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Creative Pique: 
On Governance and Engagement in the Cultural Sector

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The study of governance has been defined as “the search for the means of ensuring effective coordination when resources, power and information are highly distributed, and when no single actor could possibly go it alone.”¹ Through the lens of governance, the state is not viewed as the central and utmost player in policy-making and program delivery, but rather as one of a number of players, including private and civic actors, who engage with one another in non-hierarchical relationships.² If we adopt a governance approach to conceptualizing relations in the cultural milieu, it becomes imperative that we examine more closely the nature and functioning of these relationships and the means of working towards effective co-ordination when power, resources, and information are highly distributed across the public, private, and civic sectors.

This chapter aims to contribute in a modest way to this broader research agenda. Drawing on literature in the areas of public administration and public policy, it seeks to investigate three interrelated subjects: the pivotal role of engagement to governance, the individual competencies and capabilities that emerge as crucial for those involved in alternative governance arrangements, and the organizational/structural considerations in managing non-hierarchical governance processes. The title of the chapter, “creative pique,” highlights the proposition that governance, understood as less state-centric, hierarchical and centralized forms of co-ordination and policy-making, rests fundamentally on being able to engage—and sustain the engagement of—public, private and civic players. Further, horizontal forms of policy-making and program delivery require particular professional capacities and the ability to generate trust, leverage dissent, and promote collaboration within policy networks. In this light, engagement and the capacity to build and sustain engagement emerge as crucial elements underpinning discussions of and experiments with alternative governance arrangements. The title “creative pique,” refers to “pique” as in “to pique interest” (i.e., to catalyse and maintain engagement) but also “pique” as in “irritation” (i.e., the capacity to leverage and manage dissent within policy networks and horizontal initiatives).
Understanding governance processes and the role of engagement in these processes contributes to the development and strengthening of cultural citizenship, the concern of the present volume. Cultural citizenship involves rethinking and renewing policy rationales underpinning cultural policy and objectives pursued through cultural policy. The process of developing rationales and objectives is not unimportant. Engaging non-government actors—be they private or civic—in the policy development process will materially contribute to the procedural and substantive legitimacy of any resulting cultural citizenship policy frameworks. Moreover, participation in policy development for cultural citizenship will strengthen cultural citizenship itself. As Wolfe and Creutzberg point out in their examination of economic development policy, the process of engaging non-government actors in defining economic development policy is a capacity building exercise in itself that develops and strengthens the networks that will ultimately contribute to policy success at the implementation stage. Further, to the extent that cultural citizenship emphasizes the role of participation (see Murray in this volume), understanding how to stimulate individuals', groups', and organizations' participation in policy and program initiatives contributes to the broader cultural citizenship agenda.

This chapter proceeds in five sections. The first explores engagement in governance processes. In particular, it makes the claim that the capacity to engage—and to sustain the engagement of—public, private, and civic actors, is pivotal to effective co-ordination. The second section explores horizontally-managed policy and program initiatives and brings to light that these processes possess a dynamic that differentiates them from vertical, centralized arrangements. In a horizontal milieu, personal competencies, such as the capacity to build and maintain trust among horizontal partners, emerge as critical elements in generating and sustaining engagement.

The third section examines the range of organizational structures underpinning alternative governance arrangements. Horizontal initiatives call for differing levels of formalization in their organizational arrangements. The requisite degree of formalization depends primarily on the function of the project in question, e.g., information sharing versus resource pooling versus authority sharing. The fourth section explores ways in which the concepts and themes investigated in the first three sections play out in practice. I examine two federal policy and program initiatives: the Cultural Industries Sectoral Advisory Group on International Trade (hereafter the Cultural Industries SAGIT) and the Stabilization Component of the Canadian Arts and Heritage Sustainability Program. Concluding remarks follow in the final section.

**Engagement: A Core Element of Governance**

Governance scholars examining public policy issues often conceptualize the pattern of relations between actors as policy networks: “more or less stable patterns of social relations between interdependent actors, which take shape around policy problems and/or policy programmes.” This conceptualization of public-private-civic relations presupposes that actors who possess resources, expertise, and/or authority in a particular policy milieu are in fact engaged in the community of actors that coalesce around policy and program issues. Is this a reasonable assumption from which to depart?

A glance at academic research in the area of globalization and public consultation suggests that it is not. Indeed, this research often takes as its point of departure the claim that governments are not doing enough to consult private and civic actors, or, when they are, they are doing it inadequately. In keeping with the insights of governance

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studies—that information, resources, and authority are vastly distributed—this research emphasizes that non-state actors possess crucial expertise, critical resources, and bases of authority that could be brought meaningfully to bear on policy challenges facing governments.

Studies of globalization and domestic policy-making note the growing importance of close, continuous, and collaborative consultation between the state and domestic interests. Researchers maintain that consultation constitutes a central means for governments to respond to the challenges and adjust to the changes globalization brings about. In his introductory remarks to the findings and recommendations of a major national policy study examining the most significant trends affecting policy making in Canada, William Coleman contends that a crucial factor influencing how well countries respond to globalizing processes is the nature of government relations with civil society actors. He warns governments that foregoing consultative relationships with domestic interests may imperil state capacity to facilitate national adjustment to the new global environment: "If governments eschew the cultivation of regularized, meaningful, consultation with representative and relatively democratic interest groups and social movements, they may also be reducing the likelihood of the country adjusting well to the changed global environment in which it is presently operating."

Globalization scholars call not only for meaningful consultation with civil society actors, but for ongoing exchange with private sector interests as well. Weiss argues that linkages between governments and economic sectors are fundamental to states' capacity to respond to domestic industrial change resulting from transformations in the international economy. She posits, "Of central importance is the state's ability to use its autonomy to consult and to elicit consensus and cooperation from the private sector ... through its linkages with key economic groupings, the state can extract and exchange vital information with producers, stimulate private-sector participation in key policy areas, and mobilize a greater level of industry collaboration in advancing national strategy." The federal government's establishment of the Cultural Industries SAGIT, examined below, offers a rich illustration of non-government actors' capacity to contribute to Canada's adjustment to its changing global circumstances—in this case, to confronting the challenges trade liberalization poses for domestic cultural industries policy-making capacity. The expertise of cultural industries representatives was brought to the SAGIT table and assisted the government in confronting the culture-trade quandary. Moreover, not only did the government consult and exchange information with key representatives of the cultural industries sector through the SAGIT, this forum also catalyzed information exchange and collaboration across a wide variety of industry subsectors.

