

A Proposal for Public Ownership of Radio

Report of the Canadian Royal Commission on Radio Broadcasting

OBJECT OF COMMISSION—The Royal Commission on Radio Broadcasting was appointed by the government to inquire into the existing situation in Canada and to examine methods adopted in other countries.

The purpose of the inquiry was to determine how radio broadcasting in Canada could be most effectively carried on in the interests of our listeners and in the national interests of Canada.

According to the terms of reference of the Order in Council appointing the Commission, it was required: "to examine into the broadcasting situation in the Dominion of Canada and to make recommendations to the government as to the future administration, management, control, and financing thereof."

Methods in other countries—Before holding meetings in Canada, we considered it wise to visit some of the countries abroad where broadcasting is well organized or is in process of organization, so that we would be in a position, if necessary, to discuss with Canadian provincial authorities and others, the relative merits of the different methods employed. We found broadcasting especially well organized in Great Britain under the British Broadcasting Corporation, and in Germany where the radio service is also under a form of public ownership, control, and operation. In France the situation has been studied by a government commission. No definite statement, however, can be made at the present time as to the recommendations of the commission. Everywhere in Europe we found inquiries being conducted under government auspices for the purpose of organizing broadcasting on a nationwide basis in the public interest. In addition to London, Berlin, Paris, and Lille, we visited The Hague, Brussels, Geneva, Dublin, and Belfast. A visit was also made to New York, where methods followed by the National Broadcasting Company were observed. We have also received information from *Union Internationale de Radiophonie* at Geneva, and other sources concerning broadcasting in countries which were not visited.

Situation in Canada. . . . In our survey of conditions in Canada, we have heard the present radio situation discussed from many angles with considerable diversity of opinion. There has, however, been unanimity on one fundamental question—Canadian radio listeners want Canadian broadcasting. This service is at present provided by stations owned by private enterprise and with the exception of two, owned by the government of the province of Manitoba, are operated by the licensees' business. We believe that private enterprise is to be commended for its effort to provide entertainment for the benefit of the public with no direct return of revenue. This lack of revenue has, however, tended more and more to force too much advertising upon the listener. It also would appear to result in the crowding of stations into urban centers and the consequent duplication of services in such places, leaving other large populated areas ineffectively served.

The potentialities of broadcasting as an instrument of education have been impressed upon us; education in the broad sense, not only as it is conducted in the schools and colleges, but in providing entertainment and informing the public on questions of national interest. Many persons appearing before us have expressed the view that they would like to have an exchange of programs with the different parts of the country.

At present the majority of programs heard are from sources outside of Canada. It has been emphasized to us that the continued reception of these has a tendency to mould the minds of the young people in the home to ideals and opinions that are not Canadian. In a country of the vast geographical dimensions of Canada, broadcasting will undoubtedly become a great force in fostering a national spirit and interpreting national citizenship.

At the conclusion of our inquiries, it is our task, the importance of which we are deeply conscious, to suggest the means as to how broadcasting can be carried on in the interests of Canadian listeners and in the national interests of Canada. The Order in Council appointing us to undertake this work contains the suggestion that the desired end might be achieved in several ways provided funds are available, as:

[a] The establishment of one or more groups of stations operated by private enterprise in receipt of a subsidy from the government;

[b] The establishment and operation of stations by a government-owned and financed company;

[c] The establishment and operation of stations by provincial governments.

We have examined and considered the facts and circumstances as they have come before us. As our foremost duty, we have concentrated our attention on the broader consideration of the interests of the listening public and of the nation. From what we have learned in our investigations and studies, we are impelled to the conclusion that these interests can be adequately served only by some form of public ownership, operation, and control behind which is the national power and prestige of the whole public of the Dominion of Canada.

Proposed organization—The system which we propose does not fall within the exact category of any of those suggested in the Order in Council, but is one which might be regarded as a modification of [b], i.e., "the establishment and operation of stations by a government-owned and financed company." As a fundamental principle, we believe that any broadcasting organization must be operated on a basis of public service. The stations providing a service of this kind should be owned and operated by one national company. Such a company should be vested with the full powers and authority of any private enterprise, its status and duties corresponding to those of a public utility. It is desirable, however, that provincial authorities should be in a position to exercise full control over the programs of the station or stations in their respective areas. Any recommendation which we offer is primarily made with this object in

Shall special interests control and censor all radio channels or shall officials elected by the people to administer civic affairs have the right to use some of them?

view. As to what extent the provinces should participate in effecting this control, of course, is a matter which could be decided between themselves and the Dominion government authorities.

