
The Culture Sector in Atlantic Canada : Its Economic Impact and Export Potential



Nicole Barrieau



INSTITUT CANADIEN DE RECHERCHE SUR LE DÉVELOPPEMENT RÉGIONAL
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Foreword and Acknowledgements

In the absence of a pan-Atlantic study of the economic contribution of the culture sector, the Atlantic Canada Opportunities Agency (ACOA), with the financial participation of Canadian Heritage, engaged the Canadian Institute for Research on Regional Development (CIRRD) to do a study of the economic impact and export potential of culture sector activities in the four Atlantic provinces. This study is a qualitative and quantitative diagnosis of these two aspects of the culture sector. The quantitative picture presented in this document was made possible with the help of Statistics Canada's Culture, Research and Communications Section.

Of the several people who helped with the study, I want to extend a special word of thanks to Samuel LeBlanc, a former colleague at the CIRRD, who drew up the outline of the project and laid the initial groundwork. I also want to express my deep gratitude to Donald J. Savoie, director of the CIRRD, and Pierre-Marcel Desjardins, associate director of the CIRRD, for their valuable advice and comments, as well as for their trust and encouragement throughout all stages of the study. I am also indebted to Janice Goguen, senior trade officer at ACOA, who skillfully directed the project and supported it with her interest.

Several passionate and devoted stakeholders in the Atlantic provinces were kind enough to give me their perspective on trends and issues in the culture sector. I am sincerely grateful to them all for their help, as I am to Marla Waltman-Daschko of Statistics Canada and her team for their exemplary collaboration and professionalism. Various members of the staff of ACOA and Canadian Heritage read and commented on the first draft of the report, and their contribution to improving the quality of the final version was greatly appreciated.

To my colleagues Ginette Benoit, who skillfully coordinated the administrative aspects of the project and laid out the final report, and Josette Mallet, who designed the cover page, I offer my sincere thanks. In conclusion, I want to emphasize that the author is solely responsible for the contents of this document.

“Those communities that are richest in their artistic tradition are also those that are the most progressive in their economic performance and most resilient and secure in their economic structure.”
John Kenneth Galbraith, economist

Introduction

In Canada as in the rest of the world, it is generally recognized that culture is at the heart of social vitality and identity. In spite of this, however, decision-makers have been slow in recognizing the major impact of cultural activities on the provincial, regional, and national economies. In 2002, the culture sector generated about \$33 billion in the Canadian economy, or 2.85 percent of the gross domestic product (GDP);¹ in Atlantic Canada, it contributed \$2.1 billion to the economy, or 3.06 percent of the GDP. Also, the sector employed about 577,000 workers nationally and 26,500 in the Atlantic provinces. Today, it should be noted, culture constitutes its own economic sector. Not only does it generate revenue and jobs, but it also stimulates creativity and innovation. It is not surprising, therefore, that local and regional economic development strategies are becoming increasingly more inclusive of arts and culture.²

International trade in cultural goods and services in developed countries almost tripled in value in absolute terms between 1980 and 1997,³ a trend that seems likely to continue. In Canada, exports of cultural goods and services represent about \$5 billion annually.⁴ Although Atlantic Canada's share of these exports may be marginal, the market is expanding. Between 2000 and 2002, the export value of Atlantic Canadian cultural goods increased by 48.3 percent, from \$11.8 million to \$17.4 million.⁵ In the same period, exports from Canada as a whole grew by 10.2 percent. Given the limitations of the regional and national markets, cultural entrepreneurs in the region, like entrepreneurs everywhere, know the advantages of turning their attention outward.

The era when arts and culture belonged only to the elite is past. With their popularization they have become more accessible than ever, enriching in countless ways the

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1. Contribution to the GDP is expressed at market prices and in current dollars. See Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” special order for the Atlantic Canada Opportunities Agency (March 2004), 76–77.
 2. For example, in 2002 ACOA and Canadian Heritage launched the Atlantic Canada Cultural and Economic Partnership. This program, which finances activities to celebrate and commemorate the four hundredth anniversary of the arrival of the French in North America, is designed to stimulate economic development in the region through culture.
 3. UNESCO Institute for Statistics, *International Flows of Selected Cultural Goods 1980–98: Summary* (Paris: UNESCO, 2000), 4.
 4. Canadian Heritage, *Trade Routes: Opening Doors for Canadian Arts and Cultural Exports* (Ottawa: Department of Public Works and Government Services, 2003), 1.
 5. It is important to note that the data on international trade for Atlantic Canada in this report are limited to cultural goods and exclude cultural services and intellectual property rights.

