

The Budget—Mr. D. MacDonald

it incredible that a Secretary of State would devote so much energy to muddying the waters on an issue so transparent to anyone involved with the arts in this country.

Today there is an increasingly crowded list of priorities for federal action in the field of culture which the present Secretary of State, in his two years in office, has been either unable to recognize or unsuccessful in convincing his cabinet colleagues of their urgency. This government has consistently ignored a fundamental aspect of the confederation debate—the need for Canadians to overcome the barriers of mutual ignorance and misunderstanding that separate us. We believe that a vigorous cultural life in a nation as diverse as ours should be the focus for communication for Canadians—not a target for government cutbacks—at a time when it is most needed.

The Canadian Broadcasting Corporation, for instance, is in urgent need of reform and revitalization. The CBC ought to be the centrepiece of Canadian culture, a living challenge to Canadians to share and appreciate our creative diversity. And yet increasing government opposition and insensitivity to the social, creative, and technological demands of public broadcasting have allowed the CBC almost to fade from the Canadian awareness and consciousness.

The Copyright Act is long past due for revision. Our composers are in fact locked into royalty rates unchanged since the act was brought in during the 1920s, which means, in effect, roughly two cents per playing surface to those who perform services as composers under the Copyright Act. Photocopying, cablecasting, video cassettes, even the long playing record album were unheard of in the 1920s. But it will be years before this government is prepared to give our creative talent even basic protection against a half century of technological development and exploitation of their work.

Abroad, Canada's cultural image is a shadow of its full potential. At home, our institutions of culture are starved for funding and our media of mass culture are foreign dominated almost to the exclusion at times of a Canadian presence. Such neglect of our culture, we believe, can only seriously jeopardize the well-being of this nation. We must bring a new vigour to federal responsibility.

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The measures I am about to propose this afternoon are but a first step on our part toward confronting the serious problems in one particularly important part of our cultural life. Here I make it very clear that I am speaking primarily and most directly about the industries of mass culture in our country. I believe the federal government continues to overlook the opportunities of culture as an industry in its own right. In just three areas of mass culture, books, films, and records' retail sales in Canada alone amounted to \$1.2 billion last year. Of that, Canadian works represented only 8 per cent. Culturally, we are strangers in our own land, and economically we have been deprived of a whole market within our own borders. Yet the characteristics of the culture industry strongly suggest that a federal program of incentives would be a worth-while eco-

[Mr. MacDonald (Egmont).]

nomie investment. For one thing, these industries are highly labour-intensive; they are overwhelmingly within the small and medium-sized business sector; they are directly linked to the rapid increase in leisure time, to entertainment spending, and have a high export potential. They could be considered a natural specialization for a country committed to diversity of culture.

There is probably greater unused capacity in our cultural sector than in any other industry across Canada. In short, Mr. Speaker, our cultural industries are ripe for the type of economic stimulus which only the federal government can offer.

We have been holding a number of hearings and consultations with hundreds of people directly involved in the cultural industry over the last few months. I am pleased that yesterday in the Standing Committee on Broadcasting, Films and Assistance to the Arts, the Secretary of State recognized in a positive way this particular initiative that our caucus has taken. We will continue actively to seek advice from the cultural community to this end. The measures we are proposing are, in our opinion, the minimum stimulus needed for these industries to develop their virtually unlimited potential.

The first measure would improve the present untenable positions of our artists under the Income Tax Act. Canadian performers and, to some extent, visual artists, can have sizeable expenses related to their work for which they are not compensated in their employment contracts. If they were self-employed, this would pose little problem, but for a variety of reasons they cannot claim self-employed status with the Department of National Revenue. If they had large incomes, this would not be a pressing concern, but the incomes received by our artists, with very few exceptions, are shamefully low. A fulltime professional actor, to give one example, earns in a year around \$7,000, or just half the average industrial wage in Canada, despite years of difficult training and experience. There is, therefore, a serious inequity in our tax laws when these artists cannot deduct legitimate business expenses from their taxable income.

Even salesmen or railway employees have their special situation with regard to high work-related expenses recognized under the Income Tax Act. The United States gives to all of its artists the right to deduct such expenses, without distinction as to their status of employment. Yet in Canada the artist, one of the most precious resources of any civilized society, is seriously disadvantaged and even discouraged by our federal laws.

The Disney report, properly entitled "Federal Tax Issues of Concern to the Arts Community in Canada", devoted considerable attention to the problem. One of the key recommendations of this report, commissioned by the Secretary of State, was to eliminate the distinction, for the purpose of claiming business expenses, between self-employed and employed artists. Surely this is the very least we should expect from government—to alleviate the low incomes of our creative people, incomes which too often either force our artists to head south, or to work only part time at their craft.

On October 26, when I asked the minister what action he was taking on the Disney report, I was surprised to find that