In order satisfactorily to meet these requirements which we have outlined, we recommend the following organization:

[1] A national company which will own and operate all radio broadcasting stations located in the Dominion of Canada, the company to be called the Canadian Radio Broadcasting Company [C.R.B.C.];

[2] A provincial radio broadcasting director for each province, who will have full control of the programs broadcast by the station or stations located within the boundaries of the province for which he is responsible. Some provinces might consider it desirable to place the control of broadcasting under a provincial commission. This is a matter to be determined by the provinces concerned;

[3] A provincial advisory council on radio broadcasting for each province to act in an advisory capacity thru the provincial authority.

Personnel—The Company— . . . We would recommend that the governing body or board of the company should be composed of twelve members: three, more particularly representing the Dominion, and one, representing each of the provinces; the mode of appointment of the provincial directors to be decided upon by agreement between the Dominion and provincial authorities.

Provincial control—The representative of the province on the board of the national company would be the provincial director. In the event of any province appointing a provincial commission, the provincial director should be the chairman of such commission.

Provincial Advisory Councils—We would suggest that each council should be composed of members representative of the responsible bodies interested in radio broadcasting.

Broadcasting stations—Stations under proposed organization. . . . From our own observations and from information we have received, we believe it has been fairly well established in practise that high-power stations are needed to reach consistently with good results the maximum number of people. We would like, therefore, to recommend as a matter for consideration, the establishment of seven stations, each having an aerial input of say 50,000 watts; one station to be suitably located in each province, except in New Brunswick, Nova Scotia, and Prince Edward Island, where one station could be centrally located to serve these three provinces. The proposed high-power stations could form the nucleus of the system and as each unit was brought into operation it could be ascertained what local areas, if any, were ineffectively served and stations of smaller power could accordingly be established to serve these places.

We would also suggest that the high-power stations might be so designed as to permit, in time, an increase of power to an economic maximum and of being so modelled as ultimately to provide for two programs being broadcast simultaneously on different wavelengths.

It is well, perhaps, to point out here the necessity of locating broadcasting stations at suitable distances from centers of population to obviate blanketing of reception from outside points. The need for this has been amply demonstrated to us.

We think it is important that, to provide the fullest scope for the proposed system and in the interests of the whole country, all facilities necessary for chain broadcasting be made available in order to permit simultaneous broadcasting by the entire

group of stations from coast to coast or by such grouping in different regions as may be considered desirable from time to time. . . .

Provisional broadcasting service— . . . It seems necessary that provisional service be furnished. To do this, we recommend that one existing station in each area be taken over from private enterprise and continued in operation by the Canadian Radio Broadcasting Company until such time as the larger stations in the proposed scheme are placed in operation. The existing stations carrying on the provisional service could then be closed. . . .

We understand that under the provisions of the Radiotelegraph Act, the licenses now in effect may be allowed to expire at the end of the fiscal year or they may be terminated at any time at the pleasure of the licensing authority without legal obligation to pay compensation. We would recommend, nevertheless, that reasonable compensation be allowed such of the broadcasting stations at present in active operation for apparatus as may be decided by the Minister of Marine and Fisheries, the licensing authority.

The apparatus for which compensation is paid should, we think, become the property of the Canadian Radio Broadcasting Company. The more modern and efficient sets of such apparatus could then become available for re-erection as might be deemed necessary by the company.

Finance—Cost of establishing stations in proposed organization—The stations forming the system in the proposed organization should be well and fully equipped. The cost of installing the seven high-power units would probably approximate \$3,000,000. There would, however, be considerable salvage value in the plants taken over. Assuming that four smaller stations, three 5000-watt and one 500-watt, would be needed to furnish a supplementary service in local areas not effectively reached by the high-power units, an additional amount of possibly \$225,000 would have to be spent in re-erecting apparatus taken over from present station owners. These expenses would represent a capital expenditure of \$3,225,000.

In addition to this, compensation would have to be paid to owners of existing stations which we think should be met out of an appropriation made by Parliament.

Cost of operating—The service provided would necessarily have to be of a high order. A total annual expenditure for operation of the entire organization proposed, including supplementary stations, would seem to require a minimum of approximately \$2,500,000. In addition, the question of interest on capital and sinking fund would have to be considered.

Revenue—Various methods have been suggested to us as to how revenue might be raised fully to meet the cost of a broadcasting system. If the general public as a whole were listeners, there might be no just reason why the full cost of carrying on a broadcasting service could not be met out of an appropriation made by Parliament from public funds. It is conceivable that that time will come, but under existing conditions, we would not feel justified in suggesting that the general public should be required to pay for the whole of the service which only those possessing radio receivingsets can enjoy. On the other hand, however, radio broadcasting is becoming more and more a public service and in view of its educative value on broad lines, and its importance as a medium for promoting national unity, it appears to us reasonable that a proportion of the expenses of the system should be met out of public funds.