quality of life of the residents of the Atlantic region and of Canada as a whole.⁶ Today, cultural products are consumed almost without thought, even to the point where their contribution to our individual and collective welfare is sometimes taken for granted. In 2002 Atlantic Canadian households spent an average of \$1,204 on cultural products and services, e.g., \$86 for CDs, cassettes, videos, and DVDs; \$74 on the cinema; \$71 for books (excluding school books); \$67 for works of visual art, and \$41 to attend artistic performances.⁷ Life without these products is inconceivable. Those responsible for their creation — not just the artists themselves but also the producers, directors, publishers, agents, distributors, and other behind-the-scenes players — enrich our daily lives in ways we may not even notice.

In its 1999 report the House of Commons Standing Committee on Canadian Heritage declared its strong support for the role of artists in our society: “We need creators. We need them because it is the creators — more than anyone — who shape our cultural identity and give us our sense of who we are and where we belong.”⁸ The relative importance of Canadian cultural activities at home and abroad was reiterated in the Throne Speech of 2 February 2004: “Another defining characteristic of our communities and of our reputation around the world is the vitality and excellence of our cultural life. Canada’s artists and cultural enterprises are among our best ambassadors, as well as being an increasingly dynamic element of the knowledge economy. Their work holds a mirror on our society and builds a legacy for future generations.”⁹

Atlantic Canada has a large pool of creative talent that is enriched by its cultural heritage and ethnolinguistic diversity. In addition to the region’s three “founding” groups (First Nations, Acadians, and Anglo-Saxons) there are peoples of African, Asian, European, and Latin American origin. Individually and collectively, these communities create a diverse and attractive cultural dynamism that incorporates Atlantic Canadian values and traditions. We will come back to the region’s ethnolinguistic profile a little later.

In the field of cultural production, a growing number of artists and entrepreneurs from Atlantic Canada are making their mark on the national and international stage. Among the region’s artists, enterprises, and cultural products that have tasted success abroad are authors Antonine Maillet, David Adams Richards, and Bernice Morgan and publishing houses Goose Lane Editions, Flanker Press, and Nimbus Publishing. Others include soprano Measha Brueggergosman, singer Anne Murray, cellist Denise Djokic, fiddler Natalie McMaster, the musical groups Great Big Sea, Barachois, and Grand Dérangement, photographer Freeman Patterson, painter Alex Colville, the theatre companies Mermaid Theatre and Théâtre populaire d’Acadie, and the television series “Random Passage.”

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6. According to Max Wyman, the split between high culture and popular culture still exists, despite efforts to demystify the former. See *The Defiant Imagination: Why Culture Matters* (Vancouver: Douglas & McIntyre, 2004), 18–19.
 7. Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 48.
 8. Canada, House of Commons, Standing Committee on Canadian Heritage, *A Sense of Place, a Sense of Being: The Evolving Role of the Federal Government in Support of Culture in Canada*, ninth report (Ottawa: The Committee, 1999).
 9. The entire Throne Speech is available on the Internet at http://www.parl.gc.ca/37/3/parlbus/chambus/house/debates/001_20040202/HAN001E.htm

Despite these notable examples, the number of Atlantic Canadian artists and cultural entrepreneurs who have achieved success in foreign markets is very small. For those who have, their careers are usually handled by managers based elsewhere in the country, in places like Montreal or Toronto.¹⁰ The problems faced by artists and cultural entrepreneurs in the Atlantic region are often concerned with funding, marketing, promotion, and distribution, which together with the lack of know-how and infrastructure serve to frustrate their chances of success. It is tempting to think that were it not for missed business opportunities, inadequate coaching, and limited resources, more of the region's artists and enterprises would find their way onto the international stage.

Because of the lack of quantitative analysis, there are very little recent data on the actual contribution made by the culture sector to the Atlantic Canadian economy. The absence of a coherent set of statistics on the size and economic value of the culture sector in Atlantic Canada as a whole and in each province is a serious obstacle for artists, cultural entrepreneurs, professional organizations, and civil servants at all three levels of government interested in determining the relative contribution of cultural activities to the provincial and regional economies. How can they support the growth of an economic sector without knowing its value? And how can they call for or justify investments in culture without having an overall economic picture of the sector?

