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**THE CANADIAN BROADCASTING CORPORATION
AND PARLIAMENTARY RESPONSIBILITY**

BY

R. PAUL GILMOR, B. A.

A Thesis

**Submitted to the Department of Economics and Political Science
in Partial Fulfillment of the Requirements
for the Degree of Master of Arts at
Assumption University of Windsor**

Windsor, Ontario

1963

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ABSTRACT

The Canadian Broadcasting Corporation has been and continues to be a strong objector to repeated Government investigation. Mr. Ouimet, President of the Corporation, has often complained that he is required to spend too much time defending the C. B. C., leaving little time for managing and directing the affairs of the organization. On the other hand, there has been considerable pressure on the part of some members of Parliament to hold the public corporation even more accountable than has been the practice to date.

The problem of responsibility has been complicated because of the failure of Parliament to clearly set down for itself what its relationship should be towards the C. B. C. Parliament has accepted the principle of a national broadcasting system, but has been unable to effect a means of control consistent with its responsibilities. Parliament has proven unable to distinguish between accountability and responsibility in its dealings with the C. B. C., and has failed as well to establish any criterion by which to bring about a more workable accountability.

Parliament urgently requires a precise clarification of its relationship to Canadian broadcasting, especially of the nature and extent of its responsibility. There can be no question as to Parliament's being ultimately accountable and responsible for broadcasting, although there is sufficient evidence to suspect that Parliament has failed to comprehend its responsibilities as the ultimate political authority in charge of broadcasting.

PREFACE

The Canadian Broadcasting Corporation has always been the subject of considerable popular debate, and it is likely that in the future it will be no less a source of controversy. The purpose of this thesis is to examine the relationship of the Canadian Broadcasting Corporation with Parliament. Particular emphasis will be placed on the concept of parliamentary responsibility as reflected in the use of parliamentary committees, royal commissions and Parliament itself.

A brief history of the C. B. C., and a study of internal organization and administration is also included in the thesis. A chapter on the concept of national broadcasting has also been incorporated, in order to eliminate in advance some of the confusion which might otherwise arise in the discussion on parliamentary responsibility and control.

ACKNOWLEDGMENTS

I am indebted to the members of my thesis committee for the interest and support they have given me over the past six months. They have read the manuscript on several occasions and have provided a great deal of valuable criticism and advice. Professor W. L. White has been a patient and kind advisor throughout, and I am most grateful for the benefit of his experience. I would also like to express my gratitude to Dr. V. C. Chrypinski and Dr. G. A. Padley for their generous assistance. My thanks go as well to Professor H. Wallace and Rev. A. A. MacKinnon, O. M. I., for being kind enough to devote time to the reading of my thesis.

I am also appreciative of the assistance given me by the Assumption University Library staff, and in particular to Mrs. Elizabeth McGaffey.

Finally, may I express my sincere appreciation to Mrs. R. W. Love, who has spent long hours and hectic moments in typing this thesis for the ever-present deadline.

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CHAPTER I

HISTORY OF BROADCASTING IN CANADA

Whether the four blocks of territory constituting the Dominion can forever be kept by political agencies united among themselves and separate from their continent, of which geographically, economically and with the exception of Quebec, ethnologically, they are parts, is the Canadian question.

-Goldwin Smith, Canada and the Canadian Question.

There is inherent in the above passage both a warning and a challenge to future generations of Canadians. For, although Smith was somewhat less confident in the future growth of Canada than we are today, his suspicion and depreciation of the efforts of the early nation builders cannot be lightly discarded or repudiated even in 1963. The bonds which hold this vast country together are tenuous, subtle, and often artificial. Our entire history has been the product of a fierce struggle against the laws of geography, economics and ethnology. We have worked individually and collectively through government to redress the shortcomings of our inheritance. Touching on the same point, the Fowler Commission summarized the challenge as follows:

We are prepared, by measures of assistance, financial aid and a conscious stimulation, to compensate for our disabilities of geography, sparse population and vast distances, and we have accepted this as a legitimate role of government in Canada.¹

¹ Report of The Royal Commission on Broadcasting (Ottawa, Canada: Queen's Printer, 1957), p. 9.

It is in view of this willingness to pay for our 'disabilities' that broadcasting in Canada has developed under parliamentary auspices. In the words of a policy statement by The Canadian Broadcasting Corporation:

We are trying to do something that is not easy. The natural pressures are against us; the flow runs north and south and we are trying to make some part of it run east and west. The forces of economics are against us too, as they have been against many odd Canadian dreams and aspirations in the past.²

Broadcasting has become for Canada another sinew in the perpetuation of Macdonald's aspiration of a nation extending from 'Sea unto Sea.' It has provided another thin line joining the Atlantic to the Pacific, one more thread in the fabric of national unity. In the same way that Macdonald's great 'iron link,' the Canadian Pacific Railway, gave the sagging national dream new life, so the establishment of a national broadcasting system has furthered the same purpose. We have been given another opportunity to consolidate our historical heritage, rather than fall to the determinism of economics and geography and to the pull from north to south. No other institution has contributed so substantially in bolstering the ego of an oft crumbling national psyche. Caught between the free swinging spirit of American private enterprise and the more sane, albeit socialistic, approach of the British towards the broadcasting media, we have managed to devise a cross-breed uniquely Canadian, a system reflecting the philosophy which went into the establishment of

² Speaker's Manual (Ottawa: Canadian Broadcasting Company, August, 1961), n.p.

both the American and British network systems. In our effort to arrive at some workable compromise we have been forced sometimes to ford the rivers of logic and as a result have on occasion lost our sense of direction. There has always been an underlying uncertainty in broadcasting development in Canada, and it is evident today in the uneasy peace between the present Board of Broadcast Governors³ and the Canadian Broadcasting Corporation. We have been unable, particularly in our efforts to balance the interests of private and public broadcasting, to find a solution to our broadcasting problems. For every problem we have solved, we have created new and often more perplexing problems.

In a country overendowed with land and underendowed with people, radio and television communication are essential ingredients in the furtherance of a Canadian identity and character. It has been of considerable assistance in helping us to achieve the standard of living we have come to take for granted by providing services to various economic interests from the Maritimes to the West Coast. Radio has played an important part in the transition from a rural pioneering society to a modern urban and industrial society. This has been accomplished by bringing a greater awareness of others' problems, celebrations, institutions and ways of life. No other means has been so successfully able to overcome the impediments of geography, distance, and culture, as has broadcasting in Canada.

³ The Board of Broadcast Governors was established under the terms of the new Broadcasting Act of 1958, and will be more fully discussed in a later chapter. See Appendix C.

The influence of American mass media on Canada has been one of the most disturbing factors in our contemporary development. The fear of the one way flow of ideas and programming from south to north was expressed by the Prime Minister in 1932 with the reading of the bill establishing the Canadian Radio Broadcasting Commission. He said at that time that:

First of all, this country must be assured of complete control of broadcasting from Canadian sources, free from foreign interference and influence. Without such control radio broadcasting can never become a great agency for the communication of matters of national thought and ideas, and without such control it can never be the agency by which national consciousness may be featured and sustained and national unity still further strengthened.⁴

It has been this fear of American influence in and on Canadian broadcasting which has kept broadcasting in Canada under public control. At the same time, there has emerged a less desirable offspring, resulting from this fear of cultural domination. It is the confusion caused by mixing our legitimate concern for national identity with what has unfortunately been mistaken as anti-Americanism. It was in the face of this misunderstanding that the Fowler Commission balked at the flood of Americanism seeping across the border and termed it a threat to our national identity.

As a nation we cannot accept, in these powerful and persuasive media, the natural and complete plan of another nation's culture without danger to our national identity.⁵

⁴ Dr. A. Stewart, Communications Problems Between Canada and the United States. Paper delivered to second Seminar on Canadian American Relations, Assumption University of Windsor, Nov. 1960, p. 117.

⁵ Report of the Royal Commission on Broadcasting, p. 8.

The Commission went on to add a rather unique twist by warning that the danger was more of a threat from the good American programmes than the bad programmes. Whether one considers the threat good or bad, it is in either case a sort of cultural intrusion which has tended to make broadcasting development in Canada largely pragmatic in nature; a reflex often to the pressures from the south.

Circumstances have left very little choice for Canada in its development of a national network. Economically, it can hardly be expected that private interests are going to accommodate the interests of those living in sparsely populated areas. Geographically, a broadcasting system would fall prey to the pull of regionalism and local sectionalism. Culturally, a private network would be continually submerged by Americanism both financially and in programming. It would seem then that either broadcasting is left to the whims of those who seek economic profit with the resultant scattering of service, or it is to be fathered by the state where the principle of public service can be assured and fostered.

A British Guideline

Before studying the growth and development of the Canadian Broadcasting Corporation, a cursory review of the evolution that took place in Great Britain might clarify some of the issues involved. The framework of the Canadian system, like so many of our institutional models, is to be found in the British system of broadcasting. It was the English who were first able to find a niche in the corner of constitutionalism and place there the new-born child of mass communications. It is from the

British concept of the 'public corporation' that the Canadian Broadcasting Commission found its paternal inspiration, although somewhat altered in order to meet the challenges of oceanic isolation and geographic vastness.

The first wireless service in Great Britain was offered in 1922 by the British Broadcasting Company. A company which was supported and encouraged by a number of the largest world-wide manufacturers of wireless equipment. Because of its limited resources and the growing and more discriminatory demand of the listener, the company came under strong public attack and criticism. The pressure finally led to the establishment by the Postmaster General, of two Royal Commissions to whom the Corporation was responsible. The first Commission was chaired by Sir Frederick Sykes, and began its deliberations in 1923. It was the Sykes Commission which reinforced the arguments for a single broadcasting system.

The Sykes Committee, in recommending a single broadcasting service, had in mind not only the part which broadcasting would play in the life of the nation and in international relations, but also the need to use the limited number of wavelengths available for this purpose in the best interests of the community.⁶

A second commission was set up two years later under the chairmanship of the Earl of Crawford and Balcarres. It was this latter

⁶ White Paper on Broadcasting Policy, July 1946 (Cmd. 6852). Extracts of paragraphs referred to in the report as quoted in the Report of the Broadcasting Committee, 1949 (Cmd. 8116), Appendix B, p. 261.

commission which made the most significant contribution towards the concept of public broadcasting. Both of these commissions moved against the existing corporation structure of broadcasting. The second, or Crawford Committee, was particularly opposed to any suggestion of direct government control. The same Committee recommended therefore:

That broadcasting should be conducted by a public corporation to be known as the British Broadcasting Commission, acting as a trustee for the national interest; that its status and duties should correspond to those of a public service; and that although Parliament must retain the right of ultimate control, and the Postmaster General must be answerable to Parliament for broad questions of policy, the Commission should be invested with the maximum freedom which Parliament was prepared to concede.⁷

The recommendations of the two Committees were effected by Royal Charter on the 20th day of December 1926, to become law on January 1, 1927. The Charter was to extend initially for a period of ten years. It was felt that the use of a Royal Charter rather than an ordinary act of Parliament would provide greater protection for a public corporation, particularly as it operated in the field of mass communications.

If a special statute were introduced it would tend to prejudice the position of the new body from the start by investing in the mind of the public the idea that in some way it was a creature of Parliament and connected with political activity.⁸

In an attempt to avoid this prejudice and in an effort to pacify the apprehension of both the public and the directors of the old corporate structure,

7 White Paper on Broadcasting Policy, p. 261.

8 Asa Briggs, The Birth of Broadcasting (London: Oxford University Press, 1961), p. 338.

the Royal Charter method was used.⁹ There was strong opposition to any suggestion of departmentalization of broadcasting under government control. Lord Wolmer in the House of Commons reflected that suspicion when he stated the need for incorporation by Charter.

I want to make this service not a Department of State, and still less a creature of the Executive but as far as is consistent with Ministerial responsibility I wish to create an independent body of trustees operating the service in the interest of the public as a whole.¹⁰

The same suspicion and misgiving toward the departmental corporation will be later seen in the discussions which preceded the establishment of the Canadian Broadcasting Corporation.

There were four basic guidelines in the British model, according to Lord Reith,¹¹ chairman of the British Broadcasting Company,¹² to a system of public broadcasting. First, broadcasting should be a public service free of the profit motive; "The B. B. C. should be a public service

⁹ A chartered company is usually a corporation receiving special privileges and in turn having certain obligations given to it by the sovereign. As in its incorporation it is the crown which has the right to revoke the charter. It is a use of the Royal Prerogative.

¹⁰ Hansard, Vol. 199, col. 1563, as quoted in Briggs, op. cit., p. 360.

¹¹ Lord Reith, chairman of the British Broadcasting Company and later to be chairman of the newly constituted British Broadcasting Corporation, played a most significant role in the discussions which led to the peaceful acquiescence of the Board of Directors to the establishment of a public corporation. Without his far sightedness and support, it is quite possible the public corporation would never have materialized.

¹² British Broadcasting Company. The B. B. C. was to become the British Broadcasting Corporation after 1927. Both were known as the B. B. C.

not only in performance but in constitution."¹³ Secondly, public service broadcasting should be national in scope. Thirdly, there should be unified control as opposed to sectional directives which might sacrifice minority areas. His fourth point was what he called "the maintenance of high standards,"¹⁴ as opposed to the more popular democratic culturalism that so often characterizes the private broadcasting system.

The problem of defining public service broadcasting, as has been the case with many other problems, was greatly lessened by the English experiment which afforded Canada the luxury of learning by other's mistakes and successes. The British Broadcasting System has always served as an inspiration to Canadian broadcasting, and aspects of the British system were imitated in establishing the C. B. C.

Canadian Broadcasting Before 1932

In Canada, the first commercial attempt to use the new mode of inter-communications originally developed by Marconi, took place in 1919, with the issuance of a license to the Canadian Marconi Company by the Dominion Government. The Company was to be allowed to transmit from its station, XWA, in Montreal. With the resultant success of this early adventure, it was not long before many entrepreneurs in the country realized the tremendous potential of the media for advertising. The benefits derived from this discovery were soon overcome by the

13 Briggs, op. cit., p. 237.

14 Ibid., p. 237.

abuse of the airwaves for the profit motive. Because of the monopolistic nature of radio communications, it became at once evident that the public interest had to be protected. It was recognized that if voice communication was not brought under regulation a serious undermining of the principle of free speech would result. Listeners had no alternative but to accept what was transmitted to them; there was no opportunity to fight back. The only source of help that the individual in society had was the collective action of the government.

The first evidence of government concern was displayed in a rather limited fashion in 1905 under the terms of the Wireless Telegraph Act. The Act required that anyone operating wireless equipment had to obtain a license for that purpose from the Department of Fisheries. However, with the rapid development of wireless sending and receiving equipment it soon became necessary for the government to take a more serious view of the abuses inherent in the new media. The government moved quickly to confirm its jurisdictional right over the newly emerging medium, and marked out a more permanent legislative and regulatory base for the potentially delinquent offspring of wireless communications. In 1913 the Canadian Parliament passed the Radiotelegraph Act, placing broadcasting under the authority of the Minister of Naval Service.

The success in 1922 of XWA, Montreal, soon opened up new frontiers as expansion of broadcasting facilities proceeded with almost reckless haste. By 1927 over seventy-five new commercial licenses had been issued, mostly to stations in heavily populated areas and therefore

in the most profitable pockets of the country. This rather phenomenal growth pattern in stations was coupled with an equally rapid expansion in the growth of radio receivers. "Between the period 1922 and 1930 the number of receiving set licenses issued increased from under 10,000 to approximately 530,000."¹⁵

Two major difficulties resulted from the rapid rate of expansion in broadcasting to disappoint the expectations of early listeners. The first problem was the aggravation caused by American interference in the air waves. The second problem was equally annoying, and resulted from mediocre programming and indiscriminate use of radio advertising.

The problem of interference further strengthened the arguments for federal control over broadcasting. The government worked energetically in its negotiations with the American Government to arrive at a mutually satisfactory agreement regarding the use of the limited airwaves. The American Government showed little sympathy to the Canadian problem. A tentative arrangement was finally negotiated in 1926 which was followed by a more permanent arrangement resulting from the Washington Conference in 1932.

The second problem, that of program content, was far more difficult to untangle, and an extremely ambiguous area for government involvement. A contributing factor to the problem of program content was the previously mentioned commercial basis of broadcasting and its

¹⁵ Report of Royal Commission on Broadcasting (1957), p. 298.

ultimate dependence on advertising revenue. This dependence in turn tended to restrict broadcasting to the more densely populated areas. To further complicate the programming dilemma was the bi-racial nature of the country. Add to the above problems those created by the narrow provincialism of religious groups and the economic support being quickly absorbed by broadcasters from American financial interests and one soon sees the difficulties facing any legislative body.

Aware of the growing complexity of the problem and realizing the lack of any substantive body of precedent on which to construct its legislative program, the government sought relief by appointing The Aird Royal Commission in 1928.¹⁶

The Aird Commission 1928

The Aird Commission was the first appointed body to make a serious study of radio broadcasting in Canada. The terms of reference of the Commission required it:

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 hereof.¹⁷

The Aird Commission found through the hearings it conducted that "Canadian radio listeners wanted Canadian broadcasting"¹⁸ and they

¹⁶ This was the Royal Commission on Radio Broadcasting appointed under Order in Council P. C. 2108. This Commission is known as the Aird Commission and will henceforth be referred to as such.

¹⁷ Report of The Royal Commission on Radio Broadcasting (Ottawa: King's Printer, 1928), p. 5.

¹⁸ Ibid., p. 6.

want it as a public service.

As a result of its findings and in an effort to placate the wishes of what seemed to be the majority of Canadians, the Commission made its proposal to establish a government owned broadcasting organization.