Coleman's insistence on the importance of regularized and meaningful consultation with non-state actors and Weiss's vision of a "catalytic" state, consulting the private sector to seek consensus, co-operation, and collaboration make good theoretical sense. In a globalized policy-making milieu ripe with uncertainty and rapid economic and social change, policy-makers face considerable informational requirements and the need for assistance in issue conceptualization and the development of policy alternatives: "Any actors holding technical knowledge—whether these be expert committees of trade associations, large corporations, universities, private research institutes, or even trade unions—have become potentially crucial participants in the policy process of any advanced capitalist economy." The Cultural Industries SAGIT offers a persuasive case in point in the cultural milieu.

These calls for more meaningful and regularized exchanges with domestic interests find good company in the work of public consultation scholars. Consultation has
acquired an increasingly important role in the policy process in recent years, spurred on by a range of factors. These include growing public expectations for involvement in the policy process, the increasing complexity of policy problems, trends toward more horizontal governance models, a more empowered civil society, as well as developments in communications technologies that have created new means for non-state actors to become involved in policy-making.\textsuperscript{10}

While a range of rationales for consultation can be identified, the primary objective of the practice is to improve both policy design and implementation.\textsuperscript{11} Design and implementation improvements come about through such activities and outcomes as information-sharing and exchanges of views between the government and consultation participants, greater public support for policy initiatives, and improvements at the implementation stage because non-state actors have been involved in policy development.\textsuperscript{12} More general benefits resulting from consultation include improved mutual understanding between government and its various publics, opportunities for active citizenship, community capacity building, and greater openness, transparency and democratic legitimacy of the policy process.\textsuperscript{13}

In a recent review of citizen involvement in policy processes, Phillips (with Orsini) identifies the problems associated with conventional methods of public consultation—"government controls the agenda and who is invited; information flows in one direction; and the process is episodic and ad hoc."\textsuperscript{14} Like Coleman and Weiss, these researchers encourage more regularized, deliberative, and collaborative forms of consultation.

In sum, these various appeals argue that sustained, deliberative interactions between the state and non-state actors constitute a crucial activity in contemporary policy-making. Governments are not capitalizing to the extent that they could on the opportunity to exchange information with those external to government, they tend to exert too much control over the process, and they tend not to maintain ongoing dialogue and exchange with policy stakeholders. In short, there is an element of relationship-building that seems to be missing from current efforts to consult and involve non-state actors in policymaking. Returning to our initial definition of governance—effective co-ordination in a world where power, knowledge, and resources are distributed between the public, private, and civic sectors—there is a need to engage actors across these three sectors and to work across organizational and sectoral boundaries. The main challenge (and role) for the state in these associative governance arrangements is to create conditions for learning.\textsuperscript{15} The state can play a role of strategic facilitator, working to engage key actors and catalyzing the development and strengthening of policy networks.

Despite the growing role for governments as catalysts for engagement, there is scant theoretical or empirical research on engagement processes. Elsewhere, the author has elaborated a simple model of engagement in consultation initiatives.\textsuperscript{16} This chapter will draw on (and lightly modify) a number of elements of this model to establish a vocabulary and conceptual framework with which to discuss engagement in broader governance arrangements. As Figure 1 shows, actors may adopt different levels of engagement in governance processes: they can be actively engaged, passively engaged, or disengaged.

Starting at the left-hand side of the spectrum, "active engagement" refers to the highest level of involvement in a policy network or governance process. Here, people actively partake in a policy network, representing their interests, and lending their expertise, resources, and power to horizontal programs and initiatives.

At the opposite end of the spectrum is "disengagement," where actors who could potentially engage in a policy network are not engaged, or those who have previously been engaged exit the network. With respect to the former, some actors may not be engaged in governance arrangements to begin with if they are not "on the radar screen"
of existing policy frameworks. The question, then, becomes how to creatively “pique” their engagement. With respect to the latter, as Bradford notes in a study of associative governance in the province of Ontario, in liberal polities, private sector interests can always exercise their option to “exit” partnership regimes. Bradford confines his remarks to the private sector, but participants representing other sectors (e.g., the voluntary sector or labour groups) also possess the option of exiting deliberative forums. Simply put, participation in collaborative governance processes is voluntary, and actors can withdraw their participation if they choose. The challenge then, becomes one of maintaining engagement in the face of these circumstances.

Returning to Figure 1, “exit” can refer not only to a physical withdrawal from a network or initiative (i.e., walking away from the table) but can also mean an implicit withdrawal, for example, by partaking in governance processes or projects, but choosing not to actively participate in the deliberations (e.g., choosing to withhold information, resources, or authority that could usefully be employed in the network). The middle of the spectrum captures this sedentary form of involvement, “passive engagement.” Actors might choose an implicit rather than an explicit exit because they stand to benefit from engagement in a policy network or project even though they do not actively participate. These benefits could include information acquisition, networking with other actors in the network, or the use of continued participation as a delay tactic. With respect to the first, information acquisition, actors may be involved in a policy network or project for the strategic purpose of acquiring information. Participants in a deliberative consultation, for example, may be somewhat mute in their advisory function to the government, but attend consultation meetings in order to acquire government information that they can then individually put to strategic use to press for their preferred policy alternatives in encounters with government in other policy arenas.

The second rationale, intra-sectoral networking, derives from an indirect benefit actors may gain by participating in governance processes or projects. In a survey of industry participants in a 1978 federal consultation seeking industry input into Canada’s industrial policy, respondents cited “making new useful contacts” as one of the most productive outcomes of the process.

The third potential rationale for passive engagement, continuing participation as a delay tactic, underpinned private sector actions in the Ontario government’s Workplace Health and Safety Agency (WHSA), a collaborative agency involving private sector and labour representation. Bradford notes the “strategic disengagement” of business from the WHSA in the lead-up to the 1995 provincial election. Even though business representatives opposed the WHSA process, they continued to passively participate in the agency because both opposition parties were committed to reforms that would ultimately abolish the Agency.