The aim of this study is to answer these questions. This pan-Atlantic study — the first of its kind — has a dual objective: to define the economic impact of the culture sector in Atlantic Canada, and to study more closely the export potential of our cultural industries. The study has been divided into four parts. The first part, chapter 1, outlines the status of the culture sector in Atlantic Canada and carefully defines it. As well as the definition and methodological elements, it indicates recent trends in the economy of culture and examines Atlantic Canada's cultural makeup, its consumption of cultural activities, and national and provincial cultural policies.

The second part, chapter 2, deals with the economic aspects of the culture sector as a whole. The study presents regional and provincial data on public support for the sector, employment in the sector, and its direct economic spinoffs. It also looks at how the culture sector in the region has changed since the mid-1990s as well as how the region compares with the rest of the country as regards culture.

Chapter 3, the third section, is made up of an economic analysis of enterprises in the five cultural subsectors: the performing arts, the visual arts and crafts, book publishing, the music and sound-recording industry, and the film, video, and audio-visual industry. Although they are neither constant nor uniform for all sectors, the quantitative data are as accurate as possible for employment, business profitability, public support, and exports.

Finally, chapter 4, the fourth part of the study, deals specifically with international trade in cultural goods. Besides statistics on imports and exports, this last chapter looks at support policies and programs, strategies, and the obstacles and issues facing inter-

10. This is true of Antonine Maillet and David Adams Richards in literature, and of Great Big Sea, Natalie McMaster, Marie-Jo Thériou, and Natasha St-Pier in music, to give only a few examples.

national exports. In conclusion, it presents specific recommendations to strengthen coaching and support measures for cultural industries and to stimulate regional exports in this area.

There are few analyses of the Canadian culture sector as compared with other sectors of economic activity. In the course of this study, the author consulted various documents from governmental and nongovernmental organizations, para-public agencies, and professional and sectoral associations that are rich in qualitative information. As recent quantitative data on the culture sector in Atlantic Canada are almost non-existent, ACOA asked Statistics Canada to gather economic data on the production and consumption of culture in the Atlantic region. The present study is largely based on this data, although the figures do not tell the whole story. In order to better define the main challenges and problems confronting the sector, we held consultations with around thirty stakeholders in the four Atlantic provinces, mostly with representatives of professional and sectoral associations and a few government agents. These meetings took place between June 2003 and February 2004 and contributed greatly to the contents of this document, especially to the section on the obstacles to export.

1

THE CULTURE SECTOR IN ATLANTIC CANADA: A SITUATION REPORT

Configuration of the Culture Sector and Recent Trends

Delimitation of the Sector

The first problem in establishing the methodology of an economic study of the culture sector is setting definitions. Which activities should be included in the sector and which ones excluded? The question is complex and still under debate among specialists around the world. Indeed, the answer depends on the context and objectives of each study. The size of the culture sector necessarily varies depending on the definition used; the broader the definition, the larger the sector. Another difficulty is that governments use different methods to collect and analyze cultural statistics, which makes interprovincial or international comparisons difficult. Experts in the field discussed these methodological constraints as recently as 2002 as part of an international conference on cultural statistics in Montreal: “The major problems raised by the participants are connected to definition issues, to the inadequacies of certain information in particular and of analysis in general, to the lack of knowledge of information sources and to the difficulty in proceeding with comparative analyses in structurally different contexts.”¹¹ Another constraint is that even if we settle on a definition of the culture sector, the corresponding data may not be available.

In 1996 Statistics Canada, with the cooperation of federal and provincial partners, developed the Canadian Framework for Cultural Statistics, which distributes cultural activities among four categories: cultural industries, the arts, heritage, and libraries. Statistics Canada’s nomenclature is different from that used by the Canada Council for the Arts, for example, which groups activities into six disciplines: dance, media arts, music, theatre, the visual arts, and the literary arts and publishing. For the requirements of this study, we will develop sectoral profiles for the following five categories of cultural activities:

- performing arts
- visual arts and crafts
- book-publishing industry
- music and sound-recording industry
- film, video, and audio-visual industry

11. Anne Bernard, “Session Report,” in *Proceedings of the International Symposium on Cultural Statistics* (Montreal, October 21–23, 2002), 65.

All these sectors have common characteristics and problems, mainly obstacles related to funding their activities. Conversely, they are fundamentally very different, which is why it is interesting to subject them to a sectoral micro-analysis to better understand the special nature of each and to appreciate their economic vitality.

