CANADA
TODAY / D'AUJOURD'HUI

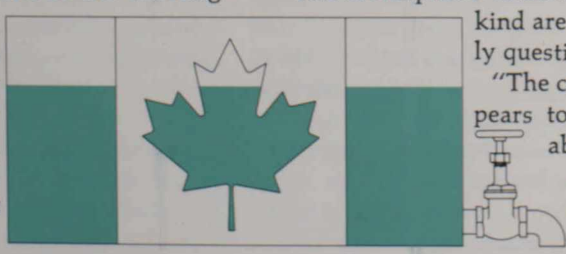
Of all political issues in Canada today, perhaps the most pervasive is the Canadian identity and how it should be shaped by Canadians. Elections are fought around it. Articles—in fact whole issues of magazines—are published on it. The bulk of this issue turns out to deal with several aspects of it. The article below and the interview with the Prime Minister on page twelve are on the economic side of it. The article on page four is about a search for a Canadian constitution which, while not new in itself, is nonetheless a reflection of the new national awareness. And a major theme of the report on mass media (page six) is about the Canadian-ness of the press, or the lack of it.

Foreign Ownership in Canada

A MAJOR ISSUE—one that goes to the heart of innumerable political, economic, and cultural debates—is the extent of ownership of Canadian resources and business by non-Canadians, and what to do about it.

For the past year this has been the subject of an intensive Government study, now nearing the final stages of preparation. The study is being made by a "working group" headed by Minister of National Revenue Herb Gray. When its report goes to the Cabinet for consideration, it may form the basis of a policy paper with legislative recommendations for meeting what Prime Minister Trudeau has called "the whole problem of foreign investment."

There have been questions in Parliament and the press as to when a Government position will be advanced and what it will be. Both Mr. Gray and Prime Minister Trudeau have said they are not yet in a position to say. However, last April Mr. Gray made a speech at the Osgoode Hall Law School in Toronto, outlining some of the circumstances which led to the creation of the working group. The speech, Mr. Gray said, should not be taken as a preview of what will be recommended. It should, though, be useful in understanding both the concern being expressed and any policy proposals that may emerge.



At that time Mr. Gray said that direct foreign investment in Canada has brought benefits, "but it has also meant, and can increasingly mean, what amounts to limitations on our ability to make our own decisions on our present and future development. This has come about," he said, "without a clear understanding or recognition of what all the implications were or could be. It could be said that until recently, at least, there was no widespread conviction that this country's degree of reliance on capital abroad was not the appropriate course for Canada. And it has not been unusual to hear some Canadians, at least, say that while they wished we owned more of our economy, we simply didn't have the large pools of risk capital needed and, since we didn't wish to have lower standards of living, things would have to continue much as they were with foreigners owning more and more of the economy, and they went on to say that it probably didn't have any real meaning for our independence anyway.

"The assumptions underlining thinking of that kind are now being increasingly questioned.

"The concern," he said, "appears to be based on doubts about Canada's future as a sovereign nation with so large a part of our economy control-

"The multi-national corporation can cause problems which have serious implications for the sovereignty and effective development of the national states."

led from abroad . . . concern about both legal sovereignty and also about what might be called politico-economic sovereignty."

Legal sovereignty means that only Canadian law should apply within the Canadian political state. Politico-economic sovereignty he described as "the abilities of our governments, particularly our national government, to implement effectively desired national policies in light of political and economic forces."

These forces are considerable, he said, citing some examples of non-resident domination: "In 1967, 60% of the assets in the mining industry belonged to corporations which were at least 50% non-resident owned. In mineral mining, 42%; in mineral fuels, which includes gas and oil, almost 82%. In manufacturing, non-resident dominated firms own more than 60%, with higher proportions in some sectors—90% in the aircraft and aircraft parts industry, and 80% of the chemical industry.

"Resident-controlled firms tend to predominate in finance, transportation, communications and utilities, construction, and retail trade.

"All this reflects in part the fact that in the past, Canadian governments have not looked upon foreign ownership and control as a general problem, requiring a comprehensive policy response, but instead as something which required particular solutions for particular sectors of the economy." He cited some of these past actions limiting foreign ownership or promoting Canadian domination in banking, loan, trust, and insurance companies; sales finance companies; uranium mines; Canadian National Railways and Air Canada; the Telesat communications satellite; development of the oil industry in the north; and others.

ONE OF THE PRINCIPAL AREAS "that any government would be looking at in developing policy in this area," Mr. Gray said, "is the growing power of the so-called multi-national corporation." In practice, that generally means a company that is entirely or largely owned and staffed by the citizens of one country, with its head office in that country and affiliated firms in foreign lands, effectively controlled by the head office.

