

Non-Canadian Publications

GOVERNMENT ORDERS

INCOME TAX ACT

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

The House resumed 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. Sinclair Stevens (York-Simcoe): Mr. Speaker, just before the supper recess I had been reviewing Bill C-58 and the effect it will have on non-Canadian newspapers. As an example I single out the *Red Deer Advocate*. I understood the Secretary of State (Mr. Faulkner) to say before supper that in his opinion the bill does not pertain to the *Red Deer Advocate*, even though it is wholly owned by a group in England. Having read the bill I see no foundation for the Secretary of State's statement about the *Red Deer Advocate*.

I submit that proposed section 19.1 will apply to advertising space in the issue of a non-Canadian newspaper or periodical. I particularly emphasize the word newspaper. The definition of non-Canadian or Canadian, as the case may be, turns in part on share ownership. Three quarters of the issued shares must be Canadian if the publication is to be considered as Canadian owned.

I draw attention to these facts as I feel the present language of the bill is too all-encompassing. It affects both periodicals and newspapers and casts a net, so to speak, which catches newspapers like the *Red Deer Advocate*.

We should remember that Canadian newspaper and publishing companies are healthy and prosperous and, to put it mildly, large. According to the latest figures available, four of our largest publishing groups enjoyed sales of \$546 million in 1973. Those four groups consist of Thomson Newspapers Ltd., which made \$157 million worth of sales in 1973; the Toronto Star Limited, which sold \$94 million worth of goods that same year; Southam Press Limited, which enjoyed sales of \$183 million, and MacLean-Hunter Limited, which enjoyed \$112 million worth of sales. The 1973 revenues of these companies were substantially larger than their 1972 revenues, and I understand the 1974 figures will be even larger.

One cannot suggest, surely, that a foreign-owned newspaper like the *Red Deer Advocate* is a serious threat to Canadian newspapers. I just indicated how large are the revenues of our four largest publishing groups. It goes without saying that they are Canadian-owned, and the number of shares held by foreigners is not meaningful. This being so, I find the position of the Secretary of State strange. He insists on the inclusion of periodicals and newspapers.

We should compare the earnings of some foreign publications with the earnings of our own. Although I do not have available the figures for Time Canada, I do have available those for Reader's Digest Association of (Canada) Ltd. Compare the sales of MacLean-Hunter

[The Acting Speaker (Mrs. Morin).]

Limited of \$112 million for 1973 with the sales of *Reader's Digest* of \$28 million during the same period. Clearly, although some foreign newspapers or periodicals operating in Canada have been given income tax advantages, our Canadian companies are healthy and doing relatively well.

• (2010)

Another point I would like to touch on is the fact that we must be very careful in discriminating against foreign investment in this country, and perhaps even more so in discriminating against the investment of foreign concerns in newspapers or periodicals. We are coming into a world environment where many countries are tending to be much more nationalistic in their attitudes with regard to trade and investment in their own countries. The United States, for example, which has been among the world leaders in encouraging other countries to keep relatively free as far as trade is concerned and also to open up with regard to foreign investment, has now shown for the first time a distinct trend in favour of restricting foreign investment in the United States.

Canada, being one of the largest if not the largest investor in the United States, has to be exceedingly cautious in doing something that may inadvertently cause more and more concern in the United States with regard to our investment in that country. I refer to the fact that congressmen who are presently greatly exercised over the danger of foreign acquisition of United States companies and strategic natural resources in the United States have introduced nearly three dozen bills to curb foreign investment in recent months. The most widely publicized bill, one written by Senator Harrison Williams, a Democrat from New Jersey, would give the President authority to veto foreign acquisitions of more than 5 per cent of the stock of virtually any publicly-owned corporation in the United States.

The Williams proposal has been sponsored by eight senators who represent almost the full spectrum of political opinion from liberal Democrat to conservative Republican. Since the Williams bill does not need the President to allow the takeover of one domestic corporation by another, it overtly discriminates against foreigners who might be interested in investing in further concerns in the United States.

In short, as I indicated earlier, this bill, in setting up some type of content rule with regard to what magazines or newspapers will be considered to be Canadian, is getting into a grey area that may lead to some limitation of freedom of the press in this country. This, I suggest, we must resist. In any event we must resist the broad spectrum that is thrown out by this bill which includes newspapers as well as periodicals. Surely a paper such as the *Red Deer Advocate* does not have to be caught up in the provisions of this bill as it is now before us.

Finally I suggest in the broader sense that we must be cautious that we do not provoke retaliation in the United States or in any other foreign country, be they countries in which we are presently investing or not. The retaliation, I suggest, would come in the form of resistance and restrictions against further investment by ourselves in those countries.