Although tourism and culture are closely connected, we will exclude tourism from our study. We recognize, however, that cultural tourism, which feeds mainly on the region's cultural and historical heritage, is an important industry in the Atlantic provinces. To appreciate this, we need only think of the thousands of tourists who converge each year on Charlottetown, PEI, to attend *Anne of Green Gables: The Musical* or on Bouctouche, NB, to visit the Pays de la Sagouine, two cultural landmarks that allow tourists to experience the work of two of Atlantic Canada's most celebrated authors.¹² They and the many other examples one might choose illustrate the strong link between tourism and culture. Cultural festivals — music, film, literary, dance, and others — are also important drivers of tourism and economic development in Atlantic Canada.

Marketing and Professionalization: Integrating Culture into the World of Economics

The economics of the culture sector includes the cultural industries as well as activities related to arts and literature. The so-called cultural industries usually refer to the commercial activities associated with entertainment and the mass media. The concept was popularized in the late 1970s, at a time when the development of new media was beginning to accelerate and when the marketing of culture was becoming more important.¹³

UNESCO defines cultural industries as “those industries that combine the creation, production and commercialisation of contents which are intangible and cultural in nature. These contents are typically protected by copyright and they can take the form of goods or services.”¹⁴ Essentially what distinguishes cultural industries from the arts is the addition of economic value to creation. Cultural industries “nurture creativity — the ‘raw material’ they are made from —, and foster innovation in production and commercialisation processes.”¹⁵ Economist David Throsby explains that the notion of cultural industry refers to the economic potential of cultural production, that is, the capacity to create performance, employment, and revenues, and to meet consumer demand.¹⁶ This

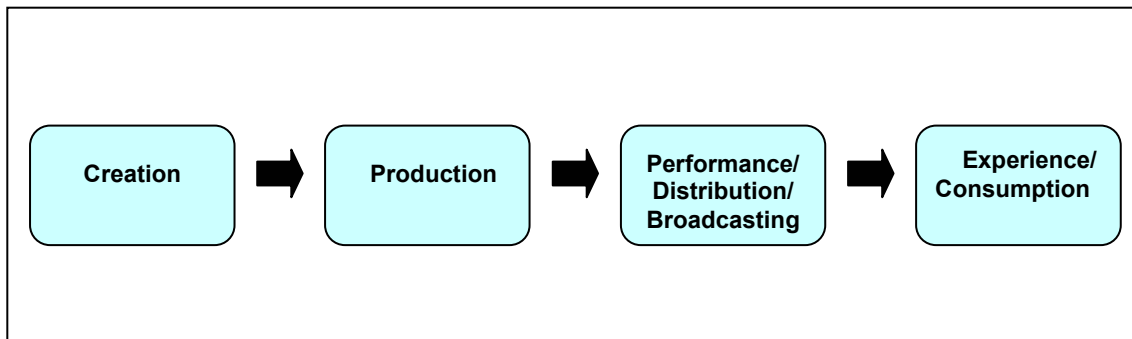
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12. The musical comedy is based on the literary works of Lucy Maud Montgomery, who made her home province of PEI and her character Anne of Green Gables famous around the world. The Pays de la Sagouine is a tourist site based on the literary works of Antonine Maillet.
 13. Gaëtan Tremblay and Jean-Guy Lacroix, “La marchandisation et l’industrialisation de la culture, de l’information et de la communication,” in *Traité de la culture*, ed. Denise Lemieux (Sainte-Foy, QC : Presses de l’Université Laval, 2002), 264.
 14. UNESCO, *Culture, Trade, and Globalization: Questions and Answers* (Paris: UNESCO, 2000), 12.
 15. *Ibid.*, 13.
 16. David Throsby, *Economics and Culture* (Cambridge, UK: Cambridge University Press, 2001), 111.

study concentrates on cultural enterprises in the Atlantic provinces oriented toward commerce and trade but does not exclude nonprofit performing arts companies.

Whatever the sector of activity, the steps in the chain of cultural production are much the same. The economic chain, as diagrammed in figure 1, allows us to break down cultural activity into a sequence of elementary but interrelated operations which come together to produce a product for the market. Development of the culture sector is based on the presence of every link in this chain, from the creation of the cultural product to its consumption by the public.

Figure 1

The Cultural Economic Chain



Source: Adapted from Dick Stanley, “Beyond Economics: Developing Indicators for the Social Effects of Culture,” in *Proceedings of the International Symposium on Cultural Statistics* (Montreal: October 21–23, 2002), 133.