A national company which will own and operate all radio broadcasting stations located in the Dominion of Canada to be called The Canadian Radio Broadcasting Company.¹⁹

The recommendation to establish a national company follows closely the recommendations of the Crawford Committee in Great Britain which established the British Broadcasting System under national ownership. In contrast to the British experience the Aird Commission suggested a very prominent role for provincial authorities in broadcasting. The Aird report represents a courageous effort to interpret fairly what it considered the national interest.²⁰ This was a most difficult task, for in applying the concept of a national public service which it inherited from England, the Commission faced complications which have challenged many a builder of national schemes in Canada. Complicating the usual stumbling blocks of economics, geography and history, was the very sensitive problem of Dominion-Provincial relations. It was to this many-faceted dilemma that the Aird report attempted to find a solution. The functional machinery it proposed, however, went relatively unheeded by those who legislated the future of broadcasting in Canada.

¹⁹ Report of The Royal Commission on Radio Broadcasting (1957), p. 8.

²⁰ See Appendix B for summary of Recommendations.

The Period of Incubation

The interlude between the tabling of the Aird Commission report on September 11, 1929 to the passage of The Canadian Radio Broadcasting Act in 1932 was fraught with political, economic and judicial distress. Politically the Liberal government under Prime Minister Mackenzie King was caught up in a life and death struggle for political survival, and was not particularly anxious to commit itself on the controversial broadcasting issue. Prime Minister R. B. Bennett was in a similar way not overly anxious to commit himself on the issue and gained a brief respite by appointing a Parliamentary Committee. The problem as well gave new impetus to the already inflamed relations between Dominion and Provincial Governments over economic matters. The recommendations of the Aird Report were particularly ill received in Quebec, a province always jealous of any infringement on provincial autonomy. The Federal government petitioned the Judicial Committee of the Privy Council for an opinion on the legality of the federal right to regulate and control radio communications in Canada. The Judicial Committee of the Privy Council upheld the interest of the Federal government and the Supreme Court of Canada in its control of broadcasting, holding that it fell under the excepted powers of head 10, section 92 of the British North America Act.²¹

²¹ Radio Communications in Canada Regulation and Control, in re, 1932 A. C. found in Decisions of the Judicial Committee of the Privy Council Vol. III, p. 19, arranged R. A. Olmsted, Q. C., Queen's Printer.

The economic uncertainty resulting from the depression complicated even further the efforts of political leaders to reach a satisfactory solution regarding broadcasting in the face of growing popular unrest. The politician was not willing to risk the chance of alienating in any way an already embittered electorate by making an unpopular decision over broadcasting.

With the growing pressure of a dissatisfied populace because of the failure of the private broadcasting system to provide an adequate service, and with the continuing inability of the Federal government to come to grips with the dilemma, the Government set up a Special Committee of the House.

The Special Committee on Radio Broadcasting attempted to uncover from the evidence presented to it in Committee, a means of implementing its findings in a practical way on the base laid by the Aird Commission. Generally speaking, the Special Committee rejected the main recommendations of the Aird Commission, especially those dealing with the administrative structure. In place of the Aird recommendations

1954.

The problem was referred to the Judicial Committee of the Privy Council under s. 55 of the Supreme Court Act of Canada. On February 9, 1932, they supported the position of the Supreme Court of Canada, holding that the Canadian Parliament has exclusive legislative power to regulate and control radio communications in Canada. The Judicial Committee drew attention to head 19, Section 92 of the British North America Act which states: Local Works and Undertakings other than such as the following classes: Lines of Steam, Telegraphs, and other Works and Undertakings connecting the Province with any other or others of the Provinces, or extending beyond the limits of the Province.

the Special Committee proposed a three man commission to regulate and control broadcasting in Canada.

The Act of 1932 disregarded the recommendations of the royal commission on broadcasting that a general manager be created to supervise the execution of policy.²²

The proposal for the three man commission was the most significant recommendation of the Committee, for it permanently divorced any thought of a system modeled on the independent nature inherent in The British Broadcasting Corporation. With the suggestions and recommendations of both the Aird Commission and the Parliamentary Committee, the Government finally introduced in legislation the Canadian Radio Broadcasting Act, in May of 1932, creating the Canadian Radio Broadcasting Corporation.²³

According to the terms of the 1932 Broadcasting Act, the Commission was given two main functions. The first was to provide a national service, the second was to regulate and control all broadcasting in Canada. The use of the three man commission was an effort to insulate broadcasting from direct government control by the adoption of the public corporation.

The administrative arrangement effected in the 1932 Act soon became inoperative. In order to salvage the C. R. B. C., two further Special Parliamentary Committees were established in 1934 and 1936.

²² J. E. Hodgetts, "Administration and Politics: The Case of the Canadian Broadcasting Corporation, Canadian Journal of Economics and Political Science, p. 455.

²³ The Canadian Radio Broadcasting Corporation will be referred to hereafter as the C. R. B. C.

The 1934 Committee was established in order to review the progress of the existent setup of the C. R. B. C. and to devise and recommend changes where they were considered necessary. The Committee pointed out the need of separating the regulatory and operational activities of the Commission.

It was recommended that the Act be amended with a view to securing better broadcasting facilities throughout the Dominion, and that a general manager should be appointed to take charge of the operational side of the Commission's activities.²⁴

In 1936 a third Special Committee was established in response to a growing discontentment and disillusionment over the development of the C. R. B. C. under the Canadian Radio Broadcasting Act.

It has been amply demonstrated that a commission of three cannot be moulded into a unit that can formulate and execute policies successfully. . . .²⁵

The Committee made extensive recommendations and proposed a completely new organization in the place of the quickly outdated C. R. B. C. It was now to be more closely aligned to the concept of a private corporation.

The Canadian Broadcasting Act of 1936 was formulated to put into effect the most important recommendations of the Special Committee on Radio Broadcasting. The Act conforms remarkably closely to the guidelines provided by the Committee report. It is this Act which

²⁴ Report of the Royal Commission on Broadcasting (1957), p. 304.

²⁵ Quoted by J. E. Hodgetts, loc. cit., p. 455.

created what we now call the Canadian Broadcasting Company.²⁶ Its raison d'être was to provide a national broadcasting service for Canada. The new C. B. C. was charged as well with the regulation of all broadcasting and was made responsible for making recommendations for licenses in view of its duty to establish a national service for Canada. The Act considerably advanced the wishes of those who desired to insulate the corporation from the dangers of partisan interference.

The C. B. C. was to be a legal corporate personality and like its predecessor, was to be both a regulatory and an operative agency with relatively extensive powers in both areas of endeavor.²⁷

The success of the act is manifest in its almost unaltered existence over the years, remaining relatively unchanged until the establishment of the Board of Broadcast Governors in 1958. It is fair to suspect that this long unaltered existence of the C. B. C. has some co-relation to the long life of the party which gave it birth.

Broadcasting to the Present

A 1938 Special Committee was asked to examine the progress and effectiveness of the Broadcasting Act after the first two years of operation. The Committee registered its approval of the efforts made by the C. B. C. to fulfil its obligations and commended it for its record of

²⁶ The Canadian Broadcasting Company will be referred to on occasion as the C. B. C.

²⁷ W. H. Hull, A Comparative Study of the Problems of Ministerial Responsibility in Australian and Canadian Broadcasting (Durham, N. C. : Duke University, 1959), p. 174. An unpublished doctoral thesis.

achievement.

In 1942 another searching review of broadcasting activities took place, this time at the hands of yet another Special Committee on Broadcasting. The 1942 Committee report was basically a restatement of the fundamental principles already clearly elucidated by both the 1932 Committee and the Broadcasting Act, as well as being further clarified in the 1933, 1938 and 1939 Committees.

The next major incident in the evolution of broadcasting is the Royal Commission on National Development in The Arts, Letters and Sciences, better known as the Massey Report (1949-1951). This Commission devoted considerable time to the problem of broadcasting in Canada and discussed at some length the future of television. There were no fundamental changes recommended by the Massey Report, its recommendations being primarily defensive in nature and against any weakening of the will to the appeals of the private broadcasters for a separate regulatory agency.

The role of television and its associate status with the Canadian Broadcasting Corporation received a good deal of attention in the Massey Report, which called for a network system parallel to that developed under the public, private system found in radio. It was suggested that the same rationale and the same philosophy of national service be applied and duplicated in the new media. The Federal Government in an interim plan for television:

called for the same development of a national system by the co-operation of public and private television station operators as was the case in radio broadcasting.²⁸

This plan brought forward in March of 1949, has served as the touchstone of television policy in Canada to the present day. The Massey Commission supported the government's interim measures and in turn recommended "that direction and control of television broadcasting in Canada continue to be vested in the Canadian Broadcasting Corporation."²⁹

The Royal Commission on Broadcasting, 1955-57

The Royal Commission on Broadcasting received its appointment in 1955, from the then Liberal government under the Prime Minister, the Right Honourable Louis S. St. Laurent. The Committee appointed to undertake the study of Canadian Broadcasting was under the chairmanship of a Montreal lawyer, Robert MacLaren Fowler. The terms of reference of the Commission were set down under P. C. 1955-1796, and the bill was signed by the Governor General on December 2, 1955.³⁰ At this point began one of the most extensive and important inquiries in Canadian broadcasting history. The Fowler Commission, as has nearly every other body of inquiry into the operation and regulation of broadcasting in Canada, took as its operational spring-board the fundamental

28 Report on Royal Commission on Broadcasting (1957), p. 313.

29 Ibid., p. 314.

30 Ibid.

assumption that a Canadian broadcasting system was essential in the sphere of communications in Canada.

Under our terms of reference, it was made a condition and basic assumption of our inquiry that the broadcasting and distribution of Canadian programmes by a public agency shall continue to be the central feature of Canadian broadcasting policy.³¹

There was also expressed a hope by the Commission that somehow the endless debate on the need of a public broadcasting system might be finally put to rest, allowing those who are responsible for the present system to concentrate their efforts on advancing the interests of the Corporation rather than spending nearly all their time in a superfluous rear guard defense of an outworn theme. Not ruling out controversy, the Commission stated:

Our hope is that it will continue in full vigour but that it will be based on the facts that exist today rather than on traditional prejudices or past misconceptions.³²

The efforts of the Corporation must be turned towards making that system a more efficient and effective one.

If these the recommendations of the Commission are accepted, the long argument as to the nature of our broadcasting system may perhaps come to an end and discussion might be concentrated on the essential problem of making it work efficiently and with the maximum benefit to the Canadian people.³³

The Commission also layed down certain other basic premises pursuant

31 Report on Royal Commission on Broadcasting (1957), p. 314.

32 Ibid., p. 3.

33 Ibid.

to its investigations of broadcasting in Canada. In effect it was a conscious effort to sidestep the area of controversy in order to gain a clearer perspective of the financial and administrative superstructure of the Canadian Broadcasting system, and it is on these basic assumptions that the findings and recommendations of the Commission are made. Following are the most important recommendations of the Commission:

- 1) that the mixed Canadian system of public and private ownership is here to stay;
- 2) that the state agency may grow as Canada may grow, but its functions are not to be extended to do the whole job of providing radio and television services to Canadians;
- 3) that the private stations should be individually required to justify the continued grant of a valuable public franchise.
- 4) that for the foreseeable future we will continue to have a single broadcasting system in which all radio and television stations, public and private, present and future, will be integral parts, regulated and controlled by an agency representing the public interest and responsible to Parliament.³⁴

It was on this foundation that the Fowler Commission made recommendations for the future of broadcasting in Canada. The Commissioners carried out an intensive search for information, and canvassed every major centre from coast to coast in order to allow parties interested in the broadcasting media an opportunity to place before the Commission their suggestions and opinions.

After carefully sifting the wealth of evidence presented to the

³⁴ Report on Royal Commission on Broadcasting (1957), p. 13.

Commission, the report was finally presented to Parliament on March 15, 1957. In it were emphasized two main areas of concentration, although it also made reference to a considerable number of other matters worthy of attention. The first consideration was a thorough analysis of the financial structure of public and private broadcasting, with special reference to the growing burden of television on the Corporation's financial resources. The second important area of consideration which the Commission stressed was the recommendation of a fundamental change in the superstructure of broadcasting in Canada, with the suggestion that a new regulatory board be established, independent of both the Canadian Broadcasting Corporation and private broadcasting companies. Under the terms of the Fowler Commission the C. B. C. would no longer be able to maintain its regulatory function, but would find itself subject to the same kind of supervision that the C. B. C. itself had exercised over the private system. This second Fowler recommendation was to have a considerable impact on the direction that broadcasting in Canada would take in the future.

Any historical evaluation of the C. B. C. is constantly in danger of overlooking the Corporation's importance both to Parliament and to the country as a necessary adjunct to the successful operation of democracy. It is all too easy to regard the C. B. C. merely as another crown corporation such as the Canadian National Railways or Trans-Canada Airlines. The C. B. C., because of the nature of public communications in this country, supplies the lack of a newspaper of national circulation,

and for that reason is much more closely tied to the nerve centre of public debate, Parliament. There is, therefore, a greater sensitivity shown on the part of the average member of Parliament towards the C. B. C. than there is towards other public corporations.

CHAPTER II

ORGANIZATION AND ADMINISTRATION OF BROADCASTING

The 1926 Crawford Committee in Great Britain was one of the first to recognize the need of placing broadcasting under government control and its recommendations resulted in the incorporation of the British Broadcasting Corporation by Royal Charter in 1927. The Crawford Committee recommended:

that the broadcasting service should be conducted by a public corporation acting as Trustee for the national interest, and that its status and duties should correspond with those of a public service.¹

The Corporation was to be a trustee of the national interest, independent of the Government in day to day affairs and holding ultimate powers of control in abeyance. The purpose of the public corporate idea was to reconcile broadcasting independence with responsibility to Parliament. In the case of broadcasting, the type of corporate structure developed falls ". . . between the social services and the nationalized industries, in a sort of no man's land."² W. Friedman, in discussing the public corporation, has made a substantial contribution in making a brilliant

1 Crawford Committee, 1926, as quoted in the Report of the Committee on Broadcasting (London, 1960, Cmd. 1753), p. 8.

2 W. Friedman, ed., The Public Corporation (Toronto: The Carswell Company Limited, 1954), p. 168.

attempt to find a set of universal characteristics applicable to all kinds of corporate structures.³ The public corporation is usually created through the use of parliamentary statutes. It has neither shares nor shareholders but rests as a public trust of government and parliament. The supervisory board is in nearly every case appointed by the responsible Minister. Friedman also points out that its 'legal status' is the same as that of a regular 'corporate body,' but with what he calls an 'independent legal personality.' It thus reflects a duality in nature, being a product of overall national policy and planning and having its own self-directed programming. They are both dependent and autonomous.⁴

G. Sawer, in a discussion of the public corporation in Australia points out several advantages which accrue in the use of such a structure. One of the most important benefits is the freedom gained from partisan politics allowing for "concentration on short and long-term policies appropriate to the activity."⁵ It also allows a certain freedom from civil service regulations and job classifications. There is as well greater freedom to consult and involve people with "various functional interests and outlooks appropriate to the activity--such as the technical expert, the producer and the consumer."⁶ Another important advantage

3 Friedman, op. cit., pp. 162-5.

4 Ibid., pp. 164-5.

5 Ibid., p. 12.

6 Ibid., p. 13.

which is stressed by Sawyer is "the technical legal advantage of a personality with perpetual succession, capable of suing and being sued by ordinary processes of law."⁷ All of the above are basic advantages inherent in the use of the public corporate structure and are as pertinent to the public corporation in Canada as they are in Australia. The use of the public corporation ensures greater flexibility and efficiency in operations, freed from many of the internal administrative safety catches of the departmental organization. In speaking of the Tennessee Valley Authority, F. D. Roosevelt defined the public corporation as "a corporation clothed with the power of the Government but possessed of the flexibility and initiative of a private enterprise."⁸

In Canada the corporate idea has had a fairly extensive testing, particularly in the period following the Second World War. The Canadian government early became engaged as an entrepreneur in railway construction. Hydro was also an attractive area for government control and ownership. The growth of the public corporation has been largely the result of such pragmatic considerations as sparse population, geography, and lack of capital for investment.

The pace of events still outruns the capabilities of private interests in conquering Canadian geography alone, even if

7 Friedman, op. cit., p. 12.

8 F. D. Roosevelt, U. S. Congressional Record 73rd Congress, 1st Session - 1933, LXXVIII, quoted in Doctoral Dissertation by Hull, op. cit., p. 19.

business wished to devote its efforts to relatively unprofitable projects.⁹

It cannot be said that any unifying philosophy underlies the use of the public corporation in Canada. The whole development has been piece-meal and pragmatic.¹⁰

There has been no evidence of a strong philosophic or theoretical motivation behind the establishment of public corporations as one might find in socialistically minded countries. The Canadian experience was born of a necessity, arising from the desire to achieve particular national ends and not from any spirited ideological inspiration:

The operational area for government enterprise is bounded at its extremes by two familiar Canadian landmarks:

- 1) the tradition that the national government should act aggressively to establish and maintain national economic unity; and
- 2) the tradition of an economic system anchored on private enterprise.¹¹

Another important conception found in the growth of the corporate idea in Canada and a tradition which has had unsettling effects in the area of public broadcasting is the dualistic nature of the public corporation with its unique combination of private interests and public interests, of monopoly and competition:

⁹ L. D. Musolf, "Canadian Public Enterprise: A Character Study," American Political Science Review, No. 50 (1956), p. 409.

¹⁰ Friedman, op. cit., p. 153.

¹¹ Musolf, op. cit., p. 401.

