

their point of view, are presenting awards for excellence in writing and communicating that they observe within the business community. John Godfrey wrote, and I quote:

One of the most persistent complaints about recent graduates of business schools in Canada is that they can't write. In his series on business schools which has been appearing in the *Financial Post*, Gordon Pitts quotes Westcoast Energy Inc. President, Michael Phelps on today's MBAs: "Spelling, syntax and grammar are atrocious. Number crunchers are a dime a dozen. But when you walk into a room and try to find the leader, it is generally the person who is the good communicator."

What this suggests to me is that if we turn completely away from the language, the thought and the articulation skills that are the core of the humanities to strictly applied and technological skills, we will not have the ability to adapt to the societal changes that accompany that technological advancement.

In our focus on technical and workplace skills, we sadly seem to be withdrawing from a long-standing commitment to the very abilities that will allow us and our children to adapt to rapid change, that will keep our workforce from becoming obsolete, and that will ultimately allow us to reach and maintain the competitive position that we seek. It seems to me that our current fixation with the bottom line, with specific marketable skills, particularly technological skills, and the de-emphasis of the core humanities in favour of the social sciences, have all helped to set the stage for a GST that does not exempt knowledge and learning. It is a large and a dangerous step and we should be aware that European countries and Britain, in implementing the value-added tax, have themselves either zero rated reading materials or set them at a lower rate. Authors, printers, librarians and readers, along with parliamentarians, educators, churches, the professions, commerce, and the public at large have all joined forces in making that case in those countries. In response, the United Kingdom, Ireland, and Portugal have zero rated books, while Italy, Greece, and Spain have set tax rates of 2 and 3 per cent.

Both Ireland and Spain reported grossly disproportionate reductions in sales when they initially applied the full value-added tax to those items, and in fact Ireland was forced to zero rate them, and Spain reduced the rate from 6 per cent to 2 or 3 per cent.

Within the European Economic Community, the book trades are all facing acute problems arising from the fierce competition of the electronic media, reduced public spending on books and increasing costs. Consequently, pressure is mounting in advance of legislation, to give these industries some relief by zero rating these materials across the board.

Here in our country there are many reasons, specific to the Canadian publishing industry, why we should not begin to tax printed material now.

First, as many have stated, printed materials are not currently subject to federal sales tax at any stage of their manufacture. The application of the GST at each stage of purchase of materials and processes means that the ultimate increase in the cost to the consumer will most certainly be more than 7 per cent.

The addition of provincial GSTs, if they come in, by provinces who choose to harmonize their own sales tax systems with the federal GST, will mean that the retail cost of printed material may rise by 13, 14, as high as 15 per cent.

Honourable senators, Canadian book publishers, as well established as McClelland and Stewart, have grave concerns about their own future viability. So where does that leave the smaller publishers of books and periodicals? Indeed if British and European publishers are under pressure, where, with our much smaller market, does that leave our Canadian counterparts, publishers, like Annick Press? Annick is a small and innovative publisher of well written and beautifully illustrated, yet affordable, children's books. Just as I was listening to Senator Hébert this afternoon, I was reading some of these books which I have been loaned by a young friend, Whitney Jennings. They are wonderful books for small children, books that interest children at the earliest possible age in the excitement of reading.

Annick has been in business for 15 years. Its books and its writers are internationally recognized, and yet its owner said in a *Globe* article recently that they are "very apprehensive about what is coming . . . publishing at best can be a pretty marginal undertaking." They fear that the GST will shrink those margins to nothing, which would be a real loss to the publishing of Canadian children's material.

The Don't Tax Reading Coalition points to what happened in Ireland when books were not exempted from the value-added tax. Sales fell instantly and the government was forced to bring in an exemption of printed materials. The coalition estimates that as a result of the GST book sales in Canada will drop 7 to 21 per cent and cost the industry as much as \$60 million in lost revenue.

As for periodicals, during the Senate committee hearings, the vice-president of public affairs of the Periodical Marketers of Canada quoted studies within the industry that show that for every one per cent increase in cost there is a one per cent reduction in the purchase of reading material. On the basis of these figures, this industry could be looking at a critical reduction in sales with a consequent loss of jobs and an irreparable weakening of the periodical publishing industry in Canada.

Canadian magazines are now operating with profit margins ranging from a loss, a non-profit margin, to a maximum level of 2 to 4 per cent. Dozens of small, creative and distinctly Canadian publications are already priced at the highest