Altogether, the process involves a large number of players. It begins, for example, with the artist or creator who conceives a manuscript, composition, scenario, or choreography. The process continues with the transformation of the original creation into a cultural product for consumption (publishing, sound recording, the production of a film or a performance) and carries on to its distribution through bookstores, broadcasters, movie theatres, and performance halls. At the end of the economic chain are the readers, listeners, and spectators who consume the cultural products.¹⁷

One of the main conclusions of the Ministerial Conference on Cultural Policies for Development, which was held in Stockholm in 1998 under UNESCO sponsorship and brought together about 2,500 participants from 149 countries, was that cultural products are not goods like any others. They stand out from conventional commodities like oil or

17. See Dick Stanley, “Beyond Economics: Developing Indicators for the Social Effects of Culture,” in *Proceedings of the International Symposium on Cultural Statistics* (Montreal: 21–23 October, 2002), 133.

wheat for the simple reason that their usefulness extends beyond profits and material advantages. Cultural products have special characteristics that involve a certain degree of creativity, symbolism, and intellectual property.¹⁸ Unlike other commodities, cultural products with a Canadian content incorporate and convey national identity and ownership. The spinoffs from these products are certainly enormous, but it is hard to assign them a monetary value. They are desired not for their utilitarian function but for their ability to entertain, divert, or inform.¹⁹ In economic terms, they are *luxury goods* instead of *essentials* like food, housing, and clothing.

Cultural products have positive effects on society as a whole. According to the economic concept of positive externality, cultural activities generate spinoffs that both maximize national welfare and produce economic advantages for the community as a whole. Jeff Dayton-Johnson, professor of economics at Dalhousie University, supplies an economic justification for giving public aid to national cultural production when he states that because of their effect on national identity and social cohesion, cultural products with a Canadian content improve the country's economic performance.²⁰ In other words, the spinoffs from a healthy culture sector have social and economic repercussions on all of society.

The distinctive nature of cultural products also raises debates in the arena of international trade. These products are given special status under the cultural exemption clause, which states that cultural goods and services "have a distinctiveness that goes beyond commercial aspects alone," notably because they "transmit contents, values and lifestyles that are part of a country's cultural identity and reflect the creative diversity of individuals."²¹ Essentially, the cultural exemption clause imposes restrictions on imports of foreign cultural products to protect national industries and national culture. The World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA) contain specific rules for the culture sector.

Until very recently, the literature was almost silent on the economics of culture. The single exception was the 1966 publication of *Performing Arts: The Economic Dilemma* by Baumol and Bowen,²² the first in-depth study of the performing arts in the United States from an economic perspective. Only in the 1980s and 1990s did culture become a legitimate, integral part of economic development. Before then, few economists had dared venture into this field of study, which they considered to be too vague and ill-defined. Since the 1980s, in response to the increasing demand from political authorities and institutions, economic analyses of the culture sector have become more common. In 1998, UNESCO and the World Bank published respectively *World Report on Culture: Culture, Creativity, and Markets* and *Culture and Sustainable Development: A*

18. Throsby, *Culture and Economics*, 112.

19. Allen J. Scott, *The Cultural Economy of Cities: Essays on the Geography of Image-Producing Industries* (London: Sage, 2000), 3.

20. For more information on this theory, see Jeff Dayton-Johnson, *What's Different about Cultural Products?: An Economic Framework* (Ottawa: Canadian Heritage, 2000), 17.

21. UNESCO, *Culture, Trade, and Globalization*, 39–40.

22. W. J. Baumol and W. G. Bowen, *Performing Arts: The Economic Dilemma* (New York: Twentieth Century Fund), 1966.

Framework for Action, two documents underlining the importance of the cultural dimension in economic and social development.²³

Several studies on the culture sector's economic impact have been done in the United States²⁴ and in other regions of Canada.²⁵ Closer to home, the most recent economic profile of the culture sector for the whole Atlantic region was published in 1997. Entitled *The Health and Vitality of the Culture Sector in Nova Scotia*, this vast study, conducted by Statistics Canada for the Nova Scotia government, provides some pan-Atlantic data as well as a great deal of interesting information on the province's culture sector.²⁶ Although this document has served Nova Scotia and the other Atlantic provinces well, the data are from 1994–95 and are now out of date. No regional profile of the culture sector has been prepared since. The situation is different in the other Canadian provinces, especially Quebec and to a lesser extent Ontario, where economic analyses of the culture sector are quite common.