"The multi-national corporation contains within itself the potential—but I suggest not necessarily the certainty—of transmitting to peoples the world over many of the benefits of modern forms of business organization, with all that this implies . . . ."

"However, the multi-national corporation can cause problems which have serious implications for the sovereignty and effective development of the national states. For instance, these companies tend to have a great deal of leverage in dealing with national governments, particularly those of relatively small countries. This enables them to play off one government against the other in negotiating the most attractive terms for new investments. This is something which can also happen within a country organized on a federal basis with several levels of government.

"Similarly, the international scope of their operations gives them opportunities to escape the complete jurisdiction of national law—in our case Canadian law—relatively more easily than those that operate more or less entirely within Canada. Further, the multi-national corporation normally has the financial resources needed to buy out or prevent . . . new sources of competition."

In the long haul, Mr. Gray said, it may be possible for governments to deal with some of these difficulties by negotiation on tax and anti-trust policies, or by international codes or sanctions. But if there is an immediate need for action, he said, "it must come at the level of national governments themselves."

He explained, by a few examples, how erosion of a host country's sovereignty is built into the system as it now operates. "I think the evidence is increasingly clear that Canadian subsidiaries of firms based in another country can and have been used as instruments of what amounts to an extra territorial application of that parent country's laws and policies."

One example is the United States' Trading with the Enemy Act, which "appears to have affected attitudes of Canadian subsidiaries . . . on the development of export trade with certain countries."

Another example he cited is how the United States' balance of payments problems affected Canada: "When the United States authorities first began to deal with this situation, they issued guidelines to U.S. firms about the direction and size of their capital movements, and those guide-

"We were in the position... of having to negotiate with a foreign government about what would be appropriate practice for Canadian firms located in Canada."

lines were widely regarded by subsidiaries of U.S. firms, including those in Canada, as applying to them. The Canadian government thus found itself in the position of having to remind Canadian corporations of the responsibilities of their corporate citizenship. Later, the U.S. guidelines were made mandatory. We were, in fact, able to negotiate important exemptions for Canada from the U.S. guidelines and these exemptions were highly valued. But the criticism remains that we were in the position—unacceptable, I think, to Canadians generally—of having to negotiate with a foreign government about what would be appropriate practice for Canadian firms located in Canada.

"I don't set out these matters because of any negative attitude toward our neighbour to the south," Mr. Gray said. "In my view, if we consider the extra-territorial application of foreign law to be unacceptable for Canada, such application should be equally unacceptable, whether or not we agree with the domestic or foreign policies of the government from which that law originates."

And he concluded saying he thought the best of both worlds is possible: the need for continued capital to sustain a high rate of growth, and the need for Canadians to dictate how that growth—"including the development of our identity"—should proceed.

A Huge New Company to Buy Canadian

A corollary to controlling foreign investment in Canada is stimulating Canadian investment in Canadian-controlled firms. Last month Finance Minister E. J. Benson introduced in Parliament legislation on the Canada Development Corporation, designed to do just that.

The Canada Development Corporation would be funded initially by the government, but eventually by private investors. Its stated purpose: To help develop and maintain strong Canadian-controlled and Canadian-managed corporations in the private sector; and to provide greater opportunities for Canadians to invest and participate in the economic development of Canada.

As proposed, it would be a large-scale source of capital to create major new enterprises, and to strengthen existing Canadian-controlled firms. It could also join other corporations in acquiring existing companies "where competitiveness may be improved by merger, amalgamation, or other corporate arrangements." And it is intended it will acquire the government's interest in a number of existing firms.

CDC investment in companies will be large, generally more than $1,000,000, and will be aimed at ensuring Canadian control. But the CDC will not seek direct operating control of the companies.

A Finance Ministry paper said: "The CDC arrives at a time when large international companies are playing an important and expanding role in the economic development of many countries, and when Canadian companies must be able to compete at home and abroad by combining management and technical skills with financial size and strength.

"Able and experienced entrepreneurs will direct the Corporation's operations to areas of critical importance in economic development—to high technology industry, to resource utilization, to northern-oriented companies, and to industries where Canada has special competitive advantage."

As envisaged in the legislation, the CDC will not be a government agency directly-held (Crown) corporation, responsible to Parliament, although any changes in its structure will require the approval of Parliament. The proposed legislation calls for the CDC to be capitalized at $2,000,000,000 with all of the voting stock owned by Canadian citizens and residents of Canada. The government hopes to reduce its share to 10%, and no one citizen or group will be able to hold more than 3%. Common shares probably will be offered at $5, in the hopes of selling them as widely as possible.

