

*Non-Canadian Publications*

The question I wish to ask is this: How long shall we allow public debt expenditures to increase? Must we keep taking more and more out of our budgets and more and more out of the manoeuvring room the government requires for efficient administration? I would like the government members to answer that question specifically and suggest solutions. If they have none, some of us may come up with one.

In short, I can say that the government is trying to remain in power, while we unfortunately know, among other things, that the country will again experience severe economic setbacks in 1976, the farm income could decrease by 20 or 25 per cent according to the experts of Agriculture Canada, and also that the consumer will be affected by various increases ranging from 10 to 15 per cent in food products alone and unemployment is still threatening.

It is wrong to believe that the government could save itself by remaining on the defensive when fused with problems and by letting conditions run out of control. I suggest that this is not a matter of political partisanship, but an administrative issue and a matter of responsibility.

As far as agriculture is concerned, today the minister has tolled his 1976-77 estimates. The 1975-76 estimates for agriculture amounted to 32 per cent, that is \$612 million, but in 1976-77, they will only reach 11.9 per cent. When studying those figures, I note that two groups will be more affected than others: first, the farmers and then the Indians, because the estimates for Indian Affairs have been reduced from 29.5 to 17 per cent.

Many other items have been increased. I wonder if the government is not making a great mistake, because, in my opinion, they should know that agriculture is the mainstay of society and even millionnaires must eat. Farmers must remain in business, and get \$1,000 million have been cut from agricultural loans for example, as shown at page 275 of the Blue Book. For agricultural loans alone, \$1,100 million, which means a cut of more than a third. And then they will say that they are trying to provide sound administration.

● (1600)

**GOVERNMENT ORDERS**

[English]

**INCOME TAX ACT**

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

**Hon. Jean Chrétien (for the Secretary of State)** moved that Bill C-58, to amend the Income Tax Act, be read the third time and do pass.

**Mr. Speaker:** Is it the pleasure of the House to adopt the said motion?

**Mr. R. Gordon L. Fairweather (Fundy-Royal):** Mr. Speaker, ordinarily the proceedings of parliament at third reading would be of a routine nature and often oppositions are wont to let bills that have had committee study, report

[Mr. Beaudoin.]

stage scrutiny, and so on, pass on a routine division; but I am sure it would be irresponsible of the official opposition if we were to permit such a course of action for this grubby piece of legislation. Bill C-58, in the opinion of the official opposition, should be referred back to the committee. A good deal of the evidence that was heard in the committee about the status of *Reader's Digest* has become irrelevant because of a special arrangement made for that magazine, presumably as a result of pressures exerted, and so on. We do not even know, as parliamentarians, whether the deal is a reasonable one within the terms of the Income Tax Act. Therefore, at some stage of this debate, a spokesman for the official opposition will be moving to refer the contents of this bill back to the committee so that representatives of the Department of National Revenue and the Department of the Secretary of State, as well as officials of *Reader's Digest*, can bring us up to date on what is obviously a very fundamental change in this legislation.

When speaking for the Progressive Conservative party at second reading, I thought I made it clear that the party had no basic argument about the various tests of citizenship which the Income Tax Act applied to publications. I said at that time—I am rather sorry to have to repeat it—that after so many years in this country it was high time that *Time Canada* and the Canadian edition of *Reader's Digest* took out, so to speak, Canadian citizenship. By a curious anomaly, *Time* was prepared to meet the test of the Income Tax Act and said so during the summer of 1975.

Representatives of *Reader's Digest* were urged, presumably, by various ministers and various members and, if I may presume to speak for him, my leader and myself to dispose of equity shares up to 75 per cent in order that they could meet the test. This was, of course, unacceptable to *Reader's Digest* until certain events transpired late in 1975 and early in 1976. We are faced with an entirely new set of circumstances, circumstances that I, for one, am not even prepared to say are wrong because we do not know whether they are right or wrong.

● (1610)

Unlike the Canadian Radio-Television Commission, the people who made the decision affecting the status of *Reader's Digest* are unknown to us. The regulations under which the deal was made are unknown to us and—unlike the case of CRTC—there have been no public hearings. It was suggested at an earlier stage of the debate that the analogy to CRTC was wrongly drawn. I have always felt that. I have always felt that the tests and the regulations should be subject to some scrutiny, that there should be some notice. It may well be that the government is right; I have no way of knowing because the whole thing is most mysterious.

In any event, we are faced with an entirely new situation because of an arbitrary rule decided upon by the Minister of National Revenue (Mr. Cullen) who told the Standing Committee on Broadcasting, Films and Assistance to the Arts that even if his ruler measurement, as it was described to us by his officials, was found to be beyond the powers of the Income Tax Act and the regulations, the minister would come to parliament with a new statute which would specify that which the courts found to be illegal.