Certain provincial and municipal governments in the Atlantic provinces have finally discovered economic development opportunities in the arts and culture. They recognize that cultural events attract tourists, improve the quality of life of residents, and, of course, generate economic spinoffs. As we will see later, provincial and municipal cultural policies have been crafted with this in mind. According to a report prepared by the National Governors' Association in the United States, the culture sector is emerging as a driver of economic life in cities and rural areas because of its major direct and indirect contributions to regional economies. The authors affirm that a vibrant cultural life has many advantages. Besides creating income, jobs, and tax revenue, cultural vitality increases a region's visibility, as well as attracts potential tourists, residents, and inves-

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23. UNESCO, *World Report on Culture: Culture, Creativity, and Markets* (Paris: UNESCO, 1998) and World Bank, *Culture and Sustainable Development: A Framework* (Washington, DC: World Bank, 1998).
 24. Among recent examples are the following: New England Council, *The Creative Economy Initiative: The Role of the Arts and Culture in New England's Economic Competitiveness* (Boston, MA: New England Council, 2000); Moore School of Enterprise, Division of Research, *The Economic Impact of the Cultural Industry on the State of South Carolina* (Columbia, SC: prepared for the SC Arts Commission, 2002); and Western States Arts Federation (WESTAF), *The Economic Impact of Oregon's Nonprofit Arts Sector*, prepared for the Oregon Arts Commission, Northwest Enterprise for Culture, and the Arts and Regional Arts and Culture Council (Salem, OR, 2001).
 25. See, for example, Albert Juneau, *Impact économique des activités du secteur de la culture des cinq régions du Montréal métropolitain et de la région de l'île de Montréal* (Montreal: Ministère de la Culture et des Communications du Québec and City of Montreal, 1998); Kelowna, BC, *The Economic Impact of Arts and Culture in the Central Okanagan, and toward Our Future: Cultural Tourism and the Cultural Industries* (Kelowna, BC: Arts Development Office, 1998); and Economic Development Edmonton (EDE), *Economic Impacts of "Arts and Culture" in the Greater Edmonton Region, 1999* (Edmonton: EDE, 2000).
 26. Statistics Canada, *The Health and Vitality of the Culture Sector in Nova Scotia* (Ottawa: Statistics Canada, 1997). An updated version of this report was just published by the Nova Scotia Department of Tourism, Culture and Heritage. See Statistics Canada, *Profile of Culture Activities in Nova Scotia: Culture Counts, Counting Culture* (Ottawa: Statistics Canada, December 2003).

tors.²⁷ Although the presence of cultural institutions does not guarantee a community's economic growth, recent observations seem to suggest that investments in culture increase the chances of success of an economic development strategy.²⁸

Finding the notion of a cultural economy too narrow, a new wave of researchers is now talking of a creative economy. American professor and researcher Richard Florida popularized the concepts of creative economy and creative class. His research shows that creativity is the basis of economic growth and that it constitutes a competitive advantage in the current economic context.²⁹ The better the quality of life in a community, the more successful it will be in attracting and retaining educated, creative people. Florida's creative social class includes much more than artists and cultural entrepreneurs. His definition also embraces architects, engineers, scientists — in short, all those workers who originate fresh ideas, new technologies, and creative content. This creative class is, according to Florida, a new force in the American economy. Its concentration in a city or region is more likely to attract high-tech enterprises looking for an educated and talented labour force. The creative economy is also the subject of a major initiative in New England. Piloted by representatives of the government, private, artistic, and university sectors, this regional strategy centres its development efforts on the creative economy.³⁰ The conclusions of an analysis of the role of creativity in the economic development of the main Canadian urban centres shows that the connections between creativity, diversity, talent, and technological activities are even stronger in Canada than in the United States.³¹ Recently, an observer reported that the annual growth of the creative economy in OECD member countries is twice that of service industries and four times that of manufacturing industries.³²

Today, economists are more likely to admit that creativity generates innovation and is therefore a precursor of technological change,³³ which explains the connection between culture and the new economy. Some feel that these economic changes — notably the globalization of markets, digitization, the rise of the knowledge worker, the strengthening of intellectual property, and changes in consumption habits — have had a catalyzing effect on the culture sector and have shot it to the centre of economic life.³⁴ What can we say then about the impact of information technologies on the production and consumption of cultural products? Certainly they have facilitated the production and distribution of these products and increased access to them. On the other hand, infor-

27. National Governors' Association, *The Role of the Arts in Economic Development* (Washington, DC: NGA Center for Best Practices, June 2001), 1.

28. Elizabeth Storm, *Strengthening Communities through Culture* (Washington, DC: Center for Arts and Culture, 2001), 24–25.

