

Non-Canadian Publications

So, Mr. Speaker, the attitude taken by my colleagues of the Social Credit with respect to Bill C-58 is logical and honest. We will be voting against Bill C-58 when we are through considering it and we wish the government would reconsider its position to allow *Reader's Digest*—I am not talking about *Time*—to continue its beneficial impact across Canada as it has done for that matter in the whole world.

● (1530)

ROUTINE PROCEEDINGS

[English]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF VANIER HIGH SCHOOL AIR CADETS

The Acting Speaker (Mr. Turner (London East)): I should like to draw the attention of hon. members to the fact that there are 40 air cadets in the gallery from No. 650 Vanier high school air cadet squadron who are returning from Toronto where they participated in the Santa Claus parade.

Some hon. Members: Hear, hear!

GOVERNMENT ORDERS

[English]

INCOME TAX ACT

REMOVAL OF PROVISION ALLOWING DEDUCTION OF EXPENSES FOR ADVERTISING IN NON-CANADIAN PERIODICALS

Mr. Jim Fleming (Parliamentary Secretary to Minister of Communications): Mr. Speaker, as Parliamentary Secretary to the Minister of Communications I hope it might be appropriate this afternoon, as this second reading debate winds to a close, to give some explanation in detail, as I understand it, of why these amendments in Bill C-58 are essential to the continuing health and viability of the Canadian television industry. In fact, the effects of this bill do not only relate to the over-all health of the industry but to the maintenance of Canadian culture and identity, with all the impact that television can have in Canada in helping to maintain and establish them.

As well, the bill will help further protect the availability of Canadian news and public affairs and competition within Canada of the different news bureaux and public affairs sources. Further, when communications is such a vital tool to a country like our own which is spread over a massive geographic area with a relatively small population, this legislation will, hopefully, begin to redress a problem that is threatening the very effectiveness and survival of that communications industry, certainly on the private sector side.

[Mr. Caouette (Témiscamingue).]

May I first of all discuss, Mr. Speaker, why the government has taken this particular form of action in order to encourage the Canadian television industry and give incentives for advertising by Canadian business, particularly on Canadian television. I should like to argue that this is a positive move to encourage our industry, not to prohibit Canadians from advertising on American stations. By removing tax deductibility for commercials placed outside of Canada but beamed back into this country, we are hoping to give to a Canadian industry which is now seriously disadvantaged under current circumstances a better competitive situation.

I should like to argue that it would not be feasible to try to sustain and help strengthen the Canadian television industry through tariffs. That is simply not feasible because of the particular and peculiar situation in the airwaves. It is also not feasible because we have international agreements such as GATT, and a very complicated and technical situation would arise if we tried to take this particular problem before a multinational conference. As I said a moment ago, I also want to emphasize that when you are dealing with airwaves rather than a particular material commodity, it is very difficult to legislate except by taking a positive step such as this and to offer incentives through taxation.

I should also like to point out that it is the view of the ministry that subsidies as a means of trying to strengthen and build the Canadian television industry would be inappropriate. Specifically, they would be inappropriate because there is some danger that subsidies from government going to the private sector, in an area that has such an influence over the public, would either be abused or be accused of abusing the right to independence of those broadcast outlets. So that approach cannot be taken. As I have said, this bill is simply providing an incentive for Canadian advertisers to deal more with Canadian TV outlets. Removal of tax deductibility simply improves the competitive position of Canadian TV times sales, and this bill does nothing to stop the purchase of U.S. time by Canadians in border marketplaces.

There is every justification for this action, Mr. Speaker, and even for further action. United States stations operating in border areas at the moment and penetrating severely into the Canadian audience do not have the social or content obligations of Canadian licensees. Canadian TV licences are granted on the ability of the area to support a licence. They are also granted if an area is large enough and there is enough revenue available in that area of Canada for more than one licence. That, of course, is why this legislation today is important; it is so because the Canadian Television Commission, as the regulatory body in Canada of the airwaves, is attempting to develop second private stations in major urban centres, and has in fact in one area, Toronto, already done so.

American border stations have no Canadian content restrictions. As I say, they do not have the same Canadian social obligations. The major Canadian stations that are in jeopardy at the moment because of sales to American TV stations happen to be in the major urban centres of Canada, which also happen to be very close to the U.S. border. Thus, I am sure hon. members can understand that with a nation of 260 million to the south, and a nation here