To sum up, actors may adopt a number of engagement stances in governance processes, ranging from active engagement to passive engagement to disengagement. To the extent that active engagement underpins effective governance arrangements, it becomes crucial to understand the drivers of active engagement, as well as those of
passive engagement and disengagement. The chapter discusses these drivers below and explores them empirically in the forthcoming examination of the Cultural Industries SAGIT.

In addition to speaking of actors' level of engagement in policy networks or governance arrangements, a second attribute of engagement may be distinguished: the nature of engagement. The nature of engagement pertains to the quality, character, or dynamic of relations between public, private, and civic actors. Unlike "level," which examines individuals' or organizations' engagement, the nature of engagement speaks to the quality of interactions among individuals, organizations, and sectors. It seeks to capture the group dynamics animating policy network relations, governance arrangements, or collaborative program initiatives. Do participants co-operate with one another, collaborating to identify common policy preferences and negotiating or co-ordinating their differences? Or do they choose to compete, each advancing their own individual or sub-sectoral interests? Are relations characterized by continual conflict? Or do private, public, and civic actors collaborate and seek consensus?

Although collaborative engagement stimulates healthy governance arrangements, we know little of the drivers of collaboration. Which factors promote collaborative dynamics? Which promote conflict? What underpins collaboration amid conflict, i.e., when there is conflict between policy network or project participants, what factors encourage collaboration and the continued active engagement of the parties—as opposed to passive engagement or disengagement? And returning to the preceding discussion of the level of engagement, what promotes active engagement? How does one go about creatively "piquing" the interest and engagement of—and maintaining the interest and engagement of—individuals and organizations?

The paragraphs that follow propose that three key considerations underpin the level and nature of engagement. The first pertains to the structure of governance arrangements. Decisions and behaviour—usually those of government—regarding such factors as membership in a collaborative project, resource allocation, and, most importantly, the degree of influence non-government actors perceive they possess in a collaborative arrangement, significantly influence participant engagement. Where these arrangements are favourable to participant interests, they are more likely to actively engage in the process, and the group is more likely to display collaborative dynamics. Where these arrangements are inimical to participant interests, the opposite result is likely to occur: non-government players will tend to disengage from the process and the group dynamics will tend toward conflict.

The second consideration shaping engagement is the existence of common threats or opportunities for policy actors. Globalization, for example, may prompt or require domestic actors to reframe their traditional conceptions of policy problems and thereby alter the patterns of conflict and collaboration within a policy network. Common threats or opportunities can serve to align—or un Couple—the interests of government and non-government actors. Indeed, in the cultural industries sector, as discussed below, the process of trade liberalization represented a common threat for many actors in the cultural industries, promoting both collaboration and the shared pursuit of means to address the challenges of trade liberalization for the cultural industries. In the domain of cultural citizenship, the prospect of re-framing cultural policy via the concept of cultural citizenship is likely to influence engagement in the cultural sector—engaging those who see opportunity in this policy trajectory, prompting disengagement for those who do not, and generating collaboration or conflict depending on the pattern of interests of affected individuals and organizations.
Third, the personal competencies of individuals involved in alternative governance arrangements—particularly government participants—can play a strong role in piquing participant interest and sustaining participant engagement, and can promote collaboration, particularly collaboration amid conflict. On this last point, Horibe has examined the importance for managers in the knowledge-based innovation economy of “leveraging dissent” within their organizations. She identifies the capacity to surface—rather than suppress—dissent, as a core competency that will not only sustain the engagement of those holding contrary views, but that can also catalyse innovation. Dissenting viewpoints may carry the seeds of innovation, enabling the development of creative alternatives to established ways of thinking or doing. In this light, the choice of who “takes the lead” on a collaborative governance project matters, indeed is critical, to engagement in the process. The following section explores this third element in the context of managing horizontal projects—initiatives involving public, private, and/or civic actors.

Engagement in a Horizontal Milieu: Managing Across Boundaries

The policy network literature’s emphasis on non-hierarchical relationships finds company with public administration scholarship examining new public management and horizontal management. One of the thrusts of new public management is to decentralize public decision-making processes and program and service delivery, particularly moving from hierarchical management practices to participatory management and teamwork and to greater involvement of non-state actors in policy-making and service delivery. While some scholars maintain that the federal government’s policy-making processes remain—indeed are becoming increasingly—centralized, the principles of decentralization and collaboration espoused by the new public management are often manifest at the operational level, i.e., at the level of program and service delivery.

The literature on horizontal management is among the most advanced areas of research examining these forms of decentralization and collaboration. Horizontal management “is about working collaboratively across organizational boundaries,” including departmental boundaries, intergovernmental boundaries, and boundaries between the public, private, and civic sectors at the national, subnational, and international levels.

Studies of horizontal management echo the departing postulate of governance studies: no one can go it alone. Under these operational circumstances, collaboration emerges as an indispensable practice of co-ordination. Indeed, one of the major findings to emerge is the fundamental importance of developing attitudes and competencies in the public service to manage initiatives that are horizontal and collaborative—as opposed to vertical and hierarchical. These attitudes and competencies—which arguably must also be developed among private and civic actors—pertain to consultation, influence and persuasion, trust, and timing.

Consultation of other horizontal actors acquires an importance unrivalled in a vertical management environment. Working collaboratively in a non-hierarchical setting where authority, resources, and knowledge are highly distributed requires constant and ongoing consultation. Moreover, in the absence of traditional vertical authority, the capacity to influence and persuade through deliberation and sustained dialogue is of utmost importance in collaboratively defining group objectives, roles,
and responsibilities. This applies not only to consultation on relatively uncontroversial matters, but also consultation and deliberation around matters of conflict and dissent. Ensuring that horizontal partners have the opportunity to "have their say," and that dissenting viewpoints are surfaced—and leveraged if possible—contributes materially to the success of a horizontal project. In this light, trust and the ability to develop and maintain trust among the actors in a network is also of critical import when working horizontally. Finally, timing is a crucial consideration: participants must continually monitor their operational and political milieu for windows of opportunity to press forward on horizontal programs. The fourth section of this chapter will return to these competencies in its examination of the Cultural Industries SAGIT and the Canadian Arts and Heritage Sustainability Program.