29. Richard Florida, *The Rise of the Creative Class and How It's Transforming Work, Leisure, Community, and Everyday Life* (New York: Basic Books, 2004), 5.

30. See New England Council, *The Creative Economy Initiative*.

31. Meric S. Gertler et al., *Competing on Creativity: Placing Ontario's Cities in North American Context*, report prepared for the Ontario Ministry of Business, Opportunity and Innovation and the Institute for Competitiveness and Prosperity (November 2002), 25.

32. Quoted in Steven Jay Tepper, "Creative Assets and the Changing Economy," *Journal of Arts Management, Law, and Society* 32, no. 2 (2002): 160.

33. Throsby, *Economics and Culture*, 93.

34. Tepper, "Creative Assets and the Changing Economy," 159.

mation technologies have also had serious repercussions on copyright and intellectual property. The Internet is both a powerful tool and a serious handicap for the cultural entrepreneur because it is a vehicle not just for promotion and marketing but also for the illegal downloading of copyrighted works. Legislation to protect intellectual property plays an important role in protecting the rights of primary producers. As one specialist in the field commented, creativity alone has never made anyone rich; only intellectual property laws have done that.³⁵

During the past century, cultural work went from being organized on a mainly artisanal basis to a more commercial operation. On this point, economist Claude Martin feels that cultural work has been fragmented into parcels and individuals have lost much of their control over the final product.³⁶ Between the artist, or principal creator, and the final product on the market are a multitude of other players in such fields as production, distribution, marketing, etc. Business plans, communications, and marketing are now unavoidable realities for cultural workers. Many Atlantic Canadian artists still manage their own careers, wearing in turn the hats of agent, promoter, distributor, etc. Nowadays, it is even more imperative that cultural entrepreneurs perfect their business and management skills.³⁷

Atlantic Canadian colleges and universities have played an important role in professionalizing the culture sector. They are offering to artists and creators programs in fine arts, crafts, drama, music, literature, digital animation, and computer science, and have developed many one- or two-year programs that concentrate more on practical training, such as the recording arts program and the screen arts diploma offered at the Shelburne and Halifax campuses respectively of the Nova Scotia Community College. Also in Nova Scotia, the Business Development Centre at St. Francis Xavier University in Antigonish has created a business of music program for present and future music industry professionals. The College of the North Atlantic offers similar programs in Newfoundland and Labrador, that is, diplomas in music industry and performance, film and video production, and in recording arts at the Stephenville campus. Moreover, the College of the North Atlantic offers a two-year diploma in cultural management, the first program in Atlantic Canada to train professional administrators for the culture sector.

These examples show how the culture sector is being strengthened in both society and the economy. The attention paid to arts and culture by political decision-makers and society in general has greatly increased in recent decades in recognition of their contribution to the quality of life and the economy. In the past, purists were inclined to say that the austere language of economics had nothing in common with cultural production. Today, we are arguing that culture and commerce are not opposites, but that cultural products, because of their creative content and symbolic value, are not traded on the same basis as conventional merchandise.

The culture sector, which participates fully in the new economy, can no longer be considered marginal. Cultural industries profit from creativity, innovation, knowledge,

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35. Kieran Healy, "What's New for Culture in the New Economy?," *Journal of Arts Management, Law, and Society* 32, no. 2 (2002): 97.
 36. Claude Martin, "Culture et économie," in *Traité de la culture*, ed. Denise Lemieux, 284.
 37. Martin Shubik, "Culture and Commerce," *Journal of Cultural Economics* 23 (1999): 19.

and new technologies. At the same time, institutions of higher learning play the important role of catalyst in integrating the arts and culture into the world of economics. We are witnessing a new cultural order characterized by a culture sector that not only communicates individual and collective identity but also stimulates local and regional economies.³⁸

Structure and Organization of the Culture Sector in Atlantic Canada

New Brunswick is currently the only province in Atlantic Canada without a true department of culture. That role is played by the Culture and Sport Secretariat, which is responsible for the needs of the artistic and cultural community. The secretariat does, however, report to a minister. Elsewhere in the region, cultural affairs are connected in some way to a legitimate department: the Department of Community and Cultural Affairs in Prince Edward Island, the Department of Tourism, Culture and Recreation in Newfoundland and Labrador, and the Department of Tourism, Culture and Heritage in Nova Scotia.