. . . conditioning the growth of government corporations in Canada is the mixed or dual economy which leaves a privately owned railway system to operate alongside a public system; which envisages a nationally owned broadcasting system working in conjunction with about 130 private stations; which preserves the privately-owned chartered banks but tops them with a Bank of Canada; . . .¹²

Under the Financial Administration Act of 1951¹³ a more precise classification for public corporations was adopted based on the financial dependence or independence and the functional activity of the corporation. The Canadian Broadcasting Corporation, under schedule 'D' was classified as a "proprietary corporation."¹⁴

In an excellent review of the crown corporation, J. H. McLeod questions the continued faith in this strange abstraction, based on what he calls 'non-responsibility.'

One principle, which I do have difficulty establishing in my own mind, is that of complete agency autonomy, particularly where it is carried to the extent of being guarded about with the concept of ministerial non-responsibility.¹⁵

He sees it as a challenge to responsible government, bred from the exigencies of administrative short-sightedness and weaned on mythology:

Generally, this comparatively new creation appears to be the product of administrative rather than political science. To the extent that it does reflect any political philosophy,

12 Friedman, op. cit., p. 153.

13 See Appendix D.

14 Statutes of Canada, 15-16 Geo. VI, c. 12.

15 J. H. McLeod, "Administrative and Constitutional Problems Peculiar to Crown Corporations," The Institute of Public Administration Proceedings Eighth Annual Conference, p. 157.

it reflects in large part a mistrust of the regular processes of parliamentary democracy.¹⁶

The suspicions inherent in the above statement are perhaps overly exaggerated by McLeod. But his challenge of the institutional rigidity of the public corporation in administrative theorizing is worthy of a clear and more detailed examination than the scope of this paper will allow.

The first real attempt to place broadcasting in Canada under direct government control and authority was made with the passage of the Canadian Radio Broadcasting Act in 1932,¹⁷ which instituted the Radio Broadcasting Commission as the supervisory and regulatory body over broadcasting. Under the terms of the Act the Commission was constituted to include a chairman, vice-chairman and a third member to be appointed by the Governor in Council. To supplement the efforts of the above three members nine Assistant Commissioners were also to be appointed by the Governor in Council and were to hold office on pleasure. These Commissioners were in turn to act in the capacity of provincial and regional chairmen of the advisory committees. A General Council of the entire group of Commissioners and Assistant Commissioners was to be convened on occasion, in order to put forward general policy recommendations to the Commission. Its powers were to include "the

¹⁶ McLeod, op. cit., p. 154.

¹⁷ All information concerning this Statute as given in this paragraph (directly quoted or otherwise), is to be found in Statutes of Canada, 22-23 Geo. V, c3 to c9 inclusive.

power to regulate and control broadcasting in Canada" which included the power: to determine the number and location of stations; to set programming and advertising standards; to make recommendations to the Minister regarding issue, suspension and cancellation of licenses; to allot channels to be used; and "to prohibit the organization or operation of chains of privately operated stations." Further, the Commission, "subject to the approval of Parliament, could take over all broadcasting in Canada," as well as "do any other thing reasonably necessary for the performance of its functions and powers."

The structure of organization proposed by the 1932 Broadcasting Act was insufficient as a successful operative format. The three man commission was soon at loggerheads with itself and with Parliament and the public. It failed to provide the necessary independence from government, taking on the appearance of a government department in its regulatory functions.

With the failure of the C. R. B. C. to successfully integrate policy and administration, the Canadian Broadcasting Act represented a fresh attempt to harmonize these two functions.

The Corporation was to be called the Canadian Broadcasting Corporation and was to have a nine man board of governors appointed by the Governor in Council, with attention to be paid to the geographic regions of Canada, and from this group was to be designated a

Chairman and Vice-Chairman.¹⁸ The Corporation was to be considered a "body corporate which permitted it to both sue and be sued." There was as well to be a General Manager and Assistant General Manager to be appointed on the recommendation of the Corporation. The relationship of the Corporation to the Minister was carefully set down as follows:

The Corporation shall establish and maintain an accounting system satisfactory to the Minister and shall, whenever required by him, render detailed accounts of its receipts and expenditures for such period or to such day as he designates, and all books of account, records, bank books and papers of the Corporation shall at all times be open to inspection of the Minister.

The Corporation was required by the Act to carry on a national broadcasting service, as well as its regulatory functions which included such tasks as regulating networks, setting down periods to carry programmes of the Corporation, controlling the character of programmes, determining time allotment for advertising, etc. However this fell somewhat short of expectations because of the infrequency of the Board meetings, forcing the General Manager to assume many tasks outside of his statutory jurisdiction.

Prior to the 1932 Broadcasting Act, policy formation was left in the hands of the cabinet. In an effort to eliminate political interference in broadcasting, the 1932 Act established a three man commission with

¹⁸ All information concerning this Statute as given in this paragraph (directly quoted or otherwise), is to be found in Statutes of Canada, 1, Ed. VIII, c3 to c22 inclusive. The longer indented quotation is from c4.

the hope that they would be able to assume the policy formation function. Division, cross-purpose, and ill-defined responsibility prevented the three full time commissioners from achieving this objective. Under the 1936 Broadcasting Act the newly created Board of Governors was expected to take on a more important role in the formation of broadcasting policy. "The Board . . . supplanted the cabinet as policy maker in the field of radio broadcasting."¹⁹

It [the Board] has suffered from the cabinet's negligence in filling vacancies, and, most of all, it has been weakened as a policy making body by the infrequency of its meetings. . . . Obviously with the Board sitting only six or seven times a year, the General Manager was compelled to assume what really amounted to policy forming functions.²⁰

This dilemma of function was finally overcome by the appointment of a permanent Chairman of the Board. This created a more logical division of responsibility between the Board Chairman and the General Manager of the Corporation.

The Chairman will have the support of his Board for all policy decisions in the controversial realms of the public interest and this should create a buffer between partisan influences and those responsible for the day to day administration of the Corporation.²¹

This more effectively distinguished 'administration' from 'policy.'

The Act did little to define the relationship of the C. B. C. to parliament

¹⁹ Hodgetts, op. cit., p. 456.

²⁰ Ibid.

²¹ Ibid., p. 457.

and plagued both the Liberal and Conservative parties as long as it was in force. The organization established in 1936 is to a large extent the same organization that we are familiar with today.

Under the present Broadcasting Act, passed on the sixth day of September, 1958, there took place a substantial revision of broadcasting policy and organization. The second section of the Act although closely approximating the earlier Act, had to accommodate the newly created Board of Broadcast Governors.²²

The Corporation is to consist of a President, Vice-President, and nine Directors.²³ The President and Vice-President are to hold office for seven years on good behaviour, while the rest of the directors are to be appointed to office for three years on good behaviour. According to the 1958 legislation, the President and Vice-President only, are eligible for re-appointment.²⁴ The Directors are again to reflect the geographic regions of Canada in their selection. The responsibilities of the Board of Directors have been defined by the company in the following sequence.

- a) the establishment and revision of by-laws
- b) the establishment of basic policies and directives
- c) the consideration and approval or rejection of broad operating plans
- d) the approval and recommendation of Parliament of annual capital and operating budgets
- e) the approval of proposals to the appropriate Minister and the Minister of Finance for submission to the Governor in Council of a five year capital program

22 See Appendix C.

23 7 Elizabeth II, 22, c22 (1).

24 Ibid., c22 (2) (3).

- f) the recommendation and submission of the annual report to Parliament, and
- g) the overall direction of the Corporation's affairs.²⁵

It is the President who is the active agent of the organization and as chief executive it is he who reports to the Board of Directors and who is the liason with Parliament and Minister. As executive head of the Corporation the President receives, interprets and applies the policies and directives of the Board of Directors and establishes administrative and operating policies to control the activities of all operating units and of corporate staff departments:

The President as the full time chief executive handles the corporate relationship with Parliament and the executive government through the Minister designated under the Broadcasting Act.²⁶

Under the President are a number of senior officials who are in charge of the many-faceted operative structure of the Corporation. One of the most influential officers is the Vice-President of Corporate Affairs, who is primarily concerned with the Corporation's relations both to the Board of Broadcast Governors and Parliament. He is the person responsible for setting out to the public the general policies of the Corporation:

The Vice-President Corporate Affairs develops policies and objectives for the relations of the Corporation with the Board of Broadcast Governors, government departments and parliamentary committees and other government agencies and conducts relations with these bodies.²⁷

²⁵ Speaker's Manual, n. p.

²⁶ Ibid.

²⁷ Ibid.

A most significant structural change in the organization of broadcasting occurred with the establishment of the Board of Broadcast Governors.²⁸ Under the reference of the Act the Board of Broadcast Governors was to be composed of three full time members to be appointed by the Governor-in-Council, and to hold office during good behaviour. The choosing of the Chairman and Vice-Chairman is left to the discretion of the Governor-in-Council. The Board is expected to meet "at least six times in each year" in Ottawa. In order to overcome some of the problems inherent in gathering a full board in case of special situations demanding urgent attention, the Act creates an Executive Committee which consists of three full time members and four part time members appointed by the Board itself. The Board of Broadcast Governors has assumed the regulatory and licensing functions of the former Board of Governors of the C. B. C.

With the transference of the regulatory and licensing functions held by the C. B. C. for over twenty years to the newly created B. B. G., it was only to be expected that the C. B. C. would regard the move with considerable displeasure and disappointment. However, in public the C. B. C. has endeavored to suppress its corporate feelings in the interest of good diplomacy.

In some areas the C. B. C. and the B. B. G. share the same objectives. Under the two Board system, the two bodies

²⁸ All information concerning the Statute as given in the following paragraph (directly quoted or otherwise), is to be found in the Statutes of Canada, 7, Eliz. II, 22, c3 to c9 inclusive.

have been working and will continue to work in close co-operation in these areas of common interest and responsibility.²⁹

The rift which developed over the sponsorship of the 1962 Grey Cup Game has to a large extent shattered that official harmony:

There was jealousy and friction between the two authorities from the start and it reached its climax when the C. B. C. flatly and successfully defied the B. B. G. 's order that it carry the commercials of the rival network during the fog-bound Grey Cup game of December 1.³⁰

Resulting from this internal discord are renewed and persistent demands for yet another restudy of the working relationship between the C. B. C. and the Board of Broadcast Governors.

The B. B. G. is in turn responsible to Parliament, and by statute is required to submit a report on its activities within three months of the end of the fiscal year to the member of the Queen's Privy Council for Canada designated by the Governor in Council for the purpose.³¹ The report is then to be laid before Parliament "within fifteen days after the receipt thereof."³² In a similar manner the Corporation is required to report to Parliament:

The Corporation shall, within three months after termination of its financial year, submit to the Minister a report on the operations of the Corporation for that financial year,

²⁹ Speaker's Manual, n. p.

³⁰ Ralph Allen, "The Big Heat on the C. B. C.," Maclean's (February 9, 1963), p. 31.

³¹ 7 Eliz. II, 22, c19.

³² Ibid.

and the Minister shall cause the report to be laid before Parliament within fifteen days after receipt thereof.³³

These are the formal statutory devices which hold the two bodies accountable to Parliament.

The Fowler Commission had intended that the Board of Broadcast Governors be the general supervisor of all broadcasting in Canada:

The board's . . . primary task of supervising, on behalf of Parliament the single Canadian broadcasting system, including both its public and private elements.³⁴

This was, as already stated, rejected by the Government and Parliament, and is one of the factors which has created a serious breach in both organization and administration of broadcasting in Canada since the 1958 legislation was effected.

Under the new Act the Minister has very little responsibility in the affairs of the C. B. C. and so in turn the Cabinet has been extremely limited in its functional role as overlord. Parliament has, as a result of the new Broadcasting Act, moved further adrift from the control of broadcasting. There seems to be an indecisiveness in the tone of the Broadcasting Act's terminology which has led to considerable confusion in trying to interpret and understand accountability and responsibility. The confusion and uncertainty was particularly evident in the post World War I period and it has not been any less disordered since the 1938 Act was passed. No person has been more perplexed than the Minister who acts as liason between Parliament and the Corporation.

³³ 7 Eliz. II, c36.

³⁴ Report of Royal Commission on Broadcasting (1957), p. 124.

CHAPTER III

THE CONCEPT OF A NATIONAL BROADCASTING SYSTEM

There has . . . been unanimity on one fundamental question--Canadian radio listeners want Canadian broadcasting. . . . At present the majority of programs heard are from sources outside of Canada. 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.¹

In order to appreciate fully the implications resulting from the growing difficulties in broadcasting, and in an effort more clearly to understand the intensity and depth of the problem involved in interpreting responsibility for broadcasting, it is important to sort out the dissimilar views of the active participants in the national system, and to examine the theoretical framework within which they are arguing. Since a great deal has already been said concerning the evolution of the national system, attention will be directed to the prevailing positions of the different parties engaged in the operation of broadcasting. The uneasiness evident in the last few years in the relations between those responsible, seems to reflect an incompatibility in long term attitudes towards a national broadcasting system. How, then, do these different agencies involved in the national concept of broadcasting see themselves in relation to the national purpose?

¹ Report on Royal Commission on Radio Broadcasting (1957),
p. 6.

As far as the primary purpose of broadcasting is concerned, there is little divergence or disagreement amongst the various agencies. The principle of a national system has been re-affirmed by a long list of special committees, Royal Commissions and parliamentary debate, as well as receiving tacit support from private broadcasting interests, although not with the same flourish of enthusiasm. They all are able to agree on the principle of a national broadcasting system under some form of parliamentary control and regulation.

This 'first principle' was carefully outlined before the House of Commons in 1932 by R. B. Bennett, Prime Minister, who introduced the Act establishing the Canadian Radio Broadcasting Commission:

First of all, this country must be assured of complete Canadian control of broadcasting from Canadian sources. . . . Secondly, no other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting.²

Broadcasting was to be a national monopoly under the trusteeship of the C. B. C. and accountable to Parliament. Again, the concept of a national broadcasting system is not something particular to the Canadian scene, for it is an approach which has had wide use in Western countries. It was the 1926 Crawford Committee in England which made the following recommendation:

² Broadcasting in Canada (Ottawa: C. B. C., Nov. 1, 1962), p. 9.

that the broadcasting service would be a public corporation acting as Trustee for the national interest and that its status and duties should correspond with those of a public service.³

It is this public trustee which the C. B. C. has become, and it has been its duty to attempt to define the 'public interest.' In adopting the public corporate idea, the Canadian network system has included the private broadcaster as an integral part of the national design, and therefore forced the private broadcaster to see the national program not as he might wish, but as defined by the regulatory board charged with the responsibility of broadcasting. This body was known until 1958 as the Board of Governors of the C. B. C., but now is called the Board of Broadcast Governors. The C. B. C. has always interpreted its role in its relation with the independent broadcaster as a complementary one rather than as a relationship based on competition. In a talk delivered to a Rotary Club in 1960, Mr. Alphonse Ouimet stated:

As an agency supported by public funds, the C. B. C. does not pretend to be in real competition with either a proposed private network or with individual privately owned stations.

The C. B. C. has been given a job to do which does not permit it to engage in what I would call true business competition to any extent whatsoever. Our only business is public service.⁴

It is on the basis of the public service ideal that the C. B. C. interprets

³ Report of the Committee on Broadcasting 1960, p. 8.

⁴ Alphonse Ouimet, Competition - For What? (Toronto, November 25, 1960).

the national interest, and with this before it the Corporation has endeavored to draw up four main principles on which to build its programming philosophy.

The first principle of a national service is that it must provide an extensive and imaginative program service which will avoid the natural temptation of satisfying the more vocal pressures which continually demand preferential treatment in the program fare. To fail in this attempt would be to disrupt one of the most important goals of the C. B. C. --that of unifying a country built on geographic diversity:

Any narrower view of a national broadcasting system would destroy the purpose of the C. B. C. as a unifying force in Canada. If the C. B. C. were to direct its programs only to arbitrarily selected social and economic groups, excluding others, we would no longer be a unifying force, but a divisive force--a force dividing the nation and doing irreparable harm to our aspirations as a people and as a nation.⁵

A second aspect of a national service, from the viewpoint of the C. B. C., is the allocation of broadcasting points throughout the country. This drawing or pulling together of the many isolated sectors of the country is to be accomplished both by the use of physical facilities and in turn through the network's national programming services --a network combining both public and private facilities. By the use of this system of coverage, Canadians are able to feel the spirit of their common heritage:

⁵ Speaker's Manual, n. p.

Canadians look to a national broadcasting service to provide common bonds of interest and to be an intangible but vital link between our people and our communities.⁶

The third basic principle laid down by the C. B. C. is an insistence on Canadian content. It is considered an important stimulus to the development of Canadian talent, and to keep that talent in Canada to help further national unity.

A fourth point in the C. B. C. formula is the principle of 'equitability,' between both English speaking and French speaking Canadians and the various geographic regions of the nation:

It is the C. B. C.'s responsibility to contribute to the parallel development of our two main cultures and to bring them to mutual understanding and appreciation.⁷

It is on the basis of these four operational principles that the C. B. C. attempts to meet the demands of its monopolistic position and to further the national interest. In order to accomplish this aim it has been necessary to withdraw broadcasting from the realm of political interference by the establishment of a quasi-independent regulatory agency. The programming policy outlined above by the C. B. C. to accomplish a national system, is of necessity both general and indefinite. The enforcing of these safeguards of the public interest is the task of the governing board.

A more recent statement of the objectives of the national system as seen from the viewpoint of the C. B. C. was made by the former

⁶ Speaker's Manual, n.p.