Organizing in a Horizontal Milieu: Structuring Governance Arrangements

A second strong current running through horizontal management literature is that of selecting and developing the most appropriate "supportive structures" for horizontal initiatives. These structures are the organizational forms that support a horizontal project, and include informal contacts, verbal agreements, memoranda of understanding, and the creation of formal organizations and institutions. The selection of appropriate governance arrangements is informed primarily by the function or objective of the horizontal activity. As shown in Table 1, there are at least four different functions of a horizontal project: advisory, contributory, coordination and collaboration. Harkening back to the definition of governance studies at the outset of this chapter, there is a clear relationship between the functions in the table and the insights of governance regarding the distribution of knowledge, resources and power between public, private, and civic players.

<table>
<thead>
<tr>
<th>Function of the Horizontal Project</th>
<th>Organizational Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory</td>
<td>Can be formal or informal</td>
</tr>
<tr>
<td>- sharing expertise and information</td>
<td></td>
</tr>
<tr>
<td>Contributory</td>
<td>Tend towards formality</td>
</tr>
<tr>
<td>- resource pooling between parties</td>
<td></td>
</tr>
<tr>
<td>Co-ordination</td>
<td>Tend towards formality</td>
</tr>
<tr>
<td>- sharing work or administration</td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>Tend towards formality</td>
</tr>
<tr>
<td>- sharing authority</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Andrea D. Rounce and Norman Beaudry, Using Horizontal Tools to Work Across Boundaries: Lessons Learned and Signposts for Success, Canadian Roundtable on Horizontal Mechanisms (Ottawa: Canadian Centre for Management Development, 2002), Table 1, 13.
The advisory function relates to knowledge and the sharing of information and expertise between horizontal actors. Under these circumstances, there is great flexibility in the variety of organizational arrangements that may be utilized. When the focus of parties' interactions is on information—as opposed to sharing authority or resources—informal arrangements such as verbal agreements based on trust can represent strong supportive structures.

As the table shows, however, the more projects move toward the pooling of resources and authority, the more organizational arrangements require formality. Formal agreements and the creation of new organizations or institutions are often necessary when horizontal projects involve resource pooling (the contributory function), sharing work or administration (the co-ordination function), and sharing authority and decision-making power (collaboration). In sum, more formal supportive structures (formal agreements, shared institutions, etc.) tend to be required as the degree of horizontal activity intensifies. As discussed in the following section, the organizational arrangements for the Cultural Industries SAGIT and the Stabilization Component of the Canadian Arts and Heritage Sustainability Program illustrate this tendency.

Putting These Concepts to Work:
An Examination of Two Initiatives in the Cultural Sector

The preceding discussion proposes a framework for exploring engagement and organizational considerations in associative governance processes. This section applies the framework to two cultural policy and program initiatives: the Cultural Industries SAGIT and the Stabilization Component of the Canadian Arts and Heritage Sustainability Program (CAHSP). The Cultural Industries SAGIT represents an instance of consultation, where the federal government sought ongoing and meaningful input into trade policy in the cultural industries sector. This deliberative consultation illustrates the facilitative role the state can play in governance processes: the SAGIT brought into contact representatives of the various cultural industries subsectors and catalyzed an unprecedented process of intrasectoral dialogue. The CAHSP provides a fruitful example of the catalytic role of the state when resources, power, and information are highly dispersed. CAHSP's Stabilization Component offers an intriguing illustration of decentralized governance arrangements, where the state contributes resources to community actors, implicitly recognizing that local players are in a better position in terms of their knowledge and expertise to make funding decisions at the community level.

The Cultural Industries Sectoral Advisory Group on International Trade

In 1986, the federal government created the Sectoral Advisory Groups on International Trade to provide trade policy advice from the private sector to the Minister for International Trade. These advisory bodies continue to exist largely in the same format as they did at their inception. Senior business executives, with some representation from industry associations, labour, non-government organizations, and academia are appointed on a non-remunerated basis for two-year renewable terms. They meet several times per year with bureaucratic and sometimes ministerial attendance from International
The SAGITs have been recognized as an important development in Canada’s international public policy process. The government’s establishment of the groups marked an important turning point in business-government relations in the field of trade policy. Prior to their creation, the private sector had mostly informal involvement in trade negotiations and in the development of trade policy. Industry involvement, such as it was, was unstructured, minimal, episodic, and ad hoc. The SAGITs heralded a fundamental change in Canada’s trade policy-making process, by institutionalizing business-government consultation in trade policy matters, by developing a deliberative consultation process between the government and industry sector representatives, and by creating an ongoing forum for business-government consultation. The groups are especially unique in their capacity to serve as forums for domestic non-government actors to reconcile divergent intrasectoral interests.

The Cultural Industries SAGIT has long been an active group, with the vast majority of members highly engaged and committed to participation in the consultation. While a full review of the SAGIT’s activity since its inception is beyond the scope of this chapter, this discussion focuses on the group’s deliberations in the latter half of the 1990s. During this period, which culminated with the 1999 World Trade Organization (WTO) Ministerial Conference in Seattle, the SAGIT collaboratively developed and recommended a new approach to the federal government for the cultural industries in trade. As the paragraphs below describe, state behaviour—particularly with respect to membership selection and participant perceptions of the policy influence of the group—played a vital role in the level and nature of participant engagement in the process.

Common threats posed by globalization also exerted an important influence on SAGIT members’ involvement, generating active and collaborative engagement in the shared pursuit of means to address Canada’s culture-trade quandary. Further, the SAGIT process illustrates some of the competencies that emerge as essential in a horizontal governance milieu.