Three sources from which revenue could be derived are suggested, as:

- [1] License fees;
- [2] Rental of time on broadcasting stations for programs employing indirect advertising;
- [3] Subsidy from the Dominion Government.

License fees.—A fee of one dollar is at present charged for a receiving license. Fifty percent of all license fees collected in Manitoba is paid over to the government of that province towards the maintenance of the provincial-owned broadcasting stations at Winnipeg and Brandon. With this exception, no contribution to the cost of broadcast programs in Canada is made from fees collected, which revert to the revenue fund of the Dominion Government.

It should be pointed out, however, that the Marine Department, thru its radio branch, maintains a service to broadcast listeners in suppressing extraneous noises interfering with radio reception, at an expenditure in proportion to the amount of revenue received from license fees. . . .

A fee of three dollars per year would seem reasonable and would at the same time yield a fair amount of revenue. We recommend that the fee be fixed at this amount.

On the basis of the number of licenses now in effect, approximately 300,000, a gross revenue of \$900,000 per annum would be available from this source. The number of licenses may be expected to increase from year to year. We think that radio dealers should be required to collect the license fee whenever a receiving set is sold.

Rental of time for programs employing indirect advertising—The ideal program should probably have advertising, both direct and indirect, entirely eliminated. Direct advertising is used to considerable extent by broadcasting stations at the present time as a means of raising revenue to meet the expense of operation. In our survey of the situation in Canada, we have heard much criticism of this class of advertising. We think it should be entirely eliminated in any national scheme. Direct advertising is defined as extolling the merits of some particular article of merchandise or commercial service. Manufacturers and others interested in advertising have expressed the opinion that they should be allowed to continue advertising thru the medium of broadcasting to meet the competition coming from the United States. We think that this can be met satisfactorily by allowing indirect advertising which properly handled has no very objectionable features, at the same time resulting in the collection of much revenue. An example of indirect advertising would be an announcement before and after a program that it was being given by a specified firm. Programs of this kind are often referred to as sponsored programs. Until such time as broadcasting can be put on a selfsupporting basis, we would recommend that the stations' time be made available for programs employing a limited amount of indirect advertising at so much per hour per station.

It is rather difficult to estimate what revenue would be collected for rental of time, but we think that an amount of approximately \$700,000 annually could be expected at the beginning.

Subsidy from the Dominion Government. . . . We would recommend that the proposed company be subsidized to the amount of one million dollars a year for a period of say five years renewable, subject to review, for a further period of five years after expiry of the first.

We believe that broadcasting should be considered of such importance in promoting the unity of the nation that a subsidy by the Dominion Government should be regarded as an essential aid to the general advantage of Canada rather than as an

expedient to meet any deficit in the cost of maintenance of the service.

Programs—General—The question of programs, we have no doubt, will be in capable hands if and when they come within the control of the representative bodies which we have suggested. The general composition of programs will need careful study.

Chain broadcasting—Chain broadcasting has been stressed as an important feature. We think that an interchange of programs among different parts of the country should be provided as often as may seem desirable, with coast to coast broadcasts of events or features of national interest from time to time.

Programs from other countries—The possibility of taking programs from Great Britain has already been demonstrated. While the primary purpose of the service would be to give Canadian programs thru Canadian stations, we think that every avenue should be vigorously explored to give Canadian listeners the best programs available from sources at home and abroad.

Programs employing indirect advertising—Time should be made available on the various stations singly or for chain broadcasting for firms desiring to put on programs employing indirect advertising. We think that it is important that all such programs should be carefully checked to see that no direct advertising or any objectionable feature would be put on the air. We are strongly against any form of broadcasting employing direct advertising.

Education—Certain specified hours should be made available for educational work both in connection with the schools and the general public as well as the so-called "adult education," under provincial auspices.

Religion—The representative bodies which we have suggested to advise upon the question of programs would be called upon to deal with the matter of religious services, and it would be for them to decide whatever course might be deemed expedient in this respect. We would emphasize, however, the importance of applying some regulation which would prohibit statements of a controversial nature and debar a speaker making an attack upon the leaders or doctrine of another religion.

Politics—While we are of opinion that broadcasting of political matters should not be altogether banned, nevertheless, we consider that it should be very carefully restricted under arrangements mutually agreed upon by all political parties concerned.

Wavelengths—We are aware that the question of wavelengths is not one with which we are called upon to deal. But in our survey of the situation in Canada, the inadequacy of wavelengths at present available for broadcasting in this country, namely six "exclusive" and eleven "shared" channels, has been persistently pointed out to us. This has been emphasized as one reason for the present unsatisfactory conditions of broadcasting in Canada. Many have expressed the feeling, with which we fully concur, that Canada's insistence upon a more equitable division of the broadcast band with the United States should not be relinquished.