⁷ Ibid.

chairman of the C. B. C. Board of Governors, A. P. Dunton:

The Canadian Broadcasting Corporation is charged by parliament with carrying on a national broadcasting service. Its general aims must be: to provide the best possible national service; to develop Canadian programs and to bring in suitable programs from other countries; to make the service available to all Canadians that can possibly be reached, and to bring to all Canadians as nearly as possible the same, or the same quality, and amount of service.⁸

In a comprehensive policy statement the Corporation expanded on its view of a national service to the Fowler Commission:

The C. B. C. was created by Parliament to provide Canadians with a broadcasting service suited to the particular needs of this country. It is answerable for its operations to Parliament in the first instance and ultimately to public opinion. The scope of its service has been determined by the national wealth and the needs of the people; its shape by geography and two official languages; its character by the democratic climate of our society.⁹

The C. B. C.'s position has remained constant in its approach towards broadcasting policy. There has been, in the last few years, some concern on the part of the C. B. C. about its future development, resulting from the Board of Broadcast Governors consideration of second networks.¹⁰ In the 1960-61 Annual Report, the President of the Corporation warned of the repercussions which might result:

8 A. P. Dunton, as quoted in Broadcasting in Canada (Ottawa: C. B. C., Information Services, November 1, 1962), p. 22.

9 Report on Royal Commission on Broadcasting, p. 28.

10 In 1960 the newly created Board of Broadcast Governors issued a statement calling for applications for second stations in many of the major centres in Canada. It followed up its 'second station'

As the year ended, future developments in broadcasting, especially television, were somewhat cloudy and unsettled. Within the national service, from C. B. C. and private affiliates alike, there was a slowly developing concern for the future shape of broadcasting.¹¹

This dilemma was a reflection of the government's decision to end the long established tradition of the single station policy.¹² It has forced a serious reappraisal of the future role of broadcasting in Canada and more particularly the position of the C. B. C. In analyzing the effect on the C. B. C. of the second network policy in the 1961-62 Annual Report, Mr. A. Ouimet felt confident that economic factors would confine the expansion of the new network, and that when new stations have been established, the C. B. C. stations can and will provide greater service. Among the many observations made by the report, perhaps the most significant could be found in the following statement by the President:

The basic conditions, problems and reasons which gave rise to public broadcasting in this country have not changed in the past 25 years. Canada still has its distances and its relatively small population; the cold economic facts of broadcasting not only remain but have been re-emphasized

announcement by issuing a further policy statement which defined what the Board would consider a 'network.' This opened the way for a new private television network, C. T. V. being established in 1961. It was the first time that the C. B. C. television network was faced with direct competition.

¹¹ Annual Report 1960-61 (Ottawa: Canadian Broadcasting Corporation), p. 14.

¹² In December 1952, the Federal Government made a major policy announcement regarding the future development of television broadcasting in Canada. As well as increasing its own efforts through the publicly owned C. B. C., the government stated it would be willing to receive licences for private stations to serve in those areas not served already by publicly owned stations.

by television; the need of Canadians for program services that are varied and comprehensive, basically Canadian in character and content, is and always will be with us. Consequently the time factor in itself provides no justification for change either in the C. B. C. or in the overall system.¹³

One detects, in reading the whole report, an almost artificial optimism; an official acknowledgment that all is well. The controversy of the late fall, over whether the C. B. C. was to be required to carry the advertising commitments of the private television network with the telecast of the 'Grey Cup' football game, cannot help but have shaken some of the President's optimism. Even though the attitude of the C. B. C. towards a national concept of broadcasting has gone unaltered, the pressures from the environment within which it functions may well force the C. B. C. to change its course of direction in the years ahead.

It is not surprising that a challenge to the view of national broadcasting held by the C. B. C. should come from the Canadian Association of Radio and Television Broadcasters (CARTB). Nor is it at all surprising that their criticism falls somewhat short of objectivity.

Because of the dependent status that the private broadcasters have had since the creation of the Corporation, there has developed a strong feeling of resentment and suspicion over what they considered excessive control and interference. The solution they proposed to alleviate this discontent was the creation of an independent regulatory

¹³ Annual Report 1960-61, p. 28.

board. For, at the base of the private broadcaster's opposition and disenchantment, was his denial of the concept of the single national network, which until 1958 required the broadcaster to submit himself to the regulating function of the Board of Governors of the C. B. C.

This entirely unprecedented situation--which placed an operating body also in the position of being a regulatory body--and at that a regulator of its competitors--did not take long to create serious embarrassment and difficulties.¹⁴

The private broadcaster was able to see the C. B. C. only with the eyes of a competitor. There was continuing objection to the dual function of the C. B. C. Board of Governors as both regulator over and operator of both the public and private sectors of broadcasting.

The Canadian Association of Radio and Television Broadcasters regarded the media of broadcasting much in the same spirit as publishing a newspaper, and was seriously concerned that close regulation threatens the concept of democracy. Broadcasting is neither a national monopoly nor a public utility or service. The private stations strove persistently for what they felt was freedom from their subservient position to the C. B. C., and to some degree achieved their aim under the 1958 Broadcasting Act. This was a concession which bordered on appeasement for:

privately owned stations were not expected to compete on a basis of equality with the Corporation; they simply shared

¹⁴ A brief submitted by the Canadian Association of Radio and Television Broadcasters to the Royal Commission on Broadcasting (May 2, 1956).

. . . the airwaves over which the Corporation had them placed as trustee in the public interest.¹⁵

Under the 1958 Broadcasting Act (which, incidentally, followed the first change of government in twenty-two years), the whole concept of a national broadcasting system suffered a marked change of direction. There is legitimate reason to suspect that the Act was not altogether an objective statutory accomplishment, for the sympathy it displayed towards the private broadcasters was proportionate to the prejudice engendered against the principle of public ownership. The new Act defined its position and the purposes of the B. B. G. as follows:

The Board shall, for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system and the provision of a varied and comprehensive broadcasting service of a high standard that is basically Canadian in content and character, regulate the establishment and operation of networks of broadcasting stations, the activities of public and private broadcasting stations in Canada and the relationship between them and provide for the final determination of all matters and questions in relation thereto.¹⁶

Under the new Act, the regulations of the Board of Broadcast Governors are applicable to either the C. B. C. or the private broadcasters.

There also arises under the new structure a duality of function, for both the C. B. C. and the B. B. G. are "empowered to make regulations concerning program content and character, amount of advertising,

¹⁵ Hodgetts, op. cit., p. 464.

¹⁶ Broadcasting in Canada, p. 38.

and network operation."¹⁷

One of the greatest potential threats to face the C. B. C.'s national policy comes, not as one might expect, from a calculated distortion of broadcasting policy, but from an unforeseen interference with the national broadcasting system through the competition of private networks. One such threat is the Caldwell Television Network (C. T. V.), which was licensed by the Board of Broadcast Governors in 1961. The C. B. C. in effect is going to be able to pursue its concept of a national broadcasting program only as long as it is able to defend itself from the danger of accidental death at the hands of the B. B. G., which consciously or not, works in favour of the private broadcaster.

In commenting on the Board's decision to grant the C. T. V. network, Ralph Allen states:

If C. T. V. fails, so by inference does the Board of Broadcast Governors. But according to most people who understand the economics of broadcasting in Canada the Caldwell network can only succeed either by cutting further into C. B. C.'s commercial revenues or more crucially, by invading the C. B. C.'s vital family of privately owned affiliates and either borrowing, seducing or kidnapping the key stations.¹⁸

The concept of a national broadcasting system, as well as the very survival of the Canadian Broadcasting Corporation itself, rests in delicate balance.

¹⁷ Broadcasting in Canada, p. 39.

¹⁸ Allen, loc. cit., p. 31.

CHAPTER IV

ROYAL COMMISSIONS AND PARLIAMENTARY RESPONSIBILITY IN BROADCASTING

The necessity for action was clear to everyone,
But the view was very general that nothing could be done,
And the Government courageously decided that the Crown
Should appoint a score of gentlemen to track the trouble down--
Which always takes a long, long time.

- Sir Alan P. Herbert
Mild and Bitter

The Royal Commission is a useful and widely used instrument of modern parliamentary government. It is usually set up in order to investigate and study matters which cannot be as effectively handled by Parliament itself, either because of a shortage of time or often because of the political implications of the subject being discussed. Because of the non-partisan nature of such Commissions, they are able to generate considerably more public confidence and trust than would otherwise be the case. The Royal Commission, although impartial politically, is usually slightly coloured in its approach to the problem. A Government is not likely to allow itself to be publicly embarrassed by appointing a Commission which differs markedly from its own views:

A Cabinet is always careful to see that the dice are not loaded against it, and the surest way to take care of that eventuality is to load them slightly in its own favour.¹

¹ M. Dawson, The Government of Canada (Toronto: The University of Toronto Press, 1957), p. 234.

Commissions are often created in order to delay or avoid issues which might prove to be politically hazardous:

When one looks through [the] long list of Royal Commissions one can conclude only that many were established as a sort of subterfuge to pacify a segment of the population and to distract public attention, and at the same time to mollify the public.²

The first observation that one can make regarding the effect of a Royal Commission on Parliament is the diffusion and momentary withdrawal from direct responsibility by the use of a non-parliamentary body to undertake the task of investigation:

The responsibility is, for the moment, shifted to other shoulders; although as soon as the report is presented, the Cabinet is forced to pick up the responsibility once again and determine its course.³

There are some who see the use of Commissions and Committees as an effort to escape from Parliamentary responsibility. Dr. Brownstone warns that:

Government itself is capable of all a commission can accomplish. The use of commissions reflects failure of Government and behind it a failure of the political system.⁴

2 J. B. McAskill, "To Commission or Not to Commission, as an Advisory Body," Part II-C, Canadian Public Administration, Vol. V, No. 3 (September 1962), p. 266. This was a special edition of the Journal devoted to the theme of Commissions, drawn from a series of papers delivered at a regional meeting of the Institute of Public Administration in Saskatchewan in 1961-62. The article referred to has five main parts, written by several authors, as later footnotes will indicate.

3 Dawson, op. cit., p. 235.

4 Dr. M. Brownstone, "To Commission or Not to Commission, as an Advisory Body," Part II-A, Canadian Public Administration, Vol. V, No. 3 (September 1962), p. 284.

Although Dr. Brownstone's position underestimates the value of the Commission, his point is well taken and should be carefully considered when the government of the day turns to the use of a Royal Commission.

W. G. Bolstad attempts to establish definite guide lines in order that governments may be in a better position to judge when to constitute a commission. He holds that a commission should be established whenever it is felt that the public should have a better understanding of an issue; when particular regions or interest groups hold conflicting views and opinions; and when a 'cooling off' period in order to produce conditions more favourable to compromise and rational decision is indicated. He also recommends the use of the commission in situations where an indication or expression of public opinion would facilitate the making of a decision.⁵ Although these factors are by no means exhaustive or without deficiencies, they do provide a basic criterion from which to work in any analysis of commissions.

The three Royal Commissions which have studied broadcasting in Canada fit pretty consistently into the pattern outlined by Bolstad. In every case the matter under discussion was an issue which required public understanding. Each of the three Royal Commissions has had to deal with particular interest groups. Especially has this been evident

⁵ W. G. Bolstad, "To Commission or Not to Commission, Summary and Conclusions," Part IV, Canadian Public Administration, Vol. V, No. 3 (September 1962), p. 287.

with the private broadcasters and, to a lesser extent, various religious groups. The third factor is not as applicable to the broadcasting situation, with the exception perhaps of the Aird Royal Commission in 1929, which was created in order to relieve the government from the growing dissatisfaction of the listeners. Once again, in the case of the fourth point, "when the making of a decision requires an expression of public opinion," all three Royal Commissions are in harmony with the meaning of this particular guide line. All three Royal Commissions were efficiently and legitimately established and at no time, because of their operational existence, did they in any way infringe or interfere with the functioning of Parliament. They assumed in an active way a responsibility which Parliament, for many reasons, including those of time and partisan interference, has been less prepared and able to handle.

The Aird Commission

The Aird Royal Commission on Broadcasting laid the basis of broadcasting development in Canada. There is no other single influence of greater significance in the shaping of broadcasting policy. The example provided by the British Broadcasting System weighed heavily on the minds of the commissioners, who looked to the possibility of applying the British structure to the Canadian setting. The inadequacy of the existent broadcasting machinery, under private enterprise, provided the Aird Commission with its first motive

for reform. From the very early stages of its investigation it became obvious that some system of public corporate structure was required:

. . . 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.⁶

A public service under a national company:

with the full powers and authority of any private enterprise, its status and duties corresponding to those of a public utility.⁷

Under this suggested national corporate structure, the Minister of Marine and Fisheries was to assume the licensing function and responsibility for all technical matters related to broadcasting. It further recommended that broadcasting should be owned and operated by a single national company,⁸ to be called the Canadian Radio Broadcasting Company. There was strong emphasis placed by the Commission on the role of provincial authorities in broadcasting:

It is desirable, that provincial authorities should be in a position to exercise full control over the programs of the station or stations in their respective areas.⁹

Had the recommendations¹⁰ of the Aird Commission been followed, it

p. 6. 6 Report on Royal Commission on Radio Broadcasting (1928),

7 Ibid., p. 8.

8 Ibid., p. 12.

9 Ibid., p. 6.

10 The Recommendations of the Aird Report are to be found in Appendix B.

would have been a significant victory for those who held the compact theory of Confederation,¹¹ as well as making the functional operation of broadcasting more complex because of the necessity of having to harmonize such a duality of control.

The Aird Commission, in recommending an operational philosophy similar to that found in a public utility, implicitly suggested that the responsibility for broadcasting be left to Parliament. A board of both provincial and federal members would be set up to provide the necessary supervision. The Commission also recommended the nationalization of all operating stations still owned by private broadcasting interests, confirming once again the principle of a single national broadcasting system.

Parliament, in receiving the Aird Report, turned its attention to how it could best accommodate the Aird recommendations; however, its attention was soon distracted by the political and economic events of the period, and action on the report was therefore delayed for over two years until after the establishment of the Select Committee on Broadcasting in 1932. In the intervening years, political, social and economic distress resulting from the depression, combined to prepare public opinion for a more positive role for government. The psychological and philosophical hesitancy which might, at an earlier point, have hindered the public

¹¹ The "compact theory" holds that Confederation was the result of a pact or treaty between all those united under the British North America Act of 1867. It is therefore felt that the original participants must be consulted before any change can be made in the terms of the treaty of union. According to the ideas of this school of thought, the provinces were given a far more important place than was constitutionally intended by Confederation. The theory is neither supported by history nor by constitutional law.

corporation idea, was swept aside by the effects of the depression.

Very few of the recommendations made by the Aird Commission were to be found in the Broadcasting Act of 1932. A notable exception to this seeming lack of faith was the very important concept of a national system. If for no other reason than this, the contribution of the Aird Report on this point alone, is most significant.

The effects of the Aird Commission on the interpretation of Parliamentary responsibility and accountability were minimal on the short run. At the same time one can say that the 1932 Broadcasting Act was a product of the Aird Report, for where it did not conform specifically to the recommendations of the report, it did show that it had been strongly influenced by its suggestions. Had the recommendations been adhered to more closely, particularly regarding the corporate structure, the future of broadcasting in Canada would have been considerably different, reflecting a much more independent Broadcasting Corporation than was found under the terms of the 1932 Broadcasting Act with its three man commission:

The instrumentality which was created under the Canadian Radio Broadcasting Act, 1932, was not a public corporation in the accepted sense but rather a three man governmental commission.¹²

The one overriding intention of the Aird Report was to provide the national corporation with maximum independence from government control and interference. It was to function as a private enterprise, although in fact it was to be a public utility. The Commissioners presented a

¹² Hull, *op. cit.*, pp. 164-5.

prejudiced reluctance to the public corporate idea and clung to the modus vivendi of private enterprise so far as it was possible.¹³ If Parliament had carried out the Aird recommendation to include all private stations in the national system, it would thereby have adopted the same concept applied in the case of the British Broadcasting Corporation.

The Massey Commission

The Massey Royal Commission, although not recommending anything new, did reinforce the basic premises inherent in the concept of a national broadcasting system. It acknowledged without reservation broadcasting as a public service and called it "the greatest single agency for national unity, understanding and enlightenment."¹⁴ The Commission also gave its unrestrained support to the unique duality of a national network based on the joint co-operation of both private and public broadcasters. The Massey Report also underlined its approval of the control and regulation of all broadcasting by the C. B. C.

The C. B. C. is to remain the sole authority responsible for the control and direction of the national radio and broadcasting system.¹⁵

13 In the recommendations of the Aird Commission it was explicitly stated that "the C. R. B. C. should be vested with all the powers of private enterprise." See Appendix B, recommendation (b) of the Aird Commission Report.

14 A. A. Shea ed., "A Study of the Findings of the Royal Commission on National Development in the Arts, Letters and Sciences," Culture in Canada (Toronto: Core Publishing Company, 1952), p. 18.

15 Ibid., p. 20.

The Commission took issue with the private broadcasters who continuously complained at the C. B. C. 's operator and regulator role, and saw any yielding to the private broadcasters' pressure groups as a betrayal of their function and of the concept of national broadcasting:

It is a public service directed and controlled in the public interest by a body responsible to Parliament.¹⁶

At no time was there anything but the strongest support for the Board of Governors as the authority over both private and public broadcasters, and it was consistently held that any effort to separate the regulatory function from that Board in order to place it in the hands of a separate body, would in the Commission's mind "either divide and destroy, or merely duplicate the present system of national control."¹⁷ The Commission felt that the nature of the national broadcasting system would not allow it to be treated as an equal partner in business, motivated by different purposes and reasoning in programming:

. . . with different purposes and attitudes of broadcasting, how is an independent regulatory board going to treat them equally without reconciling the C. B. C. to relatively low commercial standards?¹⁸

To set up a separate regulatory body is redundant and possibly harmful, according to the Commission, if indeed it did not also weaken the position of the C. B. C. , for it would duplicate the already existing Board of

¹⁶ Report on the Royal Commission on National Development in the Arts, Letters and Sciences (1951), p. 283.