From the mid-1980s to the present, the relationship between Canada’s cultural industries policies and its obligations in trade agreements has been an ongoing source of consternation for the Canadian government, those in the cultural community, and the Canadian public. Since the creation of the General Agreement on Tariffs and Trade (GATT) in 1947, the objectives of the international trading system have been two-fold: to reduce, and over time, eliminate trade barriers to permit open and secure market access, and to ensure that market access is non-discriminatory. At the source of the friction between cultural industries policy and trade policy is the fundamental incompatibility between a number of cultural industries policy measures and two of the cardinal principles of the international trade regime: national treatment and most-favoured nation (MFN) treatment. The first, national treatment, maintains that government measures affecting market access must not have the effect of discriminating between domestic and foreign producers of similar goods and services. The second principle, most-favoured nation, holds that a country’s market access commitments must not discriminate between foreign countries. That is, nations are not to discriminate between foreign countries by according more favourable market access to one country over another. According to the MFN principle, the most favourable trade arrangements a nation maintains with one country, it must also extend to all others.

Cultural industries policies can run afoul of these two principles where governments enact measures that discriminate between domestic and foreign firms or that discriminate between different foreign nations. Because many of Canada’s cultural industries policies
discriminate in favour of Canadian producers, they collide head-on with the principle of national treatment. For example, Canadian content regulations, if they were subject to the disciplines of the international trading regime, would not comply with the requirements of national treatment because they favour the cultural output of Canadian nationals over foreign firms (thereby discriminating against the latter).

These underlying tensions between cultural industries policy and the international trading regime—the "culture-trade quandary"—can place seemingly irreconcilable pressures on the Canadian government. On the one hand, the government is under pressure at the domestic level to retain its cultural policy-making capacity, and on the other, it faces demands at the international level, notably from the United States, to eliminate cultural trade barriers.

Until the mid-1990s, the primary means of shielding the cultural industries from trade liberalizing obligations was to negotiate a cultural industries exemption (CIE) in trade agreements. Canada sought and obtained such an exemption in both the Canada-United States Free Trade Agreement (CUSFTA) and the North American Free Trade Agreement (NAFTA). The CIE provides a broad-based exemption for the cultural industries from the agreements' provisions. It is subject to a right of retaliation for the United States, however. Where Canada enacts or maintains cultural industries policy measures that would be inconsistent with the CUSFTA or NAFTA in the absence of the exemption, the US can retaliate with measures of equivalent commercial effect. Many in the cultural policy community believe that this retaliatory clause significantly weakens the protection the exemption affords. Moreover, as the *Sports Illustrated* dispute demonstrated, the United States can bypass regional trade agreements and resolve cultural trade disputes through the WTO, where Canada possesses no such exemption.

For critics of the exemption, Canada-US cultural trade disputes, particularly the dispute over the Canadian edition of *Sports Illustrated*, demonstrated the weakness of a cultural exemption approach and evidenced the need to rethink Canada's stance on the cultural industries in trade. The Cultural Industries SAGIT, long a supporter of—indeed the principal force behind—Canada's cultural industries exemption, decided that the group needed to rethink Canada's approach to the cultural industries in trade. Following a 1997 Ministerial request for advice from the SAGIT as to how Canada should address the cultural industries in a global trading environment, the SAGIT worked for over two years on a report to the government on the matter. In early 1999, the government publicly released a summary version of the SAGIT's report, the main recommendations of which fed into government preparations for the 1999 WTO Ministerial Conference in Seattle.

The SAGIT's deliberations gave rise to a new policy approach to address the culture-trade quandary: the development of a "new international instrument on cultural diversity" (NINCID). The SAGIT recommended the Canadian government initiate this instrument, which "would lay out the ground rules for cultural policies and trade, and allow Canada and other countries to maintain policies that promote their cultural industries. ... The new instrument would identify the measures that would be covered and those that would not, and indicate clearly where trade disciplines would or would not apply." In the months following the February 1999 release of the SAGIT's report, the government adopted this new negotiating position for the cultural industries.

The government began to seek the long-term objective of negotiating an international instrument that would ultimately affirm the right of signatory countries "to maintain policies that promote their culture, while respecting the rules governing the international trading system and ensuring markets for cultural exports." The government has been pursuing the negotiation of such an instrument through its work.
with the International Network on Cultural Policy (INCP). The INCP, created in 1998 by then Minister of Canadian Heritage Sheila Copps, is a global network of national culture ministers that serves as a forum for discussion of issues of common interest. The INCP has been working towards the development of an international instrument. In addition, the Canadian government stated that it would not make any new commitments in the cultural sector in trade negotiations until such time as an instrument could be negotiated.

The Cultural Industries SAGIT illustrates the importance of, mechanisms for, and competencies essential to governance and engagement. It also highlights the catalytic role of the state in contemporary governance arrangements. First, the SAGIT case vividly demonstrates the capacity for non-government actors to make meaningful contributions to the processes of national adjustment to globalization. The CUSFTA negotiations were the first set of international trade negotiations to raise the possibility that Canada's cultural policies could become subject to international trade obligations. Since this time, cultural industries policy-making has become increasingly intertwined with global concerns. The SAGIT has played a strong role in developing policy alternatives and recommending policy approaches to the federal government. The group, by first advocating the cultural industries exemption and then proposing the negotiation of the NIICD, has provided meaningful policy alternatives to the government as it seeks to adjust to ever more palpable global pressures. The SAGIT process demonstrates the potential to leverage non-state actors' expertise in conceptualizing issues and developing policy approaches in a global milieu. The establishment of this consultation mechanism and the outcomes of the group's deliberations strengthened the co-ordination of information, resources, and authority between the public, private, and civic sectors.

Second, the SAGIT sheds empirical light on the drivers of engagement in governance processes. Throughout the latter 1990s, the vast majority of SAGIT members displayed very active levels of engagement, and the group exhibited collaborative dynamics in intra-sectoral and sector-governmental relations. Virtually all SAGIT members held a favourable impression of the role of the government in the consultations and believed that the group possessed a high degree of policy influence. SAGIT members actively engaged in the consultation process based on these positive perceptions. Further, the body was composed of representatives of some of Canada's largest cultural industries firms and of noted legal and scholarly cultural industries experts. The expertise and relative homogeneity of the membership (in terms of the members represented and their interests) contributed to members' high levels of engagement and facilitated collaborative relations between group members and the government. In addition, a number of high profile cultural trade disputes, notably the dispute over the Canadian edition of Sports Illustrated, stimulated collaboration among SAGIT members. The Sports Illustrated case was seminal for many members of the cultural community. In their eyes, it demonstrated the limitations of the cultural industries exemption and the need to develop a new approach. Thus, while intra-sectoral conflict may have animated some of the group's deliberations, the shared interest in developing new strategies for culture and trade promoted collaboration amid conflict.

