

*Non-Canadian Publications*

That having been said, the actual construction that has to be placed upon a second reading vote becomes an academic point to that particular argument or in reference to the vote that will take place later this afternoon.

Orders of the day.

● (1520)

## GOVERNMENT ORDERS

[Translation]

## INCOME TAX ACT

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

The House resumed, from Thursday, November 13, consideration of the motion of Mr. Sharp (for the Minister of Finance) that Bill C-58, to amend the Income Tax Act, be read the second time and referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

**Mr. Claude-André Lachance (Lafontaine-Rosemont):** Mr. Speaker, last Thursday, I gave a general outline of the application scope of Bill C-58. I would like now to discuss the consequences of the amendments this bill will make to the Income Tax Act, especially as regards *Reader's Digest* magazine.

The problem is on the interpretation of sub-paragraph 19(5)(a)(ii)(E) of the Income Tax Act which excludes from the application of section 19 a periodical edited or published under a licence granted by a person who is editing or publishing issues of a periodical which are printed, prepared or published outside Canada.

At first sight, this seems indeed to be the case since the very format of *Sélection*, if not its presentation, is managed by the parent company which allows to use under licence the name and the characteristics of *Reader's Digest* international edition. Besides, this situation is not unique to *Reader's Digest*.

Other magazines thus use under licence the format and the contents of a foreign magazine, particularly in specialized disciplines where the interest of science and scientific discoveries are made available to members of the profession, notwithstanding political frontiers. That is the case of a magazine like *MD Canada*, for example.

On the other hand, the full realm of publications under licence is but an enormous crab basket in which Canadian or foreign authors and publishers, librarians and publishing pirates are struggling. Why? Because for the past ten years we have been wanting to amend substantially the Canadian Copyright Act—a typical example of vagueness and inaccuracy—but not an inch of progress was ever made in this area. The result of that exercise in aerobic interpretation in which the courts engage was to plunge the Canadian publishing industry in a latent state of disgust and of I-couldn't-care-less whose main losers happen to be the Canadian authors themselves. But that is another story.

[Mr. Speaker.]

I wanted to refer to the Canadian Copyright Act because section 19 refers to publication under license and the meaning of those words must be properly interpreted to determine how *Reader's Digest* is affected by that restriction. And to interpret it, one must go the Copyright Act which on the subject of licenses performs wonders of vagueness, not to say contradiction. So it is a vicious circle.

May I be permitted to illustrate the present position of *Reader's Digest* on the editorial content by using once again an easy syllogism.

On the one hand, by repealing the restriction of section 19 on the publication under license, *Reader's Digest* faces indeed an enormous difficulty, the editorial context having to be substantially different from that of the parent company, particularly in light of the interpretation given by the Minister of National Revenue—80 per cent. Well, about that 80 per cent Canadian content we heard all sorts of criticisms from opposition members about the methodology, if not the questioning of the motives that lead the government of Canada to choose that percentage. A line must be drawn somewhere.

Can a magazine that plagiarizes the editorial content of a foreign magazine be truly Canadian? Where should the line be drawn: at 50 per cent, or 65 per cent? Perhaps at 30 per cent. I admit that the decision was made, arbitrarily, to set it at 80 per cent. But that has nothing to do with censorship. Why use so strong a word for what in fact is nothing more than a guiding line, a factor of interpretation, a simple instrument in the hands of Revenue Canada?

I can understand up to a point, the reservations about the 80 per cent figure of some hon. members, but not the vehement condemnations addressed to the government because of it. Once again, by its very nature *Reader's Digest* cannot meet that 80 per cent Canadian content requirement without losing its originality, that is, its international character.

On the other hand, if the restraint in clause 19(5)(a)(ii)(E) is maintained, the probable interpretation will be to consider *Reader's Digest* as a magazine publishing under a license given by another magazine, which is foreign-owned, for the use of its format, its pool of articles, its image. Then, even if *Reader's Digest* is to all intents and purposes a Canadian magazine, this subclause will prevent it from enjoying the advantages provided for Canadian magazines in clause 19. The situation will be reversed, because *Reader's Digest* will not be able to compete with the same weapons as other Canadian periodicals.

Thus, even if the act stays unchanged on this aspect of the question, *Reader's Digest* finds itself in a dilemma and all the good words by those who would like to make people believe that the magazines affected by Bill C-58 will be able to adapt themselves with a little goodwill, demonstrate a reluctance to get above the simple cultural or monetary considerations we are concerned with here. Once again, the problem is the following: Do we want to see *Reader's Digest* pursue its operation in Canada? If so, we must provide it with the instruments necessary to adapt itself to the new context of clause 9, which is cut out of subclauses 2 and 4. In order to do that, we must either amend the definition of the publication under license in the Canadian legislation on copyright, or define in a better