subscription. That would make more sense than burdening the average Canadian taxpayer.

These magazines have an almost virtual control of the field in Canada at the present time. The arguments put up by members opposite sound very much like arguments almost requesting or pressing for the protection of a virtual monopoly. There are few magazines engaged in this field. If there is anything that does not need protection in the course of business today it is someone with a near monopoly of the market.

The hon. member for Simcoe North (Mr. Rynard) said that scientific, medical and technological bodies to a large degree are the same the world over. I would not disagree with that. As far as medicine is concerned, the body here is the same as in China, India, South America or wherever. Our doctors may treat diseases in different ways, but really we do not differ.

Bill C-58 will in no way close the borders of this country to the inflow of medical, technical and scientific knowledge. It is for the simple reason that these are the same the world over that the information will continue to come in, before C-58 or after. It is the same reason that doctors in this country will continue to receive and to use the same type of medical knowledge now as they ever have. That is true whether it is a Francophone doctor or Anglophone doctor. The case is the same, the body is the same, the technology is the same, and the information will continue to come into this country.

**Hon. Marcel Lambert (Edmonton West):** Mr. Speaker, the origin of Section 19(4) of the Income Tax Act was founded in a spirit of phony or pseudo-nationalism in 1965. I remember very well the time of that budget when these proposals were initially made. I make no apology for the things I said at that time, criticizing the proposals in the context they were made at that time. However, to take out of context quotations made in 1965 on a bill presented under much different circumstances is to distort the truth.

It was almost a collection of cheap shots that the Parliamentary Secretary to the Minister of Indian Affairs and

#### Non-Canadian Publications

Northern Development (Mrs. Campagnolo) was making tonight, reading as though it were from a prepared text from I don't know where, just trying to get things on the record.

I am a little more interested in the tax aspect of this than the so-called benefits or tax advantages enjoyed by publications that are subject to Section 19(4). Are the profits or the benefits for those publications? They are not. The expense is that of the Canadian taxpayer advertising in those magazines, placing advertising directed to the Canadian market.

My colleague, the hon. member for Simcoe North (Mr. Rynard), speaking on *MD* and *Modern Medicine* said that they are technical magazines for the benefit of Canadians. The research, knowledge, writing and choice of articles that appear in those magazines are for the benefit of Canadian as well as American doctors. To say suddenly that these publications are for the entire benefit of the publishers is absolute nonsense.

Why should a Canadian business concern, whether it is a subsidiary of a foreign house or an entirely Canadian owned or controlled pharmaceutical house or medical equipment manufacturer, be deprived of what is reasonable, what is the custom, and what is given to all taxpayers?

My heart bleeds for the concern on the other side for the ordinary taxpayer. A lot of humbug has entered into this debate with regard to this special treatment of taxpayers. The taxpayer is the Canadian business that advertises in those magazines. After all, the publication is carried by a Canadian company. There is no foreign publication that can carry on business in Canada unless it is a taxpayer. This idea of siphoning off all the profits to some foreign jurisdiction free of Canadian tax, and that is the suggestion, is totally wrong.

If anybody from outside this country carries on business in Canada as a corporation, and they are all corporations, they are obliged to register as foreign companies and they become Canadian taxpayers. The Canadian government levies its income tax in such cases in the same way as it does on Canadians generally. The Income Tax Act says nothing regarding the nationality of corporations as far as these provisions are concerned. So it seems to me that hon. members who have suggested that somehow profits are favourably syphoned off to other jurisdiction because they do not pay Canadian taxes, totally miss the picture.

● (2150)

Take the position of a Canadian advertiser in these publications. I will refer to *Modern Medicine* and *MD*. No one has suggested that these are poor magazines. They are highly qualified technical journals. All right, they are paid for by advertising and many of the advertisers are Canadians who are entitled to deduct a legitimate business expense from their incomes when arriving at their taxable income. Simply because the material, under the Cullen rule, an arbitrary rule and therefore a reprehensible one, comes from foreign sources, Canadian doctors and others will, in effect, be deprived of benefits they have derived if the magazines are not circularized in Canada. I think the publications themselves could quite legitimately say they would restrict their gratuitous distribution to Canadian