Third, the SAGIT illustrates the importance of competencies pertaining to consultation, influence, persuasion, trust, and timing in a horizontal milieu. The process surrounding the SAGIT's report to the government is instructive in this regard. SAGIT members indicated that then Minister for International Trade Pierre Pettigrew and officials at the Department of Foreign Affairs and International Trade were not initially supportive of the group's recommendations. The group undertook to consult, influence, and persuade the Minister and key officials on the merits of their recommended approach, and believed they were successful in this regard.
The public release of the SAGIT's report also evidences the importance of the competencies noted above to horizontal governance arrangements. SAGIT members felt that the public should get a crystallized view of the more elaborate and confidential report submitted to the government, but because members serve at the pleasure of the Minister for International Trade and provide confidential advice in this capacity, the group could not release its report without prior approval from the Minister. The SAGIT sought this authorization and the government agreed—provided it could revise the report to ensure its suitability for public release. From the perspective of the government, this meant attending to the overall Canada-United States relationship and reviewing the report with an eye to Canada's broader diplomatic relations with the US. This process was undertaken in a collaborative and consultative fashion, with SAGIT members understanding the need for the government to revise the report before its public release and with a good deal of trust underpinning the revision process.

Timing was also crucial to the public release of the report. In 1999, the Standing Committee on Foreign Affairs and International Trade was undertaking trade consultations in the lead-up to the Seattle WTO Ministerial at the end of that year. SAGIT members were eager to have the report in the public domain so as to bring additional pressure to bear on the government to adopt the NICD stance the report recommended. The government, too, was interested in releasing the report as a "trial balloon" and took advantage of the ongoing Standing Committee hearings to seek feedback and comment on the report. It referred the document to the Standing Committee (some of the SAGIT members appeared before the Committee in these hearings).

A fourth way in which the SAGIT illuminates governance and engagement pertains to the role of the state: this case reveals the catalytic role states can play in governance processes. Through the SAGIT, the government brought together representatives from across the subsectors of the cultural industries (audiovisual, books, sound recording, etc.), many of whom would not otherwise have come into contact. The consultation offered an opportunity for members to gain an appreciation of the extent to which the various cultural industries subsectors shared similar concerns and interests, and provided a forum within which to develop common approaches to shared problems.

The Cultural Industries SAGIT offers a fifth illustration of governance and engagement: it is an instance where the government sought to meaningfully consult on an ongoing basis with non-government actors. In contrast to the critique scholars frequently level at governments for inadequately consulting private and civic interests, the present case is an example of a consultation process meeting many of the conditions identified as necessary for contemporary consultation initiatives. The cultural SAGIT, as a regularized, collaborative process, allowed for the ongoing exchange of information, participation in policy-making, and collaboration with industry. Moreover, it illustrates the value of dissent—and leveraging dissent—in policy networks. The majority viewpoint coming forth from the SAGIT was one of dissent. The group was dissatisfied with the government's approach for the cultural industries in trade. Rather than dismiss or suppress this opposition, the government capitalized on the opportunity for the SAGIT to develop a new trade approach for the sector, in the process generating active levels of engagement and stimulating innovative thinking and the development of new alternatives.

Finally, the SAGIT process illustrates the tendency for organizational arrangements to lean toward informality when the function of horizontal activity is advisory (the sharing of expertise and information). The relationship between the government and SAGIT members was largely informal, and for the most part not structured with institutional, legal, or other formal arrangements.35
Overall, the Cultural Industries Sagir illustrates the drivers and mechanisms of governance and engagement in policy development. It reveals the important role of non-government actors in contemporary policy-making, the strong influence of perceptions on engagement, the potential for catalytic state intervention in contemporary policy-making, and the adequacy of informal arrangements to support consultation initiatives. The Canadian Arts and Heritage Sustainability Program, examined below, complements the policy focus of the Sagir case by shedding light on governance and engagement at the level of program and service delivery.

The Canadian Arts and Heritage Sustainability Program

The Canadian Arts and Heritage Sustainability Program (CAHSP) seeks to "strengthen organizational effectiveness and build capacity of arts and heritage organizations." Established as part of the May 2001 Tomorrow Starts Today federal funding package, the CAHSP consists of four components: Stabilization Projects, Capacity Building, Endowment Incentives, and Networking Initiatives. Through Stabilization Projects, the government funds non-profit organizations at the community level that in turn use these funds to assist local arts and heritage organizations. The funding emphasis is on furnishing technical expertise. CAHSP's Capacity Building component provides direct funding to arts and heritage organizations that do not have access to support through Stabilization Projects. Capacity Building funds are used to improve organizational effectiveness. Through Endowment Incentives, the government provides matching funding to arts organizations that raise private donations to build endowment funds. The Networking Initiatives component funds national networking projects that seek to strengthen policy, planning and management capacity, and initiatives that involve partnerships with business organizations.

CAHSP's four program elements seek to strengthen arts and heritage organizations by building capacity at the organizational level. Rather than focusing on providing operational or project funding to individual arts and heritage organizations, CAHSP aims to help organizations build a sustainable future. It does so primarily by providing incentives for organizations to acquire technical expertise and to put in place solid management practices. The program reflects the concept of arts stabilization, which encompasses "a host of creative responses that funders have developed to address the long-term health and sustainability of arts organizations." Based on pioneering work in the 1960s by the Ford Foundation in the United States, arts stabilization aims to address the challenges of reductions in public and private funding, the lack of growth or decline in audience numbers and earned income, and weakening public acceptance of the arts. Arts stabilization takes a long-term view, moving from discrete project and operational grants to support that aims to build long-term organizational capacity, stability, and sustainability. Stabilization programs can involve technical assistance, financial assistance, or both.

