

In June 1965 action was taken to protect Canadian newspapers and periodicals from advertising competition of United States publications.

An amendment to the Customs Tariff prohibited entry to Canada of special editions of periodicals including a split run or a regional edition, containing advertising specifically directed at the Canadian market. In addition, ordinary editions of periodicals with more than 5% of their advertising directed at the Canadian market were prohibited.

The Income Tax Act also was amended to disallow income tax deductions for advertisements intended for the Canadian market and placed in a non-Canadian newspaper or periodical. A newspaper or periodical was considered to be non-Canadian if more than 25% of its voting shares was owned by non-Canadians. In effect an exception to this legislation was made for the Canadian edition of Time and for Readers Digest.

The effect of this income tax amendment was to dissuade foreigners from bidding for control of Canadian newspapers or periodicals. If they held more than 25% of the voting shares their publication would not be such an attractive vehicle for Canadian advertisers as a rival journal not subject to the income tax deduction penalty.

Canadian law does not prevent a foreign enterprise from owning telephone companies. There are more than 2,000 separate telephone systems and companies in Canada. The eight main companies are associated in the Trans-Canada Telephone System formed in 1931 to develop and maintain an all-Canadian long distance network. They are the Bell Telephone Company of Canada which provides two-thirds of the country's telephones, the Avalon Telephone Company, Limited, of Newfoundland, the Maritime Telegraph and Telephone Company Limited, the New Brunswick Telephone Company Limited, the Manitoba Telephone System, Alberta Government Telephones, Saskatchewan Telecommunications and the British Columbia Telephone Company.

The Alberta, Saskatchewan and Manitoba companies are owned by the provincial governments. The other five companies in the Trans-Canada System are private. All are provincially chartered except Bell and B.C. Telephone Company which have Federal charters. Bell (5,500,000 telephones) serves Ontario and Quebec and provides communications in Labrador and the North West Territories. It has a controlling interest through stock ownership in the Avalon and New Brunswick companies. Maritime Telegraph and Telephone Company Limited serves Prince Edward Island and Nova Scotia, Bell owns a majority of its shares but does not have voting control.

Most telephone systems are subject to some degree of government regulation. The degree of regulation and whether they are federally, provincially, or municipally regulated depends on their particular charters and circumstances. For example, the largest, Bell Telephone is regulated as to its rates and to some extent as to its operations by the Federal Board of Transport Commissioners.

The important computer industry is not subject to regulation as to ownership or operations and in fact it is almost entirely American owned.