Announcers—It has been stressed to us and we strongly recommend the importance of having competent and cultured announcers [French and English] and the desirability of having special training and tests of capability for such persons.

Interference— . . . There is no law in effect compelling the users of interfering apparatus to correct faults which interfere with radio reception once such are pointed out. . . . The desirability of having legislation to meet such cases has been suggested to us. We recommend the earnest consideration of this suggestion.

Control—The Minister of Marine and Fisheries under the Radiotelegraph Act is the licensing authority for all classes of radio stations, which includes radio broadcasting stations and receivingsets. Direct control over such technical questions as wavelengths, power of stations, and the collection of license fees should, we consider, remain with this authority. In order to promote good reception conditions, it is most desirable that the radio activities of other departments of the government should conform to the regulations and be subject to the authority of the Radiotelegraph Act. We are also of the opinion that the radio branch of the Marine Department should continue to carry on the service to broadcast listeners, which includes the suppression of inductive interference.

Summary of Recommendations

[a] That broadcasting should be placed on a basis of public service and that the stations providing a service of this kind should be owned and operated by one national company; that provincial authorities should have full control over the programs of the station or stations in their respective areas;

[b] That the company should be known as the Canadian Radio Broadcasting Company; that it should be vested with all the powers of private enterprise and that its status and duties should correspond to those of a public utility;

[c] That a provincial radio broadcasting director should be appointed for each province to have full control of the programs broadcast by the station or stations located within the boundaries of the province for which he is responsible;

[d] That a provincial advisory council on radio broadcasting should be appointed for each province, to act in an advisory capacity thru the provincial authority;

[e] That the board of the company should be composed of twelve members: three, more particularly representing the Dominion, and one, representing each of the provinces;

[f] That high-power stations should be erected across Canada to give good reception over the entire settled area of the country during daylight; that the nucleus of the system should possibly be seven 50,000-watt stations; that supplementary stations of lower power should be erected in local areas, not effectively covered by the main stations, if found necessary and as experience indicates;

[g] That pending the inauguration and completion of the proposed system, a provisional service should be provided thru certain of the existing stations which should be continued in operation by the Canadian Radio Broadcasting Company; that the stations chosen for this

provisional service should be those which will give the maximum coverage without duplication; that all remaining stations not so needed should be closed down;

[h] That compensation should be allowed owners of existing stations for apparatus in use as may be decided by the Minister of Marine and Fisheries; that such apparatus should become the property of the Canadian Radio Broadcasting Company; that the more modern and efficient of these sets of apparatus should be held available for re-erection in local areas not effectively served by the high-power stations; that the cost of compensation should be met out of an appropriation made by Parliament;

[i] That expenditure necessary for the operation and maintenance of the proposed broadcasting service should be met out of revenue produced by license fees, rental of time on stations for programs employing indirect advertising, and a subsidy from the Dominion Government;

[j] That all facilities should be used to permit of chain broadcasting by all the stations or in groups; that while the primary purpose should be to produce programs of high standard from Canadian sources, programs of similar order should also be sought from other sources;

[k] That time should be made available for firms or others desiring to put on programs employing indirect advertising; that no direct advertising should be allowed; that specified time should be made available for educational work; that where religious broadcasting is allowed, there should be regulations prohibiting statements of a controversial nature or one religion making an attack upon the leaders or doctrine of another; that the broadcasting of political matters should be carefully restricted under arrangements mutually agreed upon by all political parties concerned; that competent and cultured announcers only should be employed.

[l] That consideration should be given to the question of introducing legislation which would compel users of electrical apparatus causing interference with broadcast reception to suppress or eliminate the same at their own expense;

[m] That the licensing of stations and such other matters prescribed in the Radiotelegraph Act and regulations issued thereunder for the control of radio stations in general should remain within the jurisdiction of the Minister of Marine and Fisheries; that that authority should continue to be responsible for the collection of license fees and the suppression of inductive interference causing difficulties with radio reception.

The Canadian Royal Commission on Radio Broadcasting—whose report filed September 11, 1929 promises to become the basis of the Canadian system—consists of the following members: Sir John Aird, president, Canadian Bank of Commerce [chairman], Toronto, Ontario. Charles A. Bowman, Esq., editor, *Citizen*, Ottawa, Ontario. Augustin Frigon, D.Sc., director, *Ecole Polytechnique*, Montreal, Quebec; director-general, Technical Education, Province of Quebec, Montreal, Quebec. Donald Manson, Esq., chief inspector of radio, Department of Marine, [secretary], Ottawa, Ontario.