¹⁷ Ibid., p. 285.

¹⁸ Ibid., p. 286.

Governors.

As far as the role of Parliamentary responsibility is concerned, the Massey Commission contributed very little in the way of new suggestions. This, however, can be misleading, for the reinforcement of the principle of a single regulatory body responsible to Parliament, coupled with its support of the principle of a national broadcasting system of both private and public participants, stands in vivid contrast to the position taken by the Fowler Commission in 1957. The Massey Report recommended:

That the grant of the privilege of radio broadcasting in Canada continue to be under the control of the National Government; that the control of the national broadcasting system continue to be vested in a single body, responsible to Parliament; that the Canadian Broadcasting Corporation continue to provide directly by its control of the operation of others a national radio broadcasting service free from partisan influence.¹⁹

The Fowler Commission

The Fowler Commission aimed at a rather precarious balance, attempting on the one hand to appease the private broadcaster's desire of a separate regulatory agent, while on the other hand trying not to undercut the status of the C. B. C. The Commission made a laudable attempt to unravel the prejudices on both sides; however, it was never given the opportunity to see its proposals tested. For the government, in making its own attempt to solve the dilemma of operative and regulatory unity,

¹⁹ Report on the Royal Commission on National Development in the Arts, Letters and Sciences (1951), p. 287.

stumbled into the same problems the Fowler Commission attempted to avoid. It is not fair to assume that the Fowler recommendations would have succeeded had they been put into practise--in fact they presented a solution which probably would have had no more chance of success:

That scheme was skillfully devised, so skillfully indeed that a superficial reading of it leaves the impression on the unwary that it has: a) maintained in entirety the dominant position of the C. B. C. , and b) set up the 'separate regulatory body' for which the private broadcaster's most fervent prayers have been offered.²⁰

Under the recommendations of the Fowler report it was suggested that an independent board be established (the Board of Broadcast Governors), to regulate, control and supervise broadcasting in Canada. This proposed board was designed to replace the Board of Governors of the C. B. C. and was to act for Parliament, and in turn be responsible to it for the supervision and regulation of all broadcasting, both public and private. It was also recommended that this board be completely independent of any direct identity with the Canadian Broadcasting Corporation. The Report recommended a more obvious delegation of responsibility than had been the case under the terms of the 1936 Broadcasting Act.

There was at no time any doubt expressed by the members of the Commission as to the need of regulation in the public interest by Parliament. The report listed four kinds of control that should be exerted by

20 G. V. Ferguson, "Public Affairs Review," Queen's Quarterly LXIV (Summer, 1957), p. 182.

the state:

1. licensing regulations and procedure
2. regulations of general duplication
3. supervision of the policies
4. operational decisions and activities to provide a national broadcasting service.²¹

The problem so far as the position of Parliament is concerned is found in the balancing of regulation with broadcasting independence:

The dilemma is between the danger of political interference with an agency of public information and communications and the need to retain supervision and control.²²

It was obvious that Parliament, with the problems of modern government on the one hand, and the demands made on it on the other, was in no position to offer full time counselling to public corporations. This left no alternative to parliament but to delegate its authority.

The Fowler Commission broke down 'delegated authority' into several variations, all short of ultimate Parliamentary control. In describing and categorizing the 'C. B. C.' type of delegated authority, the Commission stated that it:

is where Parliament retains its full sovereignty but entrusts its day to day administrative power but it does so under the continuing supervision and control of Parliament.²³

The Commission was quick to diagnose one of the most important failings in Parliamentary-Corporate relations, the ill-defined division of duty and authority. That the regulatory and operative Board is subject to

²¹ Report on Royal Commission on Broadcasting (1957), p. 88.

²² Ibid.

²³ Ibid., p. 89.

Parliamentary scrutiny and control is well accepted. However, the Fowler Commission does very little in a practical way in establishing some understood format, or at least some basic guide-lines to effect this admitted subservience to Parliament. There can be little doubt as to the intent of the statute creating the Canadian Broadcasting Company. It was generally felt by the Commissioners that there was considerable need for refinement of the rather ambiguous statutory phraseology, in order to prevent the misunderstanding and misinterpretation which has so often resulted in the past:

. . . our suggestions for changes in the legislation may make it easier to understand the precise nature of the Canadian broadcasting system and more difficult to misunderstand and misrepresent it.²⁴

The principal suggestion was the two-agency proposal: the C. B. C. to be the operating agency, and the B. B. G. the regulatory and supervising agency. This represented the first recommended fundamental change in the administrative structure of broadcasting since 1936. Despite the fact that the recommendations of the Commission were not enacted in the same form, the importance of what has today become known as the Board of Broadcast Governors is the direct result of the thinking which went into the creation of the B. B. G. of the Fowler Commission.

There is considerable speculation that this was an attempt to pacify the rumblings of the private broadcasters who have become quite

²⁴ Report on Royal Commission on Broadcasting (1957), p. 90.

vocal in the past few years, with the support of the press. The Fowler Commission made a sharp deviation from the position taken by the Massey Commission, which had emphatically supported the status quo and vigorously fought against those reformists who suggested compromise with what the Massey Commission considered the unjustifiable claims of the Canadian Association of Broadcasters:

. . . that they enjoy any vested right to engage in broadcasting as an industry, or that they have any status except as part of the national broadcasting system, is to us inadmissible.²⁵

In setting up the Board, the hope was to pacify the private broadcaster, rather than to solve any practical difficulties. An important recommendation proposed in the Fowler Report which was adopted in the 1958 legislation, was the idea of a single board reporting to Parliament.

They [the C. B. C. and the Private Broadcasters] are responsible to the Board which in turn is responsible to Parliament for the whole Canadian broadcasting system.²⁶

This was one of the few contributions the 1958 legislation accepted from the Fowler Report.

The Fowler Commission had strong opinions on the financial control of Parliament. It suggested that parliamentary scrutiny could be more meaningful and efficient if the attention of Parliament were focused on the questions to the Board and less attention directed to the

²⁵ Royal Commission on National Development of the Arts, Letters and Sciences (1951), p. 283.

²⁶ Report on Royal Commission on Broadcasting (1957), p. 91.

C. B. C. as such:

An incidental advantage may be that parliamentary scrutiny and debate might be focused on the operations and activities of the Board to which in our opinion it can be more usefully directed rather than on the detailed activities of the C. B. C.²⁷

The Fowler Report urged a greater amount of financial autonomy in order to permit consistent long range planning. The suggestion was not intended to set broadcasting any further adrift from Parliamentary supervision, but would assure greater protection from any sporadic interference, political in origin. The report also suggested, in making its financial recommendations, a floating arrangement for a long term statutory grant in order to move with the inflationary and deflationary trends:

Any financial formula should seek to make some adjustment for inflationary and deflationary trends.²⁸

The most significant recommendation of the Fowler Report was this plea for long-range financial planning. Annual appropriations place the recipient at the mercy of the giver, and the danger is always present of being sacrificed to expediency by a politically-conscious government.

A statutory form of operating grant was also suggested by the Fowler Commission, which was firmly convinced that this would provide the best protection to both the Government and the C. B. C. In such a scheme Parliament would not be required to assess funds each fiscal year:

²⁷ Report on Royal Commission on Broadcasting (1957), p. 100.

²⁸ Ibid., p. 277.

the amount available for broadcasting services is not dependent, then, on the chance that as the estimates come up for consideration the broadcasting agency is in temporary favour with the majority of members or on the chance that the members are, for the moment, irritated with some series of programmes or some policy of the agency.²⁹

At the same time such an arrangement would demand that the corporation live within its means.

Although hailed by some optimists as the final word for broadcasting, the Fowler Commission is not likely to be the last. Ferguson, for example, thought that it was:

. . . so well constructed and thought out that it is unlikely another Royal Commission on broadcasting will be needed for a long time, if ever.³⁰

Neither the optimists nor pessimists, the supporters or critics, will ever have the opportunity of proving their point. They are able only to watch with concern its offspring, the 1958 Broadcasting Act, with disappointment and disillusionment.

The re-organization proposed by the Fowler Commission led to a good deal of apprehension by those who saw it and referred to it as the decapitation of the C. B. C. by the removal of its 'head,' the Board of Governors. These same critics also felt that the Fowler Commission had sacrificed the legitimate interests of the public system for the benefit of the private broadcaster. In any case, it was an acquiescence to private interests of some magnitude, for it was later reflected in the

²⁹ Report on Royal Commission on Broadcasting (1957), p. 276.

³⁰ Ferguson, op. cit., p. 185.

new Broadcasting Act. The unfortunate result of such appeasement may be the serious setback it will give to the concept of a national network.

John H. Irving, in an address to the Institute of Public Administration, said:

As far as I can see, the recommendation regarding the proposed Board of Broadcast Governors is due to the pressure brought to bear on the Commission by the Canadian Association of Radio and Television as a unit and by the private broadcasters as individuals.³¹

In summary, none of the Royal Commissions established to study broadcasting have had their major recommendations enacted. The Aird Commission had suggested as one of its major recommendations a single national network, to be closely patterned after the British Broadcasting Corporation, and with the same statutory independence. The Aird Report also sought important concessions for the provinces in the yet to be Canadian Radio Broadcasting Company.³²

The Massey Commission underlined the valuable contributions made by the C. B. C., rejecting as unfounded the demands of the private broadcasters, and warned specifically against any suggestion that there be a separation of the regulatory agency. On this issue it was not Parliament but the Fowler Commission which undermined the main recommendation of the Massey Report. It looked to the formation of a two-headed agency which would separate the operational and regulatory functions.

In turn the Fowler Commission was, as if by some sort of

³¹ J. H. Irving, "Proceedings of the Ninth Annual Conference," The Institute of Public Administration of Canada (1957), p. 316.

³² See Appendix B for recommendations.

nemesis, to find most of its major proposals either distorted or rejected by Parliament. Instead of one board, the 1958 legislation set up two independent agencies, the Board of Broadcast Governors and the Board of Directors for the C. B. C. The government also completely ignored the financial arrangement suggested by the Fowler Report, turning a deaf ear to the plea for a statutory basis of financing to facilitate better long range planning and programming.

It would appear from the above discussion of the three Royal Commissions which have turned their attention to broadcasting, that neither government nor parliament will adjust or in any way seriously alter the fundamental basis of broadcasting without first probing the atmosphere with a Royal Commission.

The use of the Royal Commission as the first step to any major change in broadcasting policy seems to underline the inability of Parliament to cope with the problem of broadcasting without first being given a blueprint to follow. This is not intended to belittle the contribution to be made by the Royal Commission or, indeed, the logic of its appointment by Parliament. What is of concern is that it is used by Parliament, not to supplement Parliament's knowledge of broadcasting, but as an escape from such shortcomings as its inability to comprehend what should be justifiably expected of any responsible body.

The use of too many Royal Commissions can threaten to undermine the parliamentary process through what has been called the

"fragmentation of the administrative machine."³³ It is this point which must be faced seriously because of present demands for yet another Royal Commission to study broadcasting:

The C. B. C. has asked us to judge these questions for ourselves; its own executives are pressing for a new royal commission on broadcasting . . . ; a royal commission is the single practical measure in sight that might halt the attrition of the C. B. C. before it's too late.³⁴

It would seem that little which could not be just as effectively realized by initiative in Parliament, can be gained at this point by the creation of another Royal Commission. If the practical and political barriers are still too formidable for Parliament to unravel itself from the confusion resulting from its abortive child, the 1958 Broadcasting Act, then we must have another Royal Commission.

There has been very little awareness of the problem of parliamentary control on the part of the three commissions established to study broadcasting. Their otherwise extensive and meaningful reports have fallen short of expectations largely because they underrated the importance of control and the means by which Parliament is to exercise its responsibilities.

In a discussion of the Fowler Report at the Ninth Annual Conference of the Institute of Public Administration, Mr. G. W. Stead stated:

33 W. L. Haney, "To Commission or Not to Commission," Canadian Public Administration, Vol. V, No. 3 (Sept. 1962), p. 280.

34 "Take the Heat Off the C. B. C.," Maclean's (February 9, 1963), p. 11.

I think this question of the degree of parliamentary control has not been sufficiently thought through, and my own feeling is that the independence angle has been overdone.³⁵

In a follow-up statement at the same conference, Mr. J. H. Irving stated:

I do feel that the relationship of the C. B. C. as a crown corporation to Parliament has to be clarified more fully in the future.³⁶

The royal commission has done very little to clarify for Parliament its responsibilities towards broadcasting. In some instances Parliament's role was made even more confused, as in the case of the two-agency approach suggested by the Fowler Report. There has been, in the past, an unavoidable complication affecting the implementation of royal commission proposals. In the case of two of the three commissions (the Aird and Fowler Commissions), their reports were submitted after a change of government, and therefore not to the governments which originally established the commission. The Broadcasting Act which followed in each case probably deviated more from the Commissions' recommendations than would have been the case had there been no change of government. Consequently some suspicion may be entertained that the attitude of the government in power was not without political overtones.

For several reasons the Massey Commission is a different case:

³⁵ G. W. Stead, "To Commission or Not to Commission," Canadian Public Administration, p. 337.

³⁶ Ibid., p. 334.

it was not primarily concerned with broadcasting; its report was submitted to the same government that established it; and it recommended no basic changes in broadcasting.

CHAPTER V

PARLIAMENTARY CONTROL AND RESPONSIBILITY

The Parliamentary Committee

The Parliamentary Committee is one of the most valuable intermediaries available to assist Parliament in its efforts to control and hold accountable the public corporation, in this case the C. B. C. W. C. Wheare, in a study on the British Parliamentary Committee, has listed seven different forms of Committees in use today: committees to advise, committees to inquire, committees to negotiate, committees to legislate, committees to administer, and committees to scrutinize and control.¹

From his analysis of the various characteristics of the committee, Wheare has formulated a basic working definition:

The essence of a committee is, surely, that it is a body which some task has been referred or committed by some other person or body. . . . The notion of a committee carries with it the idea of a body being in some manner or degree responsible or subordinate or answerable in the last resort to the body or person who set it up or committed a power or duty to it.²

In the case of the Parliamentary Committee, it derives its authority from Parliament and as a result is both subordinate to and representative of, the will of that body. The two most common forms of the

1 W. C. Wheare, Government by Committee (Oxford: Clarendon Press, 1955), p. 2.

2 Ibid., p. 5.

committee are the Select Committee and the Standing Committee. The former is dependent on the government in office for its existence and is automatically dissolved with the end of Parliament or when it completes its obligations under the terms of reference by which it was commissioned. In the case of the latter, the Standing Committee carries on each succeeding Parliament with little more than a change of personnel.

The original purpose of establishing legislative committees was of course to further increase the operative equipment available to government in its ever-expanding area of responsibility, where parliamentary activities have put great pressures on the already overworked and overburdened House of Commons. The use of the Select Committee was intended to facilitate the carrying out of parliamentary responsibility in many areas, but in particular it has been used extensively in providing and obtaining information from the public corporation. This has helped considerably in solving the dilemma of parliamentary accountability, although as will be discussed at a later point, it has had a number of serious shortcomings. There have been some vocal objections to the resultant decentralization of Parliament through the Committee and in the minds of some orthodox Parliamentarians it poses a threat to the principles of parliamentary democracy. These fears can for the most part be excused as theoretical presumption, for the Committee has become a vital and integral part of our political institutions, and has proven able to avoid many of the weaknesses of the House while still representing its interest. Sir Ivor Jennings called it a 'miniature

parliament, ' with the advantages of less publicity and less partisanship. The committee lends itself to more seasoned and constructive debate than is often found in the House, with its limited time and large membership, and so provides an excellent training ground for effective and meaningful participation in later House debate:

In a parliament where specialized committees exist, members find themselves given a field of public affairs in which they are to interest themselves, and they proceed to acquire special knowledge or to extend what they know.³

Although there is considerable merit in this concept of a parliamentary training camp, it has, particularly in the Canadian situation, been given very little opportunity to use this training, especially in debate on crown companies. In some instances, committees have been established and then not effectively employed, the Public Accounts Committee being a particularly evident example of inactivity. The lack of success of the Canadian experience stands in marked contrast to the success of the British Public Accounts Committee. There is also some fear expressed that a committee will become too powerful and threaten the functional balance between Minister and Corporation:

The type and tenor of committee work and demands vary considerably from one committee to another, depending upon its constitution, terms of reference and membership. The more specific the committee task, the more likely it is to become a threat to the corporation's independence and a burden upon the time and resources of both the minister and the corporation.⁴

³ Wheare, op. cit., p. 156.

⁴ Hull, op. cit., p. 70.

This has been one of the strong arguments used by Mr. Ouimet and other C. B. C. officials who feel that they are being required to spend more time defending their position than they are spending in the actual operation of the corporation itself. Even in the light of these potential shortcomings, the necessity of using the committee as an instrument for strengthening accountability still remains strong so far as the public corporation is concerned. There is always the danger that a committee will misinterpret the intent, or spirit, of its commission and become unnecessarily stringent and prodding. This could be avoided, however, if more attention was directed to the terms of reference of the committee so that there could be no misunderstanding as to its purpose and its obligations. A reasonable balance between too much accountability and too little accountability must be the aim sought by the use of the parliamentary committee. The difficulty at the moment is that the balance has been distorted in favor of too little use of the committee in parliamentary accountability. The committee has certain deterrent qualities in the eyes of those who might otherwise display irresponsible tendencies under the guise of political expediency. The committee, as such, because of the nature of its membership and experience, can provide advice and guidance of a beneficial and specialized kind. Ministerial responsibility is also subject to the preventative qualities inherent in the presence of a well functioning committee.