For more information on the CDC, write this office, address on page 12.

Canada has: ☐ A CONSTITUTION

Canada is in the midst of a constitutional review which could mean great changes in government. What follows is a brief explanation of what's happening. Most of the information for this article comes from Mr. Andrew Quarry, of the political science faculty of the University of Winnipeg; and Mr. Barry Strayer, an expert on the subject in the Privy Council Office (the cabinet secretariat). As Mr. Strayer points out, "any explanation depends a lot on a political interpretation of events leading up to the review . . ."

To say that the British Parliament has passed many laws in its years is to strain understatement. It has passed laws on railroads and laws on motorcars and laws on the sizes of bridges in London. And one of the many laws it has passed in its days is called the British North American Act of 1867.

That law created Canada as a nation, in legal terms, and gave her a constitution. Now that must be said with hasty qualification, for the BNA Act is about as close to what Americans think of as a constitution — the very motherlode of nationhood — as spaghetti is to steel cable.

Probably no country in the world can claim a constitution capable of providing its readers with a clear and complete picture of its government in static terms, much less in dynamic terms, but the BNA Act must surely rank as one of the most confounding. For example, the act attributes near dictatorial powers to the Queen's Governor General and the provincial lieutenant governors (which was far from the case even when the act was drafted), and the prime minister and cabinet are not even mentioned. It wasn't until 1947 that the Supreme Court of Canada became the land's final court in civil and criminal cases, and—perhaps the most troublesome shortcoming—there is no comprehensive provision in the act to allow Canadians themselves to amend it in such basic areas as the distribution of powers between federal government and provinces.

While it has long been felt, especially by the politically active, that this power should be in Canada, there never has been agreement on how to do it. For one thing, creating an amendment mechanism implies such a substantial change in the character of the constitution that it triggers pressure for other changes involving money, culture, and civil rights (which has nowhere near as fundamental a place in the BNA Act as in the American constitution.) None of these issues is non-controversial.

For openers, any change made according to the book calls for one last act of the British Parliament, and many Canadians think it best not to ask the UK to do anything and to simply assert Canadian authority. This was one of the reasons why an attempt to get an amending procedure foundered in 1964.

From the general public, however, these questions have traditionally drawn a yawn, because for most of the public the BNA Act has served well enough.

But 1967 was Canada's centennial year. There was a good deal of good will abroad in the country, a resurgence of national pride, and a growing feeling that time may be running out on the BNA Act arrangement. The province of Quebec, for example, had been discontented for some time and attributed some of its problems to the constitution.

In November, 1967, John Robarts, premier of Ontario, invited the premiers and prime ministers of the other provinces to discuss in a general way "the Confederation of Tomorrow." Shortly after this, a Constitutional Conference, convened by the Federal Government, decided that a constitutional review would be held. The conference became an entity in itself, a "continuing committee of officials on the constitution." It divided the constitution into eight categories and began holding conferences. There have been six so far — three public with live TV and three closed sessions.

Typical questions which have been raised are on how powers should be divided on such issues as taxes, social security, air and water pollution, and federal spending power. Its spending power, for example, gives the Federal Government the power to spend money on programs the provinces can't control. Some provinces, especially Quebec, have argued that by offering to spend money on a program like medicare, the government forces a province to go into it. In the constitutional conference, the Federal Government has suggested that there be concensus among the provinces on such spending, and a province that didn't want

☐ SOMETHING THAT'S WORKED ALL THESE YEARS

Late news: The Federal-Provincial Conference February 8 and 9 agreed in principle to bringing to Canada the power to amend the BNA Act independent of the British Parliament and on an approach to an amending procedure itself. The plan will be submitted to the next open conference in June in Victoria, after which it would require ratification by Parliament and provincial legislatures.

the program would be compensated. It remains to be seen whether this — or indeed the whole attempt at review — will be accepted.

There are other political issues. A real Quebec separatist would consider the whole exercise irrelevant because it presupposes a continuation of Canada as it is. Short of a separatist, an ardent nationalist would probably want to do away with the monarchy, and would want congressional rather than parliamentary government.

Some have called for a special status for Quebec, based on Canada being a country of two nations, with Quebec as guardian of the French part. The Federal approach has been that Canada is a bicultural country, with the Federal Government equally guardian of both. The Federal Government also feels that unequal provinces would make the federal parliament system untenable.

How long this debate, and more, will take is only a guess. An educated estimate is two to three years.

For more information

The Constitutional Conference has a secretariat which has summaries of discussions, reports of various committees, communiques, and the like. Write to:

Mr. Henry F. Davis
Secretary of the Constitutional Conference
Conference Center 2
Rideau Street
Ottawa, Ontario

Journalists, scholars, and others seriously interested in more information on the position of the Federal Government should contact:

Mr. Barry Strayer,
Office of the Privy Council,
East Block, Parliament Building,
Ottawa, Ontario.

Twentieth Century Report

[MOOSE JAW MODERNIZES]

WITH THE MASSIVE SURGES in population and technology since the industrial revolution have come many irritations minor enough to elude heavy academic and journalistic coverage—what with such other headaches as we have—but important enough to nag on, making pundits wonder "just what is happening to the quality of life?" There are obvious things, like the chewing gum problem, and more obscure ones, like which side to pass on while walking down a sidewalk without doing a little dance in the cold. Perhaps in olden times manners dictated which. In modern Moose Jaw, Saskatchewan, the law dictates which. The right side, at risk of $100 or 30 days. Thus Moose Jaw becomes one of the few cities in the world to tackle the problem head on,* perhaps because Moose Jaw does not have some of the world's other problems. The law was passed last month and got Moose Jaw a fair amount of publicity, as one of the town aldermen shrewdly predicted it would. After all, Moose Jaw is a city of 32,000 with many noteworthy qualities, and its name may as well be known the world over as something other than a straight line for stand–up comedians.

[REALLY TRUE]

AS MOOSE JAW WAS TAKING the guesswork out of life for its citizens, so was the Canadian postal service for the rest of Canada. Under the new "Assured Mail Delivery Program," Canadians will know that first class letters mailed within specified times on one day will be delivered virtually anywhere in the country the next. The plan went into effect February 1 for mail going out of Toronto; on July 1 it will begin in Montreal. By the end of 1972, a Post Office spokesman says, there will be next-day delivery between Halifax, Nova Scotia, and Victoria, British Columbia, or virtually any place else in the country where there's daily mail delivery.

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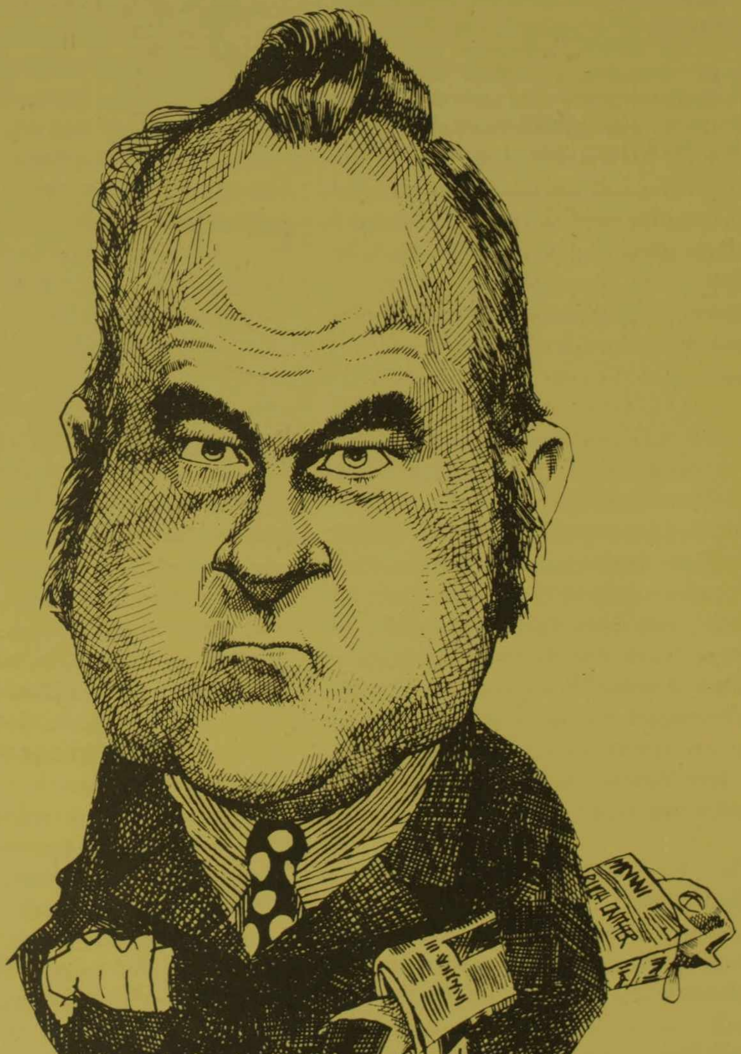
* Winnipeg has a similar but neglected law, with milder penalties.

ILLUSTRATIONS: PAUL HOFFMASTER

THE MASS MEDIA



KEITH DAVEY: AISLIN, THE MONTREAL STAR

Could use improvement, it appears.

In March, 1968, the Senate of Canada created the Special Senate Committee on Mass Media and told it to study the ownership, control, and influence of the mass media in Canada. The committee was chaired by Senator Keith Davey (left).

Its report, a half-million word and amply-tabled affair notable for its frankness and clarity as well as its thoroughness, was issued last December as a recommendation to the Government. The entire report is available from Information Canada, Ottawa, for $13.50. Volume I, which contains most of the analyses and conclusions, costs $3.50. These excerpts reflect some of the major themes of the study, which also includes a survey of public opinion of the media; reports on the farm, religious, and underground press; the Canadian Press news agency; and other subjects. Elipses are omitted in the editing.

[GETTING TOGETHER]

"THERE IS an apparently irresistible tendency, which the economists describe as the process of 'natural monopoly,' for the print and electronic media to merge into larger and larger economic units. This tendency could—but not necessarily—have the effect of reducing the number of 'diverse and antagonistic sources' from which we derive our view of the public world. It could also—but not necessarily—lead to a situation whereby the news (which we must start thinking of as a public resource, like electricity) is controlled and manipulated by a small group of individuals and corporations whose view of What's Fit to Print may closely coincide with What's Good for General Motors, or What's Good for Business, or What's Good for my Friends Down at the Club. There is some evidence, in fact, which suggests that we are in that boat already."

When it began its study, the committee found that there had never been an exhaustive study of the extent of media control by groups and conglomerates, so it commissioned Hopkins, Hedlin, Ltd., a Toronto firm, to make one. Their study makes up Volume II of the three-volume Committee report. The study covers 103 communities—the most important media outlets in the country, from which the vast majority of the population gets its news, information, and entertainment.

It found that "there are only nine cities with two or more competing newspapers. (In the U.S. in 1968, with ten times the population, there were 45 cities with two or more competing daily newspapers.)

"There are only five cities in the country where genuine competition between newspapers exists; and in all five cities some or all of these competing dailies are owned by chains.

"Of Canada's eleven largest cities, chains enjoy monopolies in seven. The three biggest newspaper chains—Thomson, Southam, and F.P.—today control 44.7 per cent of the circulation of all Canadian daily newspapers; a dozen years ago the total was only 25 per cent. Fully 77 per cent of the circulation of all Canadian newspapers is now controlled by chains."

On the average, the committee said, "media corporations are onto a very good thing indeed. If the brewing industry made profits half this large, and people knew it, we suspect there would be sit-ins in the beer stores. [The section on MAKING MONEY gives some highlights of the picture.] In most cases, these large profits are made possible by conditions of natural monopoly.

"In a few cases the corporations concerned are making genuine efforts to deliver quality editorial content and programming in return for their privileged economic position. But the general pattern is of newspapers and broadcasting stations that are pulling the maximum out of their communities and giving back the minimum in return. This is what, in contemporary parlance, is called a rip-off."

The committee cited several examples of high quality journalism produced by monopolies, but said that this is because these particular groups *want* to provide good service.

"And this leads to what may be the Committee's most fundamental conclusion: that this country should no longer tolerate a situation where the public interest in so vital a field as information is dependent on the greed or goodwill of an extremely privileged group of businessmen.

"We are not suggesting that the state should reward or punish individual newspapers on the basis of some 'official' assessment of their editorial performance. But the power to merge, the power to expand, the power to form large concentrations of media holdings, is another matter. We think the findings of this committee demonstrate that concentration of ownership has proceeded to the point where some form of intervention by the state is desirable and necessary.

"We urge the government to establish a Press Ownership Review Board with powers to approve or disapprove mergers between, or acquisitions of, newspapers and periodicals.

"The board should function as the Canadian

Radio & Television Commission does, as a tribunal empowered to issue binding decisions. (The CRTC is similar to the U.S. Federal Communications Commission.) Legislation similar to what we propose has been in force in Britain since August 5, 1965."

[MAKING MONEY]

THE ECONOMICS OF THE MEDIA was a major part of the committee's work. A few of its conclusions follow:

"One of Roy Thomson's most memorable observations was that a television broadcasting permit is 'like having a license to print your own money.' These tables demonstrate that ownership of a daily newspaper often amounts to the same thing, except you don't need a license. There are groups of medium-sized newspapers, the tables show, which in at least one year earned after-tax profits (on equity) of 27.4 per cent! The overall after-tax average, for all newspapers over the ten-year period, as a percentage of total equity, is between 12.3 and 17.5 per cent. In 1965, which was a great year for the industry, after-tax profits of daily newspapers as a percentage of the amount put up by shareholders was 17.5 per cent. The comparable percentage for all manufacturing industries was 10.4 per cent; for retailing industries it was 9.2 per cent. Owning a newspaper, in other words, can be almost twice as profitable as owning a paper-box factory or a department store.

"Companies publishing newspapers with circulation, below 10,000 or above 100,000 consistently earned after-tax profits of more than 16 per cent from 1965 onward. Newspapers with circulations between 10,000 and 50,000 were less than half as profitable as the industry as a whole.

"During the period studied, labour costs increased about as much as did total revenues—71.5 per cent. Gross returns to capital, however, increased by 95.2 per cent over the same period. It has been suggested that rising labour costs are killing off newspapers, particularly in the United States. But on the evidence available to us, it would appear that while publishing and broadcasting are subject to the same inflationary pressures as everyone else, on an industry-wide basis both productivity and returns to capital are increasing faster than labour costs.

"Retained earnings—the profits which a corporation holds back and usually invests in expansion or in other corporations—are much higher in the daily newspaper business than in other manufacturing industries. This indicates that the industry has been highly profitable in the past, and that its members are probably hungry to acquire other newspapers.

"Share capital and long-term debt make up smaller proportions of total liabilities and equity for daily newspapers than they do for corporations in other industries. This underlines what we know already: that newspapers are less likely than other corporations to borrow or issue new shares when they need extra money; usually, they can finance expansion and acquisitions from their profits."

As for broadcasting, the committee noted "how wonderously profitable some broadcasting operations can be. The largest revenue-group of TV stations earned a before-tax profit (on equity) of 98.5 per cent in 1964. At that rate, even after taxes, shareholders would recover their entire investment in two years! The big TV stations' worst year was 1967, when pre-tax profits declined to 40 per cent; in most other industries, that kind of margin would be considered fabulous."

The principal point the committee was making was that these profits are not being used to improve the product, that canned material is too often a staple, that investments are not made for in-depth reporting, that personnel are underpaid. "The most insidious effect of journalistic monopolies is the atmosphere they breed. Every reporter soon learns that there are only a few newspapers where excellence is encouraged."

[BAD NEWS]

"CHECKING THE MEDIA'S monopolistic tendencies is only a small step towards promoting the kind of media the country needs and deserves.

"As well as being commissioned to study ownership patterns of the media, we were also asked to consider 'their influence and impact on the Canadian public.' And this leads us inexorably into a discussion—and here we tread with extreme diffidence—into the endlessly entertaining subject of What's Wrong With The Press.

"Plainly, *something* is wrong. Judgements like this are risky, but it seems to us that there has never been a period in the nation's history when the press has been so distrusted, so disrespected, so disbelieved."*

The reason, the committee suggests, is because the press is an institution, and "all the conflict, the hassle, the demonstrations, the social anguish which currently surround us have at least one common characteristic: they're all concerned with people versus institutions.

"The media are involved in this conflict as participants. One of the truly depressing aspects of our enquiry was the ingenuous view of so many media owners that they are mere spectators.

* This conclusion is on the basis of a rather large survey the committee took, which is published in the report.

They're *not* spectators. They control the presentation of the news, and therefore have a vast and perhaps disproportionate say in how our society defines itself. The power of the press is the power of selection. Newspapers and broadcasting stations can't dictate how we think and vote on specific issues; but their influence in *selecting* those issues can be enormous.

"This quaint notion of media-as-spectator appears to be shared by most of the people who control the corporations that control the news. But then, too many publishers and broadcasters seem to harbour a positive affection for the nineteenth century."

The committee suggested several reasons for the current public disenchantment. The media's built-in institutional bias in favor of a consumption-oriented society was one. Another "even more compelling reason" is the way media selects its material—the nature of news itself.

"Today, in a society where *everything* is changing, we're still defining news in the same old way. If it is to be news, there must be a 'story.' And if there is to be a 'story,' there must be a conflict, surprise, drama. There must be a 'dramatic, disruptive, exceptional event' before traditional journalism can acknowledge that a situation exists. Thus the news consumer finds himself being constantly ambushed by events. Poor people on the march all of a sudden? But nobody told us they were discontented! Demonstrations at the bacteriological warfare research station? But nobody told us such an outfit existed in Canada! People protesting pollution? What pollution? The paper never told us . . .

"We exaggerate, of course, but we think the central point stands up.

"Part of the trouble is the media's understandable tendency to look for news only in the old, familiar places: city hall, the courts, the police stations, the union halls—places where there's always a man whose institutional credentials allow the news to fit easily into prevailing journalistic pigeonholes. The result often resembles a shadowplay: plastic figures saying plastic things which are transmitted in a plastic way."

The committee acknowledged that the best newspapers are aware of these limitations and try to deal with them. Later in the report the committee put forth what it considered to be good journalism: "The standard we chose to employ is pretty straightforward: *how successful is that newspaper or broadcasting station in preparing its audience for social change?*"

Part of this job of the media, the committee said, is to define the nation—the common image people have of themselves. "It is perceptions of journalists—together with education and the arts—which help us to define who and what we are.

"We all know the obstacles involved in this task. Geography, language, and perhaps a failure of confidence and imagination have made us into a cultural as well as economic satellite of the United States. And nowhere is this trend more pronounced than in the media. Marquis Childs on the editorial page. Little Orphan Annie back near the classified ads. Nixon and Tiny Tim and Jerry Rubin and Johnny Carson and Lawrence Welk and Timothy Leary on the tube. The Beach Boys and Blind Faith and Simon and Garfunkel on the radio. The latest VC bodycounts courtesy of A.P. and U.P.I. The self-image of an entire generation shaped by Peter Fonda riding a stars-and-stripes motorcycle. Need we continue?

"We are not suggesting that these influences are undesirable, nor that they can or should be restricted. The United States happens to be the most important, most *interesting* country on earth. The vigor and diversity of its popular culture—which is close to becoming a world culture—obsesses, alarms, and amuses not just Canadians, but half the people of the world.

"What we *are* suggesting is that the Canadian media—especially broadcasting—have an interest in and an obligation to promote our *apartness* from the American reality. For all our similarities, for all our sharing, for all our friendships, we *are* somebody else."

[SOLUTIONS]

AMONG ITS RECOMMENDATIONS for improving the scene, the committee recommended a heavier commitment to journalism training; the creation of an industry Press Council, modelled after the British Press Council, to monitor the press and foster professionalism; and offered the following observations:

"What this country now needs, to achieve the sort of editorial competition that is our best guarantee of a good society, is a journalistic equivalent of the Volkswagen.

"The Committee believes a 'Volkswagen press' is just beginning to emerge in this country, and that is the most hopeful development in print journalism for many years. The Volkswagen press usually appears weekly or monthly, not daily. It can be produced relatively cheaply and it does not aim at the total market. It concentrates on basics; telling what's going on in a personal and opinionated manner, primarily designed for readers, not advertisers. We believe there is a large minority of the Canadian public that will buy that kind of product."

The committee said there are no financially successful Volkswagen newspapers or magazines, but some promising ones. Among them:

"*Last Post:* Produced by an editorial co-operative in Montreal, *Last Post* specializes in radical investigative journalism, usually done with flair, wit, and professionalism.

"*The Mysterious East:* Edited for love by a group of academics from the University of New Brunswick whose lack of journalistic expertise has not prevented them from producing a lively, provocative magazine.

"*The 4th Estate:* Is doing for Nova Scotia what *The Mysterious East* is doing for New Brunswick: providing the kind of journalism that the province's monopoly newspapers fail to deliver.

"*Canadian Dimension:* Edited by C. W. Gonick, Manitoba MLA and economics professor, *Dimension* is left-of-Waffle nationalist. Probably the most authoritative and thoughtful of the Volkswagen periodicals, but sadly deficient in a sense of humor. (The Waffle group is a left wing of the National Democratic Party.)

"The fact that these are primarily concerned with left-of-centre politics doesn't mean we think that's the only kind of Volkswagen periodicals there should be. There are a number of others in print now, and there could and should be more."

The hitch, the committee said, is a lack of money.

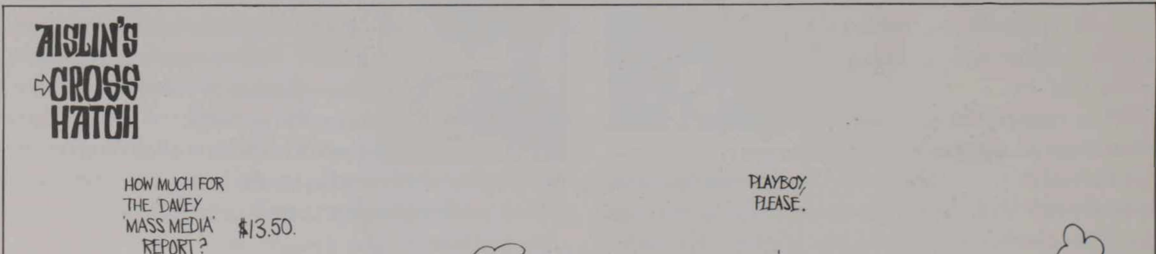
"*The Committee therefore recommends the establishment by the government of a Publications Development Loan Fund,* with an available annual draw of not less than $2 million, that would assist Canadian publishing ventures in achieving economic viability."

The fund, which would be similar to the Canadian Film Development Corporation, would consider assistance to publications only if they have attracted sufficient readership to indicate a readers' need, and only if they secure a substantial portion of the new financing required.

[*TIME* & THE *DIGEST*]

"MAGAZINES ARE SPECIAL. Magazines constitute the only national press we possess in Canada. Magazines add a journalistic dimension which no other medium can provide—depth and wholeness and texture. Magazines, because of their freedom from daily deadlines, can aspire to a level of excellence that is seldom attainable in other media. Magazines, in a different way from any other medium, can help foster in Canadians a sense of themselves. But Canadian magazines are in trouble. There are very few Canadian-owned consumer magazines that can claim, with any degree of certainty, that their survival is assured.

"In the whole country there are only four large-circulation consumer magazines whose prospects and financial condition, judged by normal corporate standards, could be described as healthy. They are *Time, Reader's Digest, Miss Chatelaine* (a teenage fashion magazine), and *Toronto Calen-*



THE MONTREAL STAR

dar (a digest of things to do in Toronto, distributed free). Between them, *Time* and *Reader's Digest* account for more than half the advertising revenue that all major consumer magazines receive in Canada.

Because of the nature of media growth, the committee said, "it is reasonable to anticipate that *Time* and *Reader's Digest* will continue to grab off larger and larger proportions of available revenue."

The position of Canadian editions of the two magazines has long been controversial in Canada. Section 12A of the Income Tax Act, sponsored by Senator O'Leary in 1961, prevents Canadian businesses from deducting advertising expenses in all foreign magazines except *Time* and *Reader's Digest.*

Arguments were made to the Committee for and against removing these exemptions. Arguments were also made for recommending legislation that would prevent *Time* and *Reader's Digest* from publishing their magazines and accepting advertising in Canada. While the Committee's bent was markedly nationalistic, it said "singling out for expulsion two corporations that have done business in Canada for nearly three decades, and done it with flair and fairness and excellence, struck us as somehow inconsistent with the Canadian character."

"We recommend exactly what O'Leary wanted nine years ago: that the exemptions now granted Time *and* Reader's Digest *under Section 12A be repealed, and the sooner the better.*

"Even if *Time* and *Reader's Digest* did find it possible to continue publishing their Canadian editions despite removal of the exemptions, they would at least be competing on a more equitable basis than before. The massive cost advantages they enjoy from spillover editorial contact would be at least partially offset."

If this did not improve the health of the Canadian magazine industry, the committee suggested that the two magazines could be required to sell 75 per cent of the stock of their Canadian subsidiaries to Canadian residents, after the example of the Canadian Radio and Television Commission, which requires 80 per cent Canadian control of broadcasting corporations.

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Prime Minister Trudeau on Foreign Investment

The Prime Minister was asked recently about United State influence on the Canadian economy. All over Canada, one question went, one sees General Motors of Canada, Bell of Canada, Ford of Canada, and so on. "Do Canadians suffer because of domination of the economy by American business interests?"

"They don't, I think, suffer in an economic sense, or even for that matter in a technological sense. It is because of American capital investment, and the technology that came with it, that we enjoy one of the highest standards of living in the world —that our resources, which are extraordinarily abundant, have been exploited to the extent that they are and have provided wealth for the people of Canada. So they don't suffer in that sense.

"Certainly they suffer in the sense that they would prefer to see the Canadian economic environment less subject to foreign control. It is a trade-off that each country has to make. Does it want foreign capital and the technology that comes with it, or would it rather remain more independent from that capital and technology, and more poor?"

The Prime Minister was then asked it he is one of those who feel that 51 per cent of all businesses in Canada should be owned by Canadians.

"No, I think that is a very simplistic solution. Everyone should know that you can control a corporation with considerally less than 51 per cent of the equity if the rest of the equity is distributed among many owners. I often have had occasion to disagree with the proposition that we should buy back Canada. I find it much more important to use our high level of savings to invest in either public goods, through taxation and state operation, or in private goods which are future-oriented rather than oriented towards buying up the past. You find those industries which are growing, which have a great future, and channel your savings there and make sure they are Canadian-owned. We've done this in many areas—those areas which are essential, shall we say, to the preservation of Canadian identity. There can be no foreign control of our financial and banking institutions, our trust or loan companies; there can be no foreign control of our mass media; there's no foreign control of our uranium reserves and so on. So there are certain collective areas where we can make sure that we do preserve what is essential to the Canadian identity and economic future. But to try and own everything may mean you're not going to accept either capital or technology from the outside, which means that you're really regressing."

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