articles to that of major consumer magazines in Canada, is circulated around the world to other Digest editions and can receive an exposure of up to 100,000,000 readers in 13 languages.

The corporation is a Canadian taxpayer, as are all its employees. The company's operations resulted in a payment to the Canadian Post Office in fiscal year 1975 for first, second and third-class mail of $2,774,548. Madam Speaker, that is a great deal of money. I would point out that in the year before they cut back, it reached the amount of $3,900,000. If that is not considered good corporate business and a good deal for the Canadian Post Office and the Canadian government, I do not know what is. Is the objective of this legislation to drive such an operation out of the country? If it is, there can be no doubt in anyone's mind that Canada will be the loser.

The unpopularity of moving against this company is well documented. A Gallup poll released in January of this year, conducted among Canadians at large, showed that less than 1 per cent of the Canadian public wanted the *Digest* to lose its present position in Canada. Research among *Digest* readers showed that 94.5 per cent say that they believe the *Digest* is "serving the Canadian purpose" as defined by the Secretary of State. The same survey showed that 82.5 per cent of Canadian *Digest* readers would disapprove of legislation that disallowed the expenses of advertisers in the *Digest* for tax purposes.

I might point out, Madam Speaker, that a poll of a great many readers in my area showed that a lot of them wanted the magazine. They said they did not think *Reader's Digest* should get an unfair advantage over Canadian magazines, however, by being allowed additional expenses. In other words, they were given the erroneous idea—whether by the press or other means—that there was actually additional revenue available to *Reader's Digest* that was not available to Canadian magazines.

The Secretary of State says that he wants to put *Reader's Digest* on the same footing with foreign magazines coming into the country. What is his reason today? When section 19 of the Income Tax Act was passed in 1965—in those days it was section 12(a)—the Liberal government of the day recognized that the *Digest* had had a prior history of corporate citizenship in Canada unmatched by any other foreign publication. It recognized that this magazine was serving the Canadian purpose and acted accordingly by not deeming the *Digest* to be a non-Canadian periodical. This was unquestionably behind the *Digest's* decision to sell part of its equity in Canada to Canadians in 1968. Its contribution to citizenship has increased progressively from the beginning. Its contribution to our nation's culture has increased also. Some 200 Canadian writers have appeared in its pages in the last ten years. It has developed some distinguished Canadian books.

Bill C-58 will not remove special tax privileges accruing to *Reader's Digest*, because there are not any. The bill will create special penalties that will put the *Digest* on the same footing as magazines like *Playboy*, *Penthouse* and such magazines which appeal to the more prurient interests of their readers. These magazines have never been published in Canada. They have no editorial staff here. They make no attempt to select their material for Canadian readers. They make no investment or commitment to this country. *Reader's Digest* does, and has done in the past. But this bill says to *Reader's Digest*, "sell out." It also says, according to the Minister of National Revenue (Mr. Cullen), "Sell out", and the new owners cannot publish *Reader's Digest* in the form that has made it so popular.

*Reader's Digest* has specialized from its inception in the republication and condensation of articles that have already appeared in print. It is a digest. That is what its immense popularity is based on. The ability of its editors to select material of enduring interest, in convenient form, is its stock-in-trade. The interpretation of the act by the Minister of National Revenue would make that impossible. It would also deny the *Digest* the right to become a Canadian magazine and operate under its licence even if it did meet the ownership criteria.

How does this happen? The act stipulates that Canadian magazines must not publish under licensing agreements to foreign publications. The *Digest* has such a licensing agreement. It constitutes the company's sole legal right to use the *Reader's Digest* name on the magazines and other products, and to publish material from other *Digest* editions. The licence protects from unscrupulous use the rights and materials of the many authors who write for the *Digest* worldwide. No such licencing clause applies to newspapers, and thus the act applies a double standard in its provisions for newspapers and magazines.

● (1530)

The second key clause contains a similar discrimination. It requires that to be considered Canadian, issues of a Canadian magazine must not be substantially the same as one or more issues of one or more foreign periodicals. Again, no such restriction applies to newspapers. Yet the basis of the *Digest's* worldwide editorial operation is an exchange of articles of international origin and universal interest. Therefore, if the conditions of the act are to be met, a drastic change in the magazine's content and character would be necessary to make *Reader's Digest* selections different from what they are now. If such a change were made, editors of the *Digest* in Canada could no longer include in their editions material drawn from traditional *Digest* sources. No publisher and no reader can properly support such a grave restriction on a magazine's editorial freedoms. Nor should this House. While the licensing and substantially the same clauses remain in the act, there is no practical opportunity for the *Digest* as it now exists to be accepted as a Canadian magazine for tax purposes.

It is said that because of its licence the *Digest* has unfair advantages over Canadian magazines because the company has access at nominal cost to editorial material which is dumped in Canada. By definition, dumping is the importation and sale of a product, virtually unchanged, at a price lower than that charged in the originating country, so enabling a firm to undercut local competition. But Canadian *Digest* editions sell for the same basic price in Canada as in the United States and for a higher price than either of their major competitors, *Maclean's* and *Chatelaine*. Canadian *Digest* advertising rates, for a smaller page, are proportionately higher than in the U.S. and competitive with those of Canadian magazines. Moreover, the content of the *Digest* in Canada is selected by Canadian editors and fully edited for Canada. Dumping is not a factor where the *Digest* is concerned.