A total of seventeen parliamentary committees has been established to examine and investigate the affairs of the C. B. C.

since its inception as the C. R. B. C. The committee approach to parliamentary responsibility and accountability has been to date the only really successful means of examining and controlling the public corporation. In all cases the Select or Special Committee has been preferred to the Standing Committee. This has made their use rather irregular and as a result a great deal of uncertainty shrouds the establishment of each succeeding committee. There has been considerable pressure to regularize the committee approach by the use of a regular standing committee in place of the often hastily commissioned Special committee. Another suggestion has been to set up a Select Committee in such a way as to require it to be constituted on a regular time basis every three, five or ten years, and on these occasions put the corporation under an extensive and searching inquiry. Some doubt also has been expressed about the value of the notion that the committee might somehow ensure ministerial responsibility. Although feasible, the likelihood of this happening is almost negligible in view of the fact that as far as the Special Committees established to study the Canadian Broadcasting Corporation are concerned, the minister responsible to the House is a sitting member of the committee. The minister at times can find himself in either an awkward or an advantageous position in relation to the questions. The minister in this manner can actually escape his proper responsibility to the Special parliamentary committee:

If the Committees are to ensure that the Ministers carry

out their responsibilities it would seem better that the Ministers appeared before the Committees, rather than as members.⁵

The special committee has a prominent position in the history of the development of broadcasting in Canada. An examination of almost every major change in the institutional framework of the C. B. C. reveals the influence of special committees. They have been both vigorous and independent in their judgments and on occasion have contradicted the recommendations of other investigatory bodies. In the original broadcasting Act of 1932, the government turned aside the Aird Report suggestions for a public corporation and followed instead the recommendations of the 1932 Special Committee. The 1934 Committee proposed a general manager for the Corporation and the recommendations of the 1936 Special Committee formed the basis of the Act establishing the Canadian Broadcasting Corporation:

In main it is a rather faithful reproduction of the recommendations combined in the Report of the Parliamentary Committee of 1936.⁶

The Parliamentary Committees since 1936 have been less noteworthy so far as effective contributions are concerned and have spent most of their efforts at reaffirming the principles enunciated by previous committees. The following is quite a typical extract from a committee report, in this instance the 1959 Committee:

⁵ Hull, op. cit., p. 70.

⁶ D. B. Sumner, "Canadian Broadcasting Corporation," Master's Thesis, Queen's University (1947).

Your Committee affirms its support of the basic aims and objectives of the C. B. C. We commend the officers of the Corporation for their efforts to further these aims and objectives.⁷

The final reports of the special committees often are pigeon-holed because of circumstance, and as a result never receive proper attention in the House of Commons.

Since the final report of the broadcasting committee is usually brought down in the last days of the session, it is normally not considered until the motion for appointing a new committee is debated in the following session. This debate would not occur if the committee were not renewed.⁸

This situation can also be further complicated when there is political instability and a minority government. The tendency of a government caught in a minority position would be to avoid setting up a special committee in order to save itself from the potential embarrassment of not being able to control the tone of the committee report. It is quite conceivable under the present arrangement that many years could pass before a special committee would be appointed in order once again to reaffirm the only effective holding to account available to Parliament, the committee. For this reason, and keeping in mind the present political dilemma, it is more and more obvious that the casual and spasmodic approach through the use of the Select Committee is both irresponsible and infirm of purpose. Either a standing committee should be established

⁷ Special Committee on Broadcasting 1959, in Broadcasting in Canada, p. 51.

⁸ Hodgetts, "Administration and Politics: The Case of the Canadian Broadcasting Corporation," p. 464.

or a select committee with a statutory guarantee ensuring regular reviews of special committees. To leave the appointment of the committee to the whims and initiative of government is only inviting abuse through the refusal to appoint a committee. There is also the danger under the present arrangement that the special committee becomes no more than a rubber stamp expressing the viewpoint of the government in power. The organization of the committee as it is now constituted is cast in the image of the party in power and provides little assurance of non-partisanship. The failure to appoint a select committee also prevents the Corporation itself from publicly airing its complaints and grievances. The attitude of the Corporation, at least as it has been publicly reflected, is that too much pressure is placed on the executive staff of the Corporation when they are under review. Their hostility to the establishment of a parliamentary standing committee is not a valid approach to their responsibility. If such reviews are too taxing on the administrative staff of the corporation, then an adjustment should be made within the administrative structure of the corporation in order that they might be able to meet the demands of an annual review.

There is also the danger that too much emphasis has been placed on the committee as the only effective method to hold the Corporation both accountable and responsible. Although the Committee is the most successful method yet devised, it should not be considered as the ultimate solution to formal parliamentary control. There may well be more effective and more appropriate methods of achieving parliamentary

responsibility and accountability and they must be actively sought.

Refinement of the existing committee formula might well be the first practical step to a more useful and effective accountability. There are several immediate reforms one might propose, based on the success of the British Committee of Public Accounts:

The British committee meets in secret; it has powerful assistance from the staff of the Comptroller and Auditor General; Treasury Board officials are always present; the reports are not debated in the House; partisanship is never an issue; and the chairman guides, questions, and directs the choice of subjects.⁹

One of the first steps which should be taken by a Committee responsible for a crown corporation of the nature of the C. B. C. would be to neutralize the chairman, perhaps by choosing a member of an opposition party. The Committee on Broadcasting which in the 1959 session had a membership of thirty-five, might be more efficient with a smaller number, evenly split along party lines and not necessarily reflecting the same percentage of seats in the House of Commons. In order to assist the Committee in its work and in the preparation of its report, a permanent staff or secretariat should be appointed. The tendency has been to throw the report together at the last moment, resulting in a haphazard analysis of the Committee's work and recommendations. In reporting on the difficulties met by a committee in preparing its report, Douglas Fisher described the report of the Standing Committee on Mines, Forests and Waters as follows:

⁹ D. M. Fisher, "Parliamentary Committees in the 24th Parliament," in Paul Fox ed., Politics Canada (Toronto: McGraw-Hill, 1962), p. 207.

The report was a pastiche of the ideas, even whims, of six or seven of the more active members, including myself. It was pieced together in parts in an atmosphere of hurry . . . In sum, it was uneven and amateurish, finished with a rush, and unrelated to the overall policy of the government or its financial position.¹⁰

It is little wonder that the reports are being taken less and less seriously by the Ministers and the various Civil Departments concerned.

A further problem faced by the committee appointed to examine the C. B. C. is the effort on the part of Members of Parliament to use it for political gain because of the topical nature of broadcasting. Douglas Fisher goes on to comment:

Last session the C. B. C. committee was dramatic, full of spleen, disrespectful of witnesses, procedure, and party lines. Again I helped prepare the report. The draft was worked out largely by three Conservatives. It was moderate and balanced. When brought before the full committee, it was slashed until unrecognizable, in most cases by many who could not have read the evidence or who only came in at the 'kill.' Very quickly the complexion of the report changed, was approved, and sent to the House.¹¹

In view of the above description it would appear almost imperative that the work of the committee somehow be protected from the kind of personal partisanship that the nature of this committee attracts. A more precise definition of the duties to be performed by the committee and a clearer perspective on the part of the committee members as to the role of the committee is of utmost importance. The use of sub-committees also might be of some assistance in carrying out the

¹⁰ Fisher, op. cit., p. 213.

¹¹ Ibid., p. 215.

operations of the committee. At the moment it would appear that the parliamentary committee is contributing very little in the way of assisting parliament in carrying out its responsibilities toward the C. B. C. A serious re-evaluation of the committee is the most immediate need in order that it may serve the purposes it was designed to meet. The committee, particularly the Special Broadcasting Committee, has lost its sense of direction and is serving little purpose as an agency of parliamentary accountability and responsibility. Nonetheless, it is the most promising of all the instruments available to Parliament and must be developed towards that end:

Haphazard or not, an emphasis on committees as the principle tools for achieving systematic accountability seems appropriate because they offer the best opportunity for expanding present efforts.¹²

There are bound to be uncertainties and shortcomings in the use of the committee; at the moment, however, there is no alternative available.

The Minister

The role of the Minister is very extensively and brilliantly treated by W. H. N. Hull in his dissertation, "A Comparative Study of the Problems of Ministerial Responsibility in Australian and Canadian Broadcasting."¹³

¹² L. D. Musolf, Public Ownership and Accountability (Cambridge: Harvard University Press, 1959), p. 137.

¹³ Hull, op. cit.

The Minister is usually considered the liason between Parliament and, in this case, the corporation. Again, he must be continually determined to retain corporate independence and yet maintain some semblance of ministerial control. The role of the minister is both challenging and demanding:

He may have to act as the inquisitor of the corporation on Parliament's behalf, the defender and spokesman of the corporation and the defender of his own actions against comment from the corporation or Parliament.¹⁴

He is constantly tossed between his responsibilities to Parliament and the corporation and his political responsibilities to his particular party. His statutory responsibilities are fivefold: "The powers of appointment, removal, approval, information and direction."¹⁵ He has the difficult task of being protector of the corporation and parliamentary watchdog.

Under the earlier period of broadcasting, Ministerial Responsibility tended to be a good deal more important. With the passage of the 1932 Broadcasting Act, Ministerial powers were somewhat dissipated:

The powers granted to the Minister were relatively limited, those granted to the Cabinet and to Parliament itself being of far more important nature.¹⁶

The Minister of course would share in the greater powers of the Cabinet through the principle of collective responsibility.

The Canadian Broadcasting Act of 1936 further strengthened the

14 Hull, op. cit., p. 46.

15 Ibid., p. 47.

16 Ibid., p. 168.

position of the Cabinet at the expense of the Minister:

In the light of the terms of the statute, the Minister seemed to be little more than a clerk or staff officer for the Cabinet to gather and to process material for the consideration and decision by the higher authority.¹⁷

The Cabinet, rather than the Minister, was now made to assume most of the responsibility. The 1958 Broadcasting Act almost loses sight of the Minister although maintaining the position of the Cabinet:

The Minister's powers previously restricted, are now practically non-existent. He is left with only three duties and hence, practically no statutory responsibility.¹⁸

The result of this statutory isolation has been confusion and frustration. Because of the uncertainty, and the failure to distinguish between corporate policy and governmental policy, the Minister has found himself first on one side of the issue and then the other. At one time admitting responsibility, at another time denying responsibility. There has been almost no consistency so far as the Ministerial attitude towards responsibility is concerned. At one moment it is government responsibility, at the next moment it is corporate responsibility. Neither the Corporation nor the Government have been able to work out a logical division of responsibility:

What appears to have occurred as a result of the attitude taken by the Government, the Minister and the C. B. C. has been the creation of a vacuum in which the C. B. C. has been obliged to follow a course of action which was not completely of its own choosing, while at the same time, neither the

17 Hull, op. cit., p. 181.

18 Ibid., p. 196.

Government nor the C. B. C. have been willing to fully acknowledge the extent of governmental influence for fear of jeopardizing the C. B. C.'s highly prized independence.¹⁹

One of the greatest difficulties facing the Minister under the present system is Parliament's tendency to hold the minister accountable for matters which have not been delegated to him as his responsibility.

Closely allied to this problem is the willingness of the Minister to accept the responsibility of the Corporation when it is to the advantage of the government, and deny the responsibility when it would be politically embarrassing to accept such kinship. The ambiguity and uncertainty surrounding the function of the Minister in interpreting his role vis-a-vis parliament and the corporation only magnifies the complete mystification which parliament itself is living under in trying to apply the principle of parliamentary responsibility.

The Question Period

One of the first difficulties met by the questioner in the House of Commons arises when he brings up matters for which the Minister is responsible. If the Minister feels that the question is outside his province he will then simply decline to answer. The use of the question period as a means of eliciting information is of enormous value; however, it has not been a particularly successful approach with the Minister responsible for broadcasting. For it is a practical tradition of the House that the Minister is not answerable for that which has not been delegated to him. In

¹⁹ Hull, op. cit., p. 326.

a report to the British House of Commons in 1952, the Select Committee on Nationalised Industries made this pertinent observation:

The basic feature of the Parliamentary Question is that it is answered by the Minister ultimately responsible for the decisions about which he is questioned. Under this existing constitution, the Nationalised Industries are not subject to any direct control by Ministers in individual matters of detail. Your Committee therefore feel that without altering the terms of the statutes under which the public corporations are constituted, which they are not empowered to recommend, questions on matters of detail in the Nationalised Industries are inappropriate.²⁰

The above report, although speaking in terms of a particular species of public corporation, is relevant to the situation found in the crown corporation as exemplified by the C. B. C. The five-fold division of ministerial responsibilities previously discussed are quite legitimate areas for Parliamentary Questions. However the eligibility of questions is still a major source of irritation to the opposition member in directing his question to the appropriate Minister in charge of broadcasting, and is the result of confusion and unawareness on the part of both the minister, who at one moment is responsible and the next is not, and the member himself who often fails to frame his question in a way demanding an answer. The care with which a minister is able to refuse to answer questions bears a rather obvious correlation to parliament misdirection as to exactly what he is responsible and accountable for:

The more limited and vague Parliament makes the minister's power and responsibilities, the easier it is for the minister

²⁰ H. Morrison, Government and Parliament (London: Oxford University Press, 1954).

to avoid answering questions on the ground that the subject is not within the scope of his responsibility. ²¹

In questions directed to the Minister regarding broadcasting, it is unusual when the Minister does not come out on top of the parliamentary effort to elicit information. It should be remembered as well that certain limitations on corporate accountability were presupposed in the establishment of a crown corporation:

Both in regard to the minister and the corporation, Parliament has, in adopting the corporate device, created a self-imposed limitation on its power to ask questions. M.P.'s may ask questions only in areas where Parliament has given him responsibilities. ²²

In summary the use of the 'question' is rarely an effective or satisfying parliamentary method of holding the corporation accountable, although it provides one of the few immediate avenues of information regarding the offices of the corporation.

Parliamentary Debate

Open debate in the House of Commons has also proven to be an inadequate method of dealing with the public corporation. In the case of the C. B. C., debate is quickly focused to the interest of the political partisan. The sessional work schedule of Parliament also makes the debate an insufficient device to consider properly the administrative affairs of a corporation the size and complexity of the C. B. C. Parliament today

²¹ Hull, op. cit., p. 64.

²² Ibid., pp. 65-6.

is unable to accomplish the tasks required of it even when it remains in session for six and ten months. Time is becoming a crucial factor in modern parliamentary government, and is preventing the type of detailed discussion that is expected of it in carrying out its responsibilities. There are several occasions which entail direct parliamentary scrutiny of the public corporation through debate:

These occasions include debates on motions, debates in committee of supply, debates on bills, public or private, dealing with the corporation, and, debates on the submission to Parliament of annual reports, committee reports or instruments of delegated legislation.²³

The most effective type of debate is that based on supply; it is even more so under the present government's concept of limited financial autonomy, following the passage of the 1958 Broadcasting Act, which requires the C. B. C. to seek annual parliamentary grants.

One final instrument which should be seriously re-examined with an eye to its more effective use in the Canadian situation is the Ministerial Directive. Because of a natural disinclination to use the formal methods of control, there has been a tendency towards behind the scenes negotiation and suggestion through the informal channels well known to the broadcasting bureaucrat. In order to control this sort of under-the-table arrangement, the British government has introduced what is called the Ministerial Directive, and it might well be of use to Parliament in clearly marking any correspondence between the Corporation and

²³ Friedman, "The Public Corporation in Canada," p. 71.

Minister which otherwise might pass unnoticed. The directive would not prevent the use of informal contacts between the Minister and Corporation, but it would allow the Corporation a means of forcing Ministerial interference into the open by requesting the use of a specific 'directive.' This method has not to date been employed by the Canadian Parliament in its relations with the C. B. C., although it has been incorporated in several recent acts:

Recent legislation does reveal, however, that the ministerial power to issue directives is beginning to make its appearance.²⁴

This was evident in the amended Central Mortgage and Housing Corporation Act of 1951.

In reviewing the many methods available to Parliament for the effecting of its responsibilities towards the public corporation, it would appear that there are perhaps adequate parliamentary instruments to hold the corporation accountable, but that the real problem is not to find new devices or concepts of control as much as to perfect and put into use with imagination and vigor those instruments already in existence.

²⁴ Friedman, "The Public Corporation in Canada," p. 71.

CHAPTER VI

CONCLUSION

Any examination of the de facto situation of the Canadian Broadcasting Corporation makes one continually aware of the pressures being exerted against the concept of a national broadcasting system. The idea of a national system continues to be attacked by the unbeliever who consciously disguises his distaste under the cloak of democratic free enterprise. This somewhat spasmodic opposition is often stimulated by the appeals of the private broadcaster whose vested interest serves to activate public opinion against the C. B. C. Countering this brooding opposition is the testimonial of numerous Committee Reports which have consistently reaffirmed and supported the principle of a national system. It is at the expense of this often avowed national philosophy that the enactment of the new Broadcasting Act in 1958 poses a threat. Once again, old suspicions have been verified and new and more subtle problems have been unleashed. It is in response to this changing mood towards broadcasting that a new crisis has resulted. The five years since the passage of the Act have brought to light a new twist in the development of broadcasting, a turn which warns of the possible destruction of an institution which has been fathered since 1932 with the mild enthusiasm of the Canadian people. However shaky one

might consider its early growth, however long one feels has been its adolescence, maturity and adulthood will be short-lived unless a drastic change in direction is imposed by the will of the Canadian listener.

The present crisis is the product of a misconception on the part of Parliament as to its true function in relation to broadcasting. Having accepted the thesis of a national broadcasting system under public ownership and control, Parliament has been unable to effect a means of control consistent with its responsibility. Obsessed with the need of maintaining broadcasting independence, parliament has lost its perspective in approaching its responsibility--at one moment exerting excessive control and influence, and at another time exerting insufficient influence and control:

Parliament's role in relation to the public corporation in Canada has not been clearly assessed in the past because of the fear of those enthusiastic supporters of managerial autonomy that parliamentary interference would spell disaster to the enterprise.¹

The difficulties which have beset Parliament in interpreting its role in relation to broadcasting are manifold. In spite of the continuous probing and searching, Parliament has not been successful to date in finding an harmonious working relationship.