New Brunswick, Prince Edward Island, and Newfoundland and Labrador each have a provincial arts board. These independent professional bodies represent the interests of the artistic and cultural community in their dealings with provincial governments. Supported by provincial governments, the arts boards constitute important grant-giving bodies, even important government lobbyists. Their financial situation is very fragile, however, since their funding comes almost exclusively from the public purse.

In April 2002, the Nova Scotia government, to the dismay of the artistic and cultural community, dissolved its arts board. In reaction to the announcement, artists demonstrated in the streets, circulated petitions, and publicly criticized the decision. In the spring of 2003, the Department of Tourism, Culture and Heritage announced the creation of the Nova Scotia Arts and Culture Partnership. Unlike the arts boards of the three other Atlantic provinces, this body advises the minister in the awarding of grants, but does not directly subsidize artists.

The Canada Council for the Arts, the independent national body with a mandate to “encourage and promote the study and diffusion of the arts and the production of works of art,” is an essential resource for the region’s artistic and cultural community. In 2002–3 the four Atlantic provinces received grants from the Canada Council for the Arts totalling \$7.8 million, or 6 percent of all its grants. This amount represents an increase of 14.5 percent over 1998–9,³⁹ but is still less than the demographic share of the Atlantic region, which is home to 7.5 percent of the Canadian population.

Apart from the Canada Council for the Arts and its provincial counterparts, the bodies closest to the concerns of Atlantic Canadian artists and creators are associations.

38. Arturo Rodríguez Morató, “The Culture Society: A New Place for the Arts in the Twenty-First Century,” *Journal of Arts Management, Law, and Society* 32, no. 4 (2003): 252.

39. Internet: http://www.canadacouncil.ca/NR/rdonlyres/18241F89-E633-49C3-B6C2-8DCD8C50C6BF/0/Grants_5yrf.pdf

These nonprofit bodies represent specific sectors of activity or artists belonging to a particular ethnocultural or linguistic group. In general, their mandate is to support their members' activities, defend their interests to governments, and increase their members' visibility in the community. Some also offer their members technical and professional training and financial aid through grants.

Quebec is definitely the best organized Canadian province in supporting the development of its culture sector. The Société de développement des entreprises culturelles (SODEC) is a Crown corporation reporting to the Québec ministère de la Culture et des Communications. Created in 1995, SODEC marries culture and economics. It supports not only artistic creation but also the diffusion and export of Quebec cultural products and services. As well, it administers Sodexport, an export assistance program designed to support Quebec cultural enterprises that undertake an export business plan. It also shares some of the financial risks of penetrating foreign markets by giving enterprises financial support in the form of repayable advances.

Cultural Diversity in Atlantic Canada: A Demographic and Ethnolinguistic Portrait

The history of Atlantic Canada has been marked by sometimes tumultuous, sometimes harmonious relations between the anglophone, francophone, and Native communities. These three groups have been living together in what is now Atlantic Canada for four centuries. Then in the 1780s, around thirty thousand Loyalists from the American colonies arrived in the Maritime provinces. They included an important black community (about three thousand people), which settled in Nova Scotia. Since the nineteenth century, the Atlantic provinces have welcomed successive waves of immigrants, mainly from the British Isles, who brought with them their rich cultural heritage. In short, cultural interaction and accommodation are characteristic of the past and present in the Atlantic region, and the region's rich ethnic mixture continues to exercise an important influence on contemporary artistic creation.

In 2002 the population of the Atlantic provinces was around 2.3 million, or 7.5 percent of the Canadian population. Of this number, 40 percent lived in Nova Scotia (944,765), 32 percent in New Brunswick (756,652), 22 percent in Newfoundland and Labrador (531,595), and 6 percent in Prince Edward Island (139,913).⁴⁰ The population of Atlantic Canada remained stable between 1991 and 2002, while the Canadian population as a whole grew by 12.1 percent. Newfoundland and Labrador is the only Atlantic province whose population declined in the period, by 8.3 percent.

Atlantic Canada's linguistic makeup is overwhelmingly English. In the 2001 census, 85.2 percent of respondents in Atlantic Canada indicated English as their mother tongue, 12.3 percent French, 0.4 percent English and French, and 2.0 percent another language. Newfoundland and Labrador had the greatest concentration of anglophones (98.4 percent), followed by Prince Edward Island (93.9 percent), Nova Scotia (93.0 per-

40. From Statistics Canada's 2002 Annual Demographic Statistics; quoted in "Profile of the Culture Sector in Atlantic Canada," 14.

cent), and New Brunswick (64.7 percent). However, New Brunswick had the largest proportion of francophones in Atