

countries may adopt the policy of licensing privately-owned radio stations which depend for revenue on advertising. That such a system may produce excellent programmes is undeniable and many of these from the United States are received and enjoyed by Canadians. But such a system may also produce any programmes which are trivial and common-place and which debase public taste. In Canada, although not wishing to dispense with plenty of light entertainment, including American entertainment which we import freely, we have been forced by geography and by social and economic conditions to exploit deliberately the more serious possibilities of radio broadcasting in the interests of Canadian listeners and of the Canadian nation. For this purpose we have developed our own national system, which is different from that of the United States, or of any other country, and which this Commission believes to be admirably suited to our special needs.

"This system has, however, a striking peculiarity in that it continues the existence within the national system of "private", "commercial" or "community" stations as they are variously styled. The CBC had and still has the right to take over all private stations, and for a time these led a somewhat uneasy existence. It soon appeared, however, that these pioneers in the field of radio broadcasting had made a place for themselves in their own communities and that they could perform important national services. It seemed therefore in the national interest that the CBC should recommend the continuance of their licences and that they should be regarded as an integral part of the national system.

"In this broad country we still have inadequate radio coverage; without the supplementary outlets of the private stations many more areas would be deprived of the national programmes of the CBC, and could be reached only at great additional public expenditure. Apart from this direct national service, the private stations perform community services which, as they rightly point out, are important to the nation; local advertising is in itself a service of value to the community; local news, information and the promotion of worthy causes are essential services, as many individuals and groups have testified. A third proper function of the local station is the encouragement and development of local talent. This third function has in general been neglected.

"Most private stations have prospered within the national system. In addition to their private business many of them have benefited from CBC programmes, both commercial and sustaining. That all have not benefited equally is certainly true. But that private stations have increased greatly in numbers, size and wealth since 1932 is undeniable; and that this increase is at least partly due to their incorporation in the national broadcasting system many of them are prepared to admit.

"Regulation of radio broadcasting is carried out chiefly through rules drawn up and enforced by the Board of Governors of the CBC. The regulations complained of by the private stations include the control of network broadcasting, the right to require private station affiliates to reserve time for national programmes, the regulation of advertising practices, and limitations on the use of records and transcriptions. Exception is also taken to rules governing political broadcasts as prescribed by existing legislation. The principal complaint is that the CBC "... is at one and the same time competitor, regulator, prosecutor, jury and judge."

"We wish to acknowledge here the frankness and clarity with which the private broadcasters have presented their views. It must, however, be obvious, from what has already been said, that we cannot agree with their conclusions. We believe that Canadian