One of the most important causes underlying this failure is that Parliament and and successive governments have been unable to distinguish between responsibility and accountability. This confusion

¹ Friedman, "The Public Corporation in Canada," p. 84.

has resulted from the inability of Parliament to know how to effect its assumed responsibility and the well accepted principle that the C. B. C. is somehow accountable to Parliament. A corollary to this disorder is the lack of emphasis placed on the purpose and methods of control; "The establishment of criteria or canons by which the corporations are expected to be accountable,"² It is this failure to set up criteria that has handicapped the efforts of the Canadian Parliament to come to grips with the problem of corporate accountability. The problem entails far more than the creation of new agencies or instruments; it requires a new depth in understanding. This understanding must wait until parliament either reaffirms what has become the traditional philosophy of national broadcasting or more clearly defines what is to be the new broadcasting philosophy. Once the intent of parliament has been more clearly reasoned, it will then be possible to see if the institutional framework which cradles the C. B. C. is still functionally and logically applicable. There are serious doubts as to whether the structure designed in terms of national broadcasting in 1936 can support the concept of a national broadcasting corporation today, especially if one assumes that the present corporate setup has never functioned properly. Some doubt has also been expressed as to the aptness of the public corporation as the appropriate agent for ensuring broadcasting independence and operational effectiveness:

2 V. V. Ramanadham, Public Enterprise in Britain (London: Frank Cass and Company Limited, 1959), p. 113.

We are in the early years of moral constitutional and social experiments of great long term significance and we can be certain that as experience grows the methods which are in use at present will need to be modified and additional methods evolved.³

Somehow we must face the reality that there is nothing sacred in the present relationship between the public corporation and Parliament.

Only when this prerequisite has been admitted, will it be possible to adjust the administrative and parliamentary machinery to better harmonize accountability and responsibility.

In the end Parliament is both ultimately responsible and ultimately accountable for broadcasting. As the ultimate political authority it has, out of necessity, been forced to adapt this responsibility to the existing Parliamentary framework and in turn develop a method commensurate with its responsibilities, of holding the C. B. C. accountable. The machinery devised has however tended to shatter any consistent or coherent line of authority, and in turn led to a shaky ad hoc combination of diverse parliamentary agencies. This condition led W. H. N. Hull in his work to exclaim that:

The field of responsibility was so splintered that it might well have been difficult to tell who, in fact, was responsible for what. Since Parliament, the Cabinet, the Radio Commission and the Minister all had some degree of responsibility, confusion could and did develop in the endeavor to see that the terms of the Act were properly carried out.⁴

³ H. Morrison as quoted by E. L. Johnson, "The Accountability of the British Nationalized Industries," American Political Science Review (1954), XLVIII, 366.

⁴ Hull, op. cit., p. 171.

The statutory indefiniteness evident in the Act establishing the Canadian Radio Broadcasting Corporation, although somewhat remedied in the Act establishing the C. B. C. in 1936 and again in the Act of 1958, has still left largely unsolved the inherent dilemma of who is responsible for what, and how the C. B. C. is to be made accountable to Parliament, which is the mainspring of all controls and the master of those it creates. Parliament must be more than a 'lion under the throne' as E. G. Lewis called it:

It lies quietly most of the time but can rise suddenly and wrathfully to smite offenders.⁵

In Canada it would appear that Parliament has become inhibited by its own roar, and the only assurance that it is still interested is that it occasionally puts its paw on the C. B. C. in the most inappropriate way.

Under the present corporate setup the Minister is one of the most important links between the Corporation and Parliament. He has certain statutory responsibilities for which he is accountable to Parliament, but they are limited in nature, and it is this limitation which Parliament seems unable to keep in mind when it seeks to hold the Corporation accountable. Parliament demands from the Minister information which he has not been constitutionally prepared to handle. It is this basic, mutual frustration of Parliament and Minister which demands new insight and new methods of accountability. Neither

⁵ E. G. Lewis, "Parliamentary Control of Nationalized Industry in France," American Political Science Review (1957), LI, 669.

the Question Period, Debates, nor the Minister are properly equipped for the task so often expected of them. The importance of information to Parliament as the ultimate political authority is not denied; the methods of obtaining that information have been denied only by its own dictates

Parliament's aim with respect to public corporations must be to obtain sufficient information on their activities to enable it to discharge its obligations of holding the corporations ultimately accountable.⁶

To appreciate just how misunderstood the position of the Minister is in relation to Parliament, one need only refer to the long list of contradictory statements made by the Ministers responsible for broadcasting, in efforts, over the years, to clarify their position. The Minister's confusion firmly underlines the complete failure of Parliament really to understand exactly what is expected of the Minister in the process of holding the C. B. C. accountable. The Minister's confusion, of course, only represents the complete bafflement of the Government itself in trying to balance the aims of corporate independence and parliamentary responsibility. The predicament was clearly and sharply enunciated by the Leader of the Opposition in a moment of complete submission to his personal frustration:

One of the great difficulties that all members of the house, outside of the government, must have experienced from time to time, is that, when it is convenient for the

⁶ Musolf, Public Ownership and Accountability, p. 103.

government to deny responsibility it does so, and when it is convenient to accept responsibility it also does so.⁷

This commentary could well have been made by any member of parliament, for it reflects a chronic disorder in the relationship of Minister, Cabinet, and Parliament to the C. B. C. There is also a protection inherent in this three-sided relationship which is often overlooked. The danger that Parliament, without some of the statutory limitations implied by the Minister's role in the chain of accountability, might become overly paternalistic in pursuing its responsibilities:

In the absence of ministerial controls, Parliament might be constantly tempted to interfere in management decisions. With the knowledge that such controls exist, Parliament tends to rely on the ministers in holding the corporations accountable.⁸

The important point is that the guidelines to their accountability should be clearly set forth and understood by all parties involved in the operations of the C. B. C.

A recent tendency, both with the C. B. C. and other public corporations, has resulted from the informal relationship between Minister and Corporation:

As a result accountability procedures are gradually being driven underground in a manner not foreseen when the statutes were passed.⁹

⁷ Canada, Parliament, House of Commons, Official Report of Debates, December 1952, p. 497.

⁸ Musolf, Public Ownership and Accountability, p. 142.

⁹ E. L. Johnson, "The Accountability of the British Nationalized Industries," American Political Science Review (1954), XLVIII, 370.

There is perhaps no greater evidence of ministerial vagueness than that of a former Minister, the Hon. Dr. McCann, who as Minister responsible to Parliament for the C.B.C., redefined his position continually while in office. At one moment he would accept responsibility for broadcasting and at another moment he would deny it:

I made an announcement with respect to the policy of the Canadian Broadcasting Corporation . . .¹⁰

A few months later Dr. McCann had this to say:

According to statute the C. B. C. is not an instrument of government to carry out government policy, but on the contrary is supposed to carry out independently the will of parliament in accordance with the C. B. C. Act.¹¹

The conflict Dr. McCann faced was rooted in the demands of parliamentary members for information for which there was no other method of obtaining it except through the Minister who really wasn't accountable or responsible. The Conservatives, in fashion with the over-all dilemma, have come down on both sides of the fence. While in opposition, holding that the government was responsible for policy, and in power denying that same responsibility, claiming only liaison status.

The Committee has become for Parliament one of the most direct and successful methods of handling the problem of accountability, and it would seem it is in this instrument that Parliament must place its responsibility and trust.

¹⁰ Canada, Parliament, House of Commons, Official Report of Debates, April 1954, p. 4229.

¹¹ Ibid., June 1954, p. 5556.

The use of committees appears to offer the greatest promise of helping Parliament to give systematic attention to corporations.¹²

The Special Committees appointed by Parliament to enquire into broadcasting have thus far not succeeded in assisting Parliament to the extent that they could if put on a more permanent basis and freed from the risks of partisanship. The Committee has not been as effective as it might be in assisting Parliament in the carrying out of its responsibilities towards the C. B. C. Until the Special or Select Committee becomes a Standing Committee the Committee will continue to represent the spirit of irresponsibility which has begun to characterize the misdirected and whimsical approach of Parliament itself. Although the most important instrument at the hands of Parliament, it has not been used effectively or wisely to this point.

In the same way, the Royal Commissions which have been established to assist Parliament in understanding its responsibility have either been largely ignored by Parliament, or had their recommendations distorted in application. Neither the Royal Commission nor the Committee have in any appreciable way helped Parliament to understand its role as the ultimate political authority in charge of broadcasting. In some instances, these two instruments have only served to confuse Parliament and the particular governments, through contradiction and confusion of one another's recommendations.

¹² Musolf, Public Ownership and Accountability, p. 29.

Another area of comparison and misunderstanding is found in the problem of harmonizing administration and policy. Here Parliament has tried combination upon combination without success. Under the C. R. B. C. an attempt was made to fuse the dualism by the appointment of a three man commission. In 1936 a fresh attempt was made with the establishment of a part-time Board of Governors with a General Manager responsible for policy. This as well failed, and so responsibility was split between the General Manager and the Assistant General Manager. The problem was finally solved by the appointment of a full time chairman to the Board of Governors.

It was the combination of regulatory and operative functions held by the former Board of Governors of the C. B. C. which brought Parliament to the verge of forfeiting the concept of a national broadcasting system. The passage of the 1958 Broadcasting Act has brought to a head the growing imbalance of a long history of administrative patchwork. With the injection of the Board of Broadcast Governors into the already undefined areas of responsibility between Corporation and Parliament, the process of accountability has been further complicated. The C. B. C. has been effectively removed one more step from its ultimate authority, Parliament. The B. B. G. as it is now constituted either must be considered unnecessary or merely an effort to openly appease private broadcasting interests at the expense of the national system. Although it has separated the operative and regulatory functions, it has at the same time sacrificed the one basic principle which has outlasted the

fickle-mindedness of Parliament--the concept of a national broadcasting system under public ownership and control:

It should be noted, however, that the combination of operating and regulatory functions in the Corporation is really a logical outcome of its monopoly of the national air channels. Privately owned stations were not expected to compete on a basis of equality with the Corporation; they simply shared, to a limited degree, the air waves over which the Corporation had been placed as trustee in the public interest.¹³

It was the 1958 Act which on the one hand attempted to further remove the C. B. C. from the dangers of excessive interference, and on the other, in almost direct contradiction, more firmly bound the Corporation financially by making it fall back on Parliament for annual grants. It is this contradictory tendency on the part of Parliament, at one moment exerting more than necessary controls, and at other times insufficient awareness of its responsibilities, which indicates the complete lack of orientation in the parliamentary attitude towards broadcasting. The loss of financial autonomy makes the C. B. C. far more susceptible to political pressures than it has been since the days of the C. R. B. C. The Act completely ignored the recommendations of the Fowler Report for long-term financial assistance which would permit continuity in program planning and broadcasting development. The short history of the B. B. C. only serves to verify the failure of Parliament to comprehend its responsibilities, for the process of B. B. C.'s disintegration has already begun. The first step was the creation of a second television network, thus ending

¹³ Hodgetts, "Administration and Politics," p. 465.

the monopoly of the C. B. C. The new corporation is threatening both to invade the commercial resources of the C. B. C. and to steal its private affiliates, members of the national network. The B. B. G. has, through implication, staked its life and future on the success of the new C. T. V. network

If C. T. V. fails, so by inference does the Board of Broadcast Governors. . . . The Coldwell network can only succeed either by cutting further into the C. B. C. 's commercial revenues or, more crucially, by invading the C. B. C. 's vital family of privately owned affiliates and either borrowing, seducing or kidnapping the key stations.¹⁴

In the same article, Alphonse Ouimet, the President of the C. B. C. , is quoted as stating that:

The danger is in carrying on with ad hoc decisions that will erode what has already been achieved. People think the C. B. C. is such a large and well established and strong service that it can't do any harm to take a little bit away from it at a time. But in the North American context the C. B. C. is a rather delicate thing, a little like Canada itself.¹⁵

Considering the 1958 legislation and the alarm it has created over the past five years as broadcasting has moved further afield of its original inspiration, it has become more and more evident that Parliament has not lived up to its obligations. It has from the very beginning displayed an almost obvious uncertainty as to its role with this rather unique crown corporation, an amateurishness it could ill afford to maintain. In its efforts to reconcile parliamentary responsibility with broadcasting

¹⁴ Allen, loc. cit., p. 31.

¹⁵ Ibid., p. 36.

independence, parliament has lost the distinction between accountability and responsibility. In effect, Parliament has failed to comprehend its responsibilities as the ultimate political authority in charge of broadcasting.

RECOMMENDATIONS

1. That a Royal Commission be established in order to assess the effect that the Broadcasting Act of 1958 has had on the Canadian Broadcasting Corporation and the concept of national broadcasting.
2. That the same Royal Commission be requested to re-assess the functional role of the Board of Broadcast Governors.
3. That a Standing Committee replace the present method of using Special Committees which are dependent on the government of the day for appointment.
3. That the suggested Standing Committee be neutralized so far as partisanship is concerned, by reducing the number of members to fifteen, appointing a chairman from an opposition party, and equalizing the representation between the government party and the opposition parties.
5. That a permanent secretariat be appointed in order to assist the Committee to carry out its obligations.
6. That the Minister responsible for broadcasting not be allowed to sit on the Standing Committee.
7. That the Committee be statutorily required to meet at least once each session of Parliament.
8. That the Committee be allowed to call before it representatives of all interests in the national broadcasting system.
9. That a greater degree of financial autonomy be provided by the use of a

statutory grant rather than the present arrangement of seeking annual parliamentary grants. This would allow for a more satisfactory approach to planning and long range broadcasting development.

10. That the use of the Ministerial 'directive' be used in communication between Minister and Corporation.
11. That a Standing Committee or Royal Commission be required to more clearly define the lines of responsibility and accountability between Parliament and Corporation.

APPENDIX A

CANADIAN BROADCASTING ACT 1936
CHAPTER 24, SECTION 8

OBJECTS OF THE CORPORATION

The Corporation shall carry on a national broadcasting service within the Dominion of Canada and for that purpose may:--

- (a) maintain and operate broadcasting stations;
- (b) establish, subject to approval of the Governor in Council, such stations as the Corporation may from time to time consider necessary to give effect to the provisions of this Act;
- (c) equip stations with all such plant, machinery and other effects as may be requisite or convenient to permit of the same effectively receiving and transmitting for broadcasting purposes;
- (d) make operating agreements with private stations for the broadcasting of programmes;
- (e) originate programmes and secure programmes, from within or outside Canada, by purchase or exchange and make arrangements necessary for their transmission;
- (f) make contracts with any person or persons, in or outside Canada, in connection with the production or presentation of the programmes of the Corporation;
- (g) make contracts with any person or persons, in or outside Canada, to perform in connection with the programmes of the Corporation;
- (h) publish and distribute, whether gratis or otherwise, such papers, periodicals, and other literary matter as may seem conducive to any of the objects of the Corporation
- (i) collect news relating to current events in any part of the world and in any manner that may be thought fit and to establish and subscribe to news agencies;

- (j) acquire copyrights in any literary, musical or artistic works, plays, songs, gramophone records, news and other matter;
- (k) acquire and use any patent, or patent rights, brevets d'invention, licences or concessions with the Corporation may consider useful for the purpose of carrying out its objects;
- (l) make arrangements or agreements with any organization for the use of any rights, privileges or concessions which the Corporation may consider useful for the purpose of carrying out its objects;
- (m) establish and support a pension fund for the benefit of employees or ex-employees of the Corporation, or the dependents of such persons.
- (n) acquire private stations either by lease or, subject to the approval of the Governor in Council, by purchase;
- (o) subject to the provisions of sections ten and eleven hereof, purchase, lease, or otherwise acquire, any real or personal property which the Corporation may deem necessary or convenient for the purposes of its business;
- (p) subject to the provisions of sections ten and eleven hereof, sell, lease, or otherwise dispose of, all or any part of the property of the Corporation;
- (q) do all such other things as the Corporation may deem incidental or conducive to the attainment of any of the objects or the exercise of any of the powers of the Corporation.

APPENDIX B

SUMMARY OF RECOMMENDATIONS ROYAL COMMISSION ON RADIO BROADCASTING 1929

The following is a summary of our principal recommendations, viz:-

- (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 through 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 through 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 made 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 with 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.

APPENDIX C

BROADCASTING ACT 1958

PART I

BOARD OF BROADCAST GOVERNORS

Interpretation

2. In this Part,

- (a) "Board" means the Board of Broadcast Governors established by this Part;
- (b) "broadcasting" means the dissemination of any form of radioelectric communication, including radiotelegraph, radiotelephone, the wireless transmission of writing, signs, signals, pictures and sounds of all kinds by means of Hertzian waves, intended to be received by the public either directly or through the medium of relay stations;
- (c) "Corporation" means the Canadian Broadcasting Corporation;
- (d) "licence" means a licence issued under the Radio Act to establish a broadcasting station;
- (e) "licensee" means a person licensed under the Radio Act to establish a broadcasting station; and
- (f) "member" means a member of the Board.

Board Established

- 3. (1) There shall be a board, to be called the Board of Broadcast Governors, consisting of three full-time members and twelve part-time members to be appointed by the Governor in Council.
- (2) Each full-time member shall be appointed to hold office during good behaviour for a period of seven years and each part-time member shall be appointed to hold office during good behaviour for a period of five years, except that any of the first three full-time members and any of the first

twelve part-time members appointed after the coming into force of this Act may be appointed to hold office for a term less than the term of years prescribed in this subsection.