The arts stabilization concept has taken root in the Canadian context relatively recently. In 1995, the first stabilization programs were established in British Columbia and Alberta. The Vancouver Arts Stabilization Team (VAST) and the Alberta Performing Arts Stabilization Fund (APASF) were created through collaboration between key public, private, and civic players in local/provincial arts communities (including the federal government, the Vancouver Foundation, the Kahanoff Foundation, and the Alberta Foundation for the Arts). In the last number of years, stabilization programs have been established in Saskatchewan, Manitoba, Ontario, Quebec, and Atlantic Canada.

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Stabilization funds involve contributions from public and private sources, undertake targeted stabilization programs, and are generally set to operate for a fixed period of time. The APASF, for example, was established with five million dollars of public funding and six million dollars of private donations. The Fund has primarily supported Alberta’s largest arts groups, including the Alberta Ballet, the Edmonton Symphony, Decidedly Jazz Danceworks, and Theatre Calgary. Its stabilization program requires organizations to prepare a business plan, to grow a capital reserve through surpluses, and to operate at a scale commensurate with the size of the community they serve. Beneficiary organizations receive up to one million dollars of funding over the life of the Fund (planned for ten years) if they meet their annual management requirements. This concept of “rewarding” high performing organizations is central to the Fund’s operations. Since its inception, the APASF was intended as a temporary fund, and its funding activities have now sunset. The APASF currently provides mentoring to new stabilization initiatives in the planning and implementation stages.

The concept of arts stabilization is very intriguing from a governance perspective. First, it involves working across boundaries between the public, private, and civic sectors. Stabilization projects are collaborative ventures involving various levels of government, corporate and individual donors, foundations, and community arts and heritage leaders. This diverse group of policy network actors collaboratively works toward the common goal of building capacity in local arts and heritage organizations.

Second, arts stabilization aspires toward effective co-ordination where information, resources, and power are highly distributed. CAHSP’s Stabilization Projects component makes grants to projects “administered by an independent nonprofit group that represents the interests of the larger community through the make-up of its Board and through the diversity of its revenue base.” Federal funding supports access to technical expertise, trimming down deficits, and building up working capital reserves—but federal funding decisions are made at the macro level of full stabilization projects, not at the micro level of individual arts and heritage organizations.

The choice of which individual arts and heritage organizations are supported is made at the local level. With a board of directors representing various community interests, a stabilization fund is in a far better position than the federal government to make funding decisions that reflect individual community needs and circumstances. This division of resource provision and decision-making authority between the state and local actors is in keeping with governance principles: given that greater information and expertise regarding local circumstances reside at the community level, so to, should the authority to make funding decisions to local groups. These governance arrangements are a far cry from state-led and state-centric policy and program initiatives that carry the implicit assumption that the only information, resources, and power that count are those in the public sector.

The third characteristic of arts stabilization that resonates with governance pertains to engagement. Arts stabilization seeks to engage—creatively pique—public, private and civic actors through a variety of means and mechanisms. The shared funding approach enables arts stabilization projects to be established in circumstances where no single actor could possibly go it alone. Public, private, and individual donors may become actively engaged where they see solid potential for the creation of a stabilization fund through multi-stakeholder collaboration. It is here that strategic government intervention—in this case through CAHSP—can have a facilitative or catalytic effect, piquing engagement and implication of private, civic, and other public actors. As Lussier notes of federal involvement in arts stabilization in the latter half of the 1990s, “the interdependence
This creative trigger for engagement strengthens program delivery in the short run, but also leverages knowledge, resources, and authority to improve policy design and program effectiveness in the long run. The engagement process itself contributes to improved policy and decision-making—in short, to better governance. On this point, Lussier states of the Department of Canadian Heritage’s work with non-government actors in the arts stabilization domain: “... long term solutions require a collective commitment by all the partners. Arts stabilization has allowed for a more open communication about issues which in the long run affect the Canadian public at large.”

Fourth, arts stabilization aims to put in place highly decentralized arrangements. Local communities take the lead in developing and administering stabilization programs: “While there are common operating principles [for arts stabilization programs], each initiative has its own dynamics and develops a momentum of its own based on the local or regional community served and on the collaborators.” This move to decentralization—a shift from state-centric policy-making and program planning to collaborative governance arrangements—brings with it a concomitant evolution in public-private-civic relations: “... the former relationships among stakeholders must break down to create a level playing field where co-operation and collective action take priority.”

Finally, arts stabilization emphasizes the importance of identifying the organizational and structural arrangements that best support the horizontal nature of the activity. One of the defining characteristics of arts stabilization programs is their tendency to operate for a fixed term, usually less than a decade. The explicit objective is to provide the resources and expertise to enable local arts and heritage organizations to build the technical capacity that will better position them to sustain operations in the long term. It is a strategic short term intervention that aims for sustainability and seeks to strengthen arts and heritage organizations’ capacity for self-governance.

As would be suggested by Table 1 earlier on in this chapter, arts stabilization’s organizational arrangements tend toward formality given the contributory (resource pooling) and collaboration (shared authority) functions inherent in the concept. Federal stabilization funding takes the form of grants that require stabilization funds to provide for control and reporting mechanisms. At the local level, as noted above, stabilization funds require that recipient arts and heritage organizations submit annual reports on their financial, operational, and management situation in order to qualify for funding.

Overall, the Stabilization Component of CAHP illustrates the potential for public, private, and civic actors to collaborate and seek the most effective means of co-ordination where information, resources, and authority are dispersed. The program demonstrates the potential for strategic state intervention to build and sustain engagement where no single actor could feasibly go it alone, and illuminates the positive influence of engagement at both the policy and program levels. Moreover, it reveals the shift from hierarchical state-centric to horizontal relationship-based management that the move to governance brings about. Individual competencies for collaboration, persuasion, consultation, and shared problem solving are critical to the success of arts stabilization programs.
Closing Words:
Governance, Engagement, and the Cultural Sector

This chapter offers a modest contribution to the study of governance in the cultural milieu, chiefly by proposing a vocabulary and conceptual starting point for examining alternative governance mechanisms. It has argued that engagement of the multiplicity of actors possessing the knowledge, resources, and power that could usefully be brought to bear on problems, issues, or opportunities facing the cultural sector, constitutes a crucial precondition when working towards effective co-ordination across organizational and sectoral boundaries.