- (3) Subject to subsections (5) and (6), a full-time member is eligible for re-appointment upon the expiration of his term of office, but a part-time member who has served two consecutive terms is not, during the twelve months following the completion of his second term, eligible for re-appointment.
- (4) The Governor in Council shall designate one of the full-time members to be Chairman of the Board and one of the full-time members to be Vice-Chairman of the Board.
- (5) A member ceases to be a member of the Board upon attaining the age of seventy years.
- (6) A person is not eligible to be appointed or to continue as a member of the Board if he is not a Canadian citizen, or if, directly or indirectly, as owner, shareholder, director, officer, partner or otherwise, he is engaged in the business of broadcasting or has any pecuniary or proprietary interest in a broadcasting station or in the manufacture or distribution of radio apparatus.
- (7) A member may be removed at any time by the Governor General on address of the Senate and House of Commons.
- (8) A full-time member shall devote the whole of his time to the performance of his duties under this Part.
- (9) Every member shall, before entering upon his duties as such, take and subscribe, before the Clerk of the Privy Council, an oath in the following form:

I DO SOLEMNLY SWEAR that I will faithfully, truly and impartially, to the best of my judgment, skill and ability, execute and perform the office of a member of the Board of Broadcast Governors, and that, while I continue to hold such office, I will not, as owner, shareholder, director, officer, partner or otherwise, engage in the business of broadcasting or have any pecuniary or proprietary interest in a broadcasting station or in the manufacture or distribution of radio apparatus.

Head Office and Meetings

4. (1) The Head Office of the Board shall be at Ottawa.

- (2) The Board shall meet at least six times in each year.
- (3) Nine members constitute a quorum of the Board.
- (4) A vacancy in the membership of the Board does not impair the right of the remainder to act.
- (5) The Board may make by-laws respecting the calling of meetings of the Board and the conduct of business thereat.

Chairman and Vice-Chairman

- 5. (1) The Chairman is the chief executive office of the Board, and has supervision over and direction of the work and the staff of the Board.
- (2) If the Chairman is absent or is unable to act or the office is vacant, the Vice-Chairman has and may exercise all the powers and functions of the Chairman.
- (3) The Board may authorize one or more of its members to act as Chairman for the time being in the event that the Chairman and Vice-Chairman are absent or unable to act or the offices are vacant.

Remuneration

- 6. (1) The full-time members shall be paid a salary to be fixed by the Governor in Council, and the part-time members shall be paid a fee of one hundred dollars per day while attending a meeting of the Board or of a committee thereof.
- (2) Each member is entitled to be paid reasonable travelling and other expenses incurred by him in the performance of his duties while away from his ordinary place of residence.

Staff

- 7. The officers and employees necessary for the proper conduct of the business of the Board shall be appointed under the provisions of the Civil Service Act.

Superannuation

- 8. The full-time members of the Board and the persons appointed under Section 7 shall be deemed to be persons employed in the Public Service

for the purposes of the Public Service Superannuation Act.

Executive Committee

9. (1) There shall be an Executive Committee of the Board consisting of the three full-time members and four part-time members appointed by the Board.
- (2) The quorum of the Executive Committee is five.
- (3) The Executive Committee shall exercise such of the powers and functions of the Board as are delegated to it by the Board, except the powers and functions of the Board under sections 11 and 12 and the provisions of section 13 other than paragraph (b) of subsection (4) thereof.
- (4) The Executive Committee shall submit at each meeting of the Board minutes of its proceedings since the last preceding meeting of the Board.
- (5) The Board may appoint such other committees from amongst its members as the Board considers desirable.

Objects and Purposes

10. The Board shall, for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system and the provision of a varied and comprehensive broadcasting service of a high standard that is basically Canadian in content and character, regulate the establishment and operation of networks of broadcasting stations, the activities of public and private broadcasting stations in Canada and the relationship between them and provide for the final determination of all matters and questions in relation thereto.

Regulations

11. (1) The Board may make regulations for carrying out the purposes and provisions of this Part, and in particular, but without restricting the generality of the foregoing, may make regulations,
 - (a) respecting the minimum broadcasting times to be reserved for network programs by any broadcasting station operating as part of a network;
 - (b) respecting standards of programs;

- (c) respecting the character of advertising and the amount of time that may be devoted to advertising;
 - (d) respecting the proportion of time that may be devoted to the broadcasting of programs, advertisements or announcements of a partisan political character and the assignment of such time on an equitable basis to all parties and rival candidates;
 - (e) for promoting and ensuring the greater use of Canadian talent by broadcasting stations;
 - (f) requiring licensees to broadcast network programs of public interest or significance;
 - (g) prescribing the terms and conditions for the operation of broadcasting stations as part of a network and the terms and conditions for the broadcasting of network programs;
 - (h) prescribing rules of procedure for making applications and representations to the Board and for the conduct of hearings before the Board; and
 - (i) requiring licensees to submit information to the Board regarding their programs, financial affairs and such other matters concerning their operations as the regulations may specify.
- (2) The Board shall give notice in the Canada Gazette of its intention to make or amend a regulation that affects licensees and shall afford licensees an opportunity of making representations to the Board with respect thereto.

Licences

12. (1) The Minister of Transport shall,

- (a) before dealing with an application under the Radio Act for
 - (i) the issue of a licence to establish a broadcasting station, or
 - (ii) an increase in power, a change of channel, or a change of location of a broadcasting station, or
 - (b) before making any regulations or changes in the regulations under the Radio Act governing the activities of broadcasting stations.
- refer the application or regulation to the Board, and the Board shall give public notice thereof in the Canada Gazette and shall make such recommendation to the Minister of Transport as it deems fit.

(2) A Licence for a new broadcasting station shall not be issued under the

Radio Act without the approval of the Governor in Council.

- (3) No recommendation shall be made by the Board on any matter referred to it under subsection (1) unless it has held a public hearing at which the applicant, the Corporation and other interested licensees and applicants for licences have been given an opportunity of being heard.
- (4) No recommendation to issue a licence shall be made unless, in the opinion of the Board, it would be consistent with the purposes of this Part and in the public interest to do so.
- (5) Every licence issued before or after the coming into force of this Act is subject to the condition that the licensee will comply with the provisions of this Part and the regulations.

Networks

- 13. (1) If pursuant to section 12 the Board recommends that a licence be issued, it may also recommend that the licence be issued subject to the condition that the licensee shall operate the broadcasting station to which the licence relates as part of a network operated by the Corporation, and, in such case, if the licence is issued, it shall be issued subject to such condition.
- (2) The Board may, on the application of the Corporation, by order attach to a licence a condition that the licensee shall operate the broadcasting station to which the licence relates as part of a network operated by the Corporation, after a hearing at which the licensee has been given an opportunity of being heard.
- (3) The Board may at any time, upon the application of a licensee who holds a licence that is subject to a condition as described in subsection (1), or the Corporation, revoke or amend the condition after a hearing at which both the licensee and the Corporation have been given an opportunity of being heard.
- (4) The Board may
 - (a) after it has held a public hearing at which the Corporation and other interested licensees have been given an opportunity of being heard, grant permission to a licensee to operate the broadcasting station to which his licence relates as part of a designated network other than one operated by the Corporation, or revoke any permission so granted; and

- (b) grant or revoke permission to a licensee to operate the broadcasting station in respect of which his licence was issued as part of any network for the broadcasting of a particular program or a series of programs extending over a period not exceeding one month, but if the broadcasting station is operated as part of another network, no such permission shall be granted without the consent of the operator of such other network.
- (5) The Board may, after it has held a public hearing at which the Corporation and other interested licensees have been given an opportunity of being heard, grant permission to any person to operate a network of broadcasting stations or revoke any permission so granted.

Non-Canadian Interests

14. (1) The Board shall not recommend the issue of a licence or grant permission to operate a network of broadcasting stations unless the applicant therefor is
- (a) a Canadian citizen, or
 - (b) a corporation incorporated under the laws of Canada or any province, the chairman or other presiding officer and at least two-thirds of the directors of which are Canadian citizens and at least three-fourths of the shares of which (having full voting rights under all circumstances) belong to
 - (i) Canadian citizens, or
 - (ii) a corporation other than a corporation controlled directly or indirectly by citizens or subjects of a country other than Canada.
- (2) The Governor in Council may exempt from the operation of this section, upon such terms and conditions as the Governor in Council may prescribe, any person who, at the time of the coming into force of this Act, was the holder of a licence and was not a person described in paragraph (a) or (b) of subsection (1).

Suspension of Licences

15. (1) Whenever in the opinion of the Board any licensee has violated or failed to comply with any condition to his licence as described in subsection (5) of section 12 or in subsection (1) of section 13, the Board may, after notice has been given to the licensee of the alleged violation or failure and an opportunity has been afforded to the licensee of being heard, order that the licence be suspended for a period not exceeding three months,

but such order is not effective until the expiration of ten days after the making thereof.

- (2) Any order made under subsection (1) shall be forwarded to the Minister of Transport who shall forthwith communicate the contents thereof to the licensee and shall take such steps as may be necessary to carry out the terms of the order.
- (3) Where the Board orders the suspension of the licence under subsection (1), the licensee may by leave of a judge of the Exchequer Court of Canada appeal against the order to that Court on any question of law, and the Court may stay the operation of the order or suspension pending its final decision and may affirm, alter or rescind the order.

Prohibitions and Penalties

- 16. (1) A licensee shall not operate a broadcasting station as part of a network unless
 - (a) it is a condition to the licence issued in respect of the station that he do so; or
 - (b) he has been granted permission by the Board under this Part to do so.
- (2) A person shall not operate a network of broadcasting stations unless he has been granted permission by the Board under this Part to do so.
- 17. (1) No licensee shall
 - (a) broadcast in dramatized form any program, advertisement or announcement of a partisan political character, or
 - (b) broadcast a program, advertisement or announcement of a partisan political character on any day that an election is held for the election of a member of the House of Commons, the legislature of a province or the council of a municipal corporation, or on the two days immediately preceding any such day.
- (2) A licensee shall immediately preceding and immediately after broadcasting a program, advertisement or announcement of a partisan political character, identify the sponsor and the political party, if any, upon whose behalf the program, advertisement or announcement was broadcast.

18. Every person who violates any of the provisions of this Part or the regulations is guilty of an offence punishable on summary conviction as provided in the Criminal Code.

Report to Parliament

19. The Board shall, within three months after the termination of each fiscal year, submit to the member of the Queen's Privy Council for Canada designated by the Governor in Council for the purpose a report on the activities of the Board under this Part for that fiscal year, and the member so designated shall cause the report to be laid before Parliament within fifteen days after the receipt thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

Expenditures

20. All expenditures for the purposes of this Part shall be paid out of money appropriated by Parliament therefor.

APPENDIX D

FINANCIAL ADMINISTRATION ACT 1951
PART VIII

CROWN CORPORATIONS

76. 1. In this Part

- (a) "agency corporation" means a Crown corporation named in Schedule C;
 - (b) "auditor" means, in relation to a corporation, the person authorized by Parliament to audit the accounts and financial transactions of the corporation;
 - (c) "Crown corporation" means a corporation that is ultimately accountable, through a Minister, to Parliament for the conduct of its affairs, and includes the corporations named in Schedule B, Schedule C and Schedule D;
 - (d) "departmental corporation" means a Crown corporation named in Schedule B; and
 - (e) "proprietary corporation" means a Crown corporation named in Schedule D.
2. The Governor in Council may by order delete the name of any corporation from Schedule B, Schedule C or Schedule D and shall thereupon add the name of that corporation to the appropriate schedule in accordance with subsection three.
3. The Governor in Council may by order
- (a) add to Schedule B any Crown corporation that is a servant or agent of His Majesty in right of Canada and is responsible for administrative, supervisory or regulatory services of a governmental nature;
 - (b) add to Schedule C any Crown corporation that is an agent of His Majesty in right of Canada and is responsible for the management of trading or service operations on a quasi-commercial basis, or for the management of procurement, construction or disposal activities on behalf of His Majesty in right of Canada;
- and

- (o) add to Schedule D any Crown corporation that
 - (i) is responsible for the management of lending or financial operations, or for the management of commercial and industrial operations involving the production of or dealing in goods and the supplying of services to the public, and
 - (ii) is ordinarily required to conduct its operations without appropriations.
77. 1. Where, in respect of a Crown corporation.
- (a) no provision is made in any Act for the appointment of an auditor to audit the accounts and financial transactions of the corporation, or
 - (b) the auditor is to be appointed pursuant to 'The Companies Act, 1934,' the Governor in Council shall designate a person to audit the accounts and financial transactions of the Corporation.
2. Notwithstanding any other Act, the Auditor General is eligible to be appointed the auditor, or a joint auditor, of a Crown corporation.
78. 1. Sections seventy-nine to eighty-eight, both inclusive, apply to agency corporations and proprietary corporations, but in the event of any inconsistency between the provisions thereof and the provisions of any other Act, the provisions of such other Act prevail.
2. This Part does not apply to departmental corporations except as provided in section seventy-six.
79. The financial year of a corporation is the calendar year, unless the Governor in Council otherwise directs.
80. 1. Each agency corporation shall annually submit to the appropriate Minister an operating budget for the next following financial year of the corporation for the approval of the appropriate Minister and the Minister of Finance.
2. For each corporation the appropriate Minister shall annually lay before Parliament the capital budget for its financial year approved by the Governor in Council on the recommendation of the appropriate Minister and the Minister of Finance.
3. The Treasury Board, on the joint recommendation of the Minister of Finance and the appropriate Minister, may by regulation prescribe the form in which budgets required by this section shall be prepared.
81. 1. A corporation may, with the approval of the Minister of Finance, maintain in its own name one or more accounts in the Bank of Canada

or in such bank in Canada or financial institution outside of Canada as the Minister of Finance may approve.

2. The Minister of Finance may, with the concurrence of the appropriate Minister, direct a corporation to pay all or any part of the money of the corporation to the Receiver General to be placed to the credit of a special account in the Consolidated Revenue Fund in the name of the corporation, and the Minister of Finance may pay out, for the purposes of the corporation, or repay to the corporation, all or any part of the money in the special account.
 3. Notwithstanding the other provisions of this section, where the appropriate Minister and the Minister of Finance, with the approval of the Governor in Council, so direct, a corporation shall pay to the Receiver General so much of the money administered by it as the appropriate Minister and the Minister of Finance consider to be in excess of the amount required for the purposes of the corporation, and any money so paid may be applied towards the discharge of any obligation of the corporation to His Majesty, or may be applied as revenues of Canada.
82. 1. At the request of the appropriate Minister, and subject to the approval of the Governor in Council, the Minister of Finance may from time to time lend money to a corporation for working capital out of money in the Consolidated Revenue Fund.
2. The aggregate amount of loans outstanding made to any one corporation under this section shall not at any time exceed five hundred thousand dollars.
 3. A loan under this section is subject to such terms and conditions as the Governor in Council approves and is repayable within a period not exceeding twelve months from the day on which the loan was made.
 3. A report of every loan to a corporation under this section shall be laid by the Minister of Finance before Parliament within fifteen days after it is made or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session thereof.
83. The Governor in Council may make regulations with respect to the conditions upon which an agency corporation may undertake contractual commitments.
84. Subject to any order of the Governor in Council made on the joint recommendation of the Minister of Finance and the appropriate Minister, a corporation may make provision for reserves for depreciation of assets, for uncollectable accounts and for other purposes.

85. 1. A corporation shall keep proper books of account and proper records in relation thereto.
2. Subject to such directions as to form as the Minister of Finance and the appropriate Minister may jointly give, a corporation shall prepare in respect of each financial year statements of accounts which shall include
- (a) a balance sheet, a statement of income and expense and a statement of surplus, containing such information as, in the case of a company incorporated under 'The Companies Act, 1934,' is required to be laid before the company by the directors at an annual meeting, and
- (b) such other information in respect of the financial affairs of the corporation as the appropriate Minister or the Minister of Finance may require.
3. A corporation shall, as soon as possible, but within three months after the termination of each financial year submit an annual report to the appropriate Minister in such form as he may prescribe, which shall include the statements of accounts specified in subsection two, and the appropriate Minister shall lay the report before Parliament within fifteen days after he receives it or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session thereof.
4. A corporation shall make to the appropriate Minister such reports of its financial affairs as he requires.
86. The auditor is entitled to have access at all convenient times to all records, documents, books, accounts and vouchers of a corporation, and is entitled to require from the directors and officers of the corporation such information and explanations as he deems necessary.
87. 1. The auditor shall report annually to the appropriate Minister the result of his examination of the accounts and financial statements of a corporation, and the report shall state whether in his opinion
- (a) proper books of account have been kept by the corporation;
- (b) the financial statements of the corporation
- (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
- (ii) in the case of the balance sheet, give a true and fair view of the state of the corporation's affairs as at the end of the financial year, and
- (iii) in the case of the statement of income and expense, give a true and

fair view of the income and expense of the corporation for the financial year; and

- (c) the transactions of the corporation that have come under his notice have been within the powers of the corporation under this Act and any other Act applicable to the corporation; and the auditor shall call attention to any other matter falling within the scope of his examination that in his opinion should be brought to the attention of Parliament.
 2. The auditor shall from time to time make to the corporation or to the appropriate Minister such other reports as he may deem necessary or as the appropriate Minister may require.
 3. The annual report of the auditor shall be included in the annual report of the corporation.
 4. Notwithstanding section seventy-eight, this section operates in lieu of section one hundred and twenty of 'The Companies Act, 1934.'
88. In any case where the auditor is of the opinion that any matter in respect of a corporation should be brought to the attention of the Governor in Council, the Treasury Board or the Minister of Finance, such report shall be made forthwith through the appropriate Minister.

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