The title of the chapter, “creative pique,” aims to sound a clarion call for those in the cultural sector—be they individuals seeking to press forward with cultural citizenship or with other horizontal forms of governance. The cultural policy community must achieve a “creative peak” in its approaches to policy and programming. The shift from “government” to “governance” positions engagement—the capacity to build and sustain implication of public, private, and civic players—as fundamental to contemporary state intervention. Governance requires “creative pique”—the ability to pique interest (i.e., catalyze and maintain engagement) and also the ability to address irritation (i.e., the capacity to face, manage—even leverage—dissent within policy networks and horizontal initiatives).

The cases examined in this chapter offer much room for optimism in the cultural sector’s capacity to respond—and capitalize on—the governance challenges and opportunities it faces. The Cultural Industries SAGIT illustrates the importance of tapping into the expertise of non-state actors in the development of policy alternatives, demonstrates the potential for government to facilitate the development of intrasectoral networks, and sheds light on the importance of key competencies in a horizontal milieu (i.e., consultation, influence, persuasion, trust, and timing). Future consultative initiatives across the range of policy issues confronting the cultural sector must engage the diversity of interests with power, information, and resources germane to whatever the issue at hand. The capacity building resulting from these efforts will contribute to policy success at the implementation stage. Horizontal arrangements at the program level, such as those prevailing in the Stabilization Component of the Canadian Arts and Heritage Sustainability Program, are a further contributor to sound implementation. Not only do they improve program delivery, they may even be necessary to get a program off the ground to begin with.

In the realm of cultural citizenship, the focus of this volume, the development of policy and programming will require the active engagement of a host of governmental and non-governmental interests at the national, provincial, and local levels. Recognizing that actors may engage to varying degrees in this process and that a range of reasons will underpin this diversity of engagement stances is a necessary starting point for those pressing forward on cultural citizenship. Identifying the appropriate organizational structures to support cultural citizenship initiatives will also be crucial. These will be significantly informed by the function of individual initiatives. And last—but certainly not least—given the central role of engagement, competencies, and consultation to horizontal initiatives’ success, relationship-based approaches will be crucial for those charting a future for cultural citizenship.
Notes

1 Translated from Gilles Paquet, Gouvernance: une invitation à la subversion (Centre d’études en gouvernance, Université d’Ottawa, éd. 2003), 11.


8 Coleman, “The Project on Trends,” 54.


15 David A. Wolfe and Tijs Creutzberg, *Community Participation and Multilevel Governance*.

16 Gattinger, “Trading Interests.”


18 For an example of this, see my discussion of the Sectoral Advisory Group on International Trade on Agriculture in “Trading Interests,” 9.


20 The word “collaboration” as I use it does not signify the absence of conflict. Rather, it means that parties work together to overcome differences and conflict where they exist.


23 One of the most prominent exponents of this perspective is Donald Savoie. See Donald J. Savoie, *Governing from the Centre: The Concentration of Power in Canadian Politics* (Toronto: University of Toronto Press, 2000).

Mark Hopkins, Chantal Couture, and Elizabeth Moore, “Moving From the Heroic to the Everyday: Lessons Learned from Leading Horizontal Projects” (Ottawa: Canadian Centre for Management Development Roundtable on the Management of Horizontal Initiatives, 2001), 2.

Ibid.


Hopkins, Couture, and Moore, “Moving From the Heroic to the Everyday,” and Sproule-Jones, “Horizontal Management.”


This section draws on Chapters 4 and 7 of the author’s doctoral dissertation, “Trading Interests,” 2003.

It bears mentioning thatаСАГІТ activity levels have declined substantially since the inception of the groups, with the Cultural Industries sector recognized as one of the most active since the past decade.


Anne McCaskill, “La culture et les rôles commerciales internationales: enjeux et perspectives” (working document prepared for the First International Meeting of Professional Associations in the Cultural Milieu, a conference presented by the Coalition for Cultural Diversity, Montreal, Quebec, September 10–13, 2001), 5.

Canadian content regulations meet Canada’s international trade obligations because they apply to cultural services, and therefore are not subject to the provisions of GATT 1994. Nor are they subject to Canada’s obligations under the General Agreement on Trade in Services (GATS) because Canada has as yet made no market access or national treatment commitments in the cultural sector in GATS negotiations. See Ivan Bernier, “Mondialisation de l’économie et diversité culturelle: les enjeux pour le Québec,” Working paper prepared for the Commission de la culture de l’Assemblée nationale du Québec (March 2000), 16–17.

See, for example, Dennis Browne, ed., The Culture/Trade Quandary: Canada’s Policy Options (Ottawa: Centre for Trade Policy and Law, 1998).

Other notable culture-trade frictions include the disputes over Country Music Television and over direct-to-home (DTT) satellite broadcasting. For a review of these and other trade disputes, see Keith Achenson and Christopher Maule, Much Ado about Culture: North American Trade Disputes (Ann Arbor: University of Michigan Press, 1999).


Department of Foreign Affairs and International Trade, Initial Canadian Negotiating Proposal, Negotiations on Trade in Services (GATS 2000), (March 14, 2001), 2.


Progress continues space both at the federal level and via non-government organizations to develop what is now referred to as the International Convention on Cultural Diversity. The convention process is proceeding through the United Nations Educational, Scientific, and Cultural Organization (UNESCO), with the intergovernmental negotiation process expected to begin in late 2004.

Department of Foreign Affairs and International Trade, Initial Canadian Negotiating Proposal, 2.

One notable element of formality in the SAGIT process pertained to confidentiality. Given the confidentiality that traditionally surrounds trade negotiations, SAGIT members were required to sign a security declaration affirming they would respect the confidentiality of any sensitive information or material presented or discussed.


The CAHS P replaces the Strategic Development Assistance component of the former Cultural Initiatives Program (CIP). Established in 1985, CIP funded Canada’s first arts stabilization projects in British Columbia and Alberta discussed further on in this section.


Ibid, 4.

50 Ibid.


52 The APASF has also provided financial support to smaller arts groups, with funding of close to one million dollars between 1995 and 2000 to almost forty arts groups with annual budgets under one million dollars.


Ibid.

56 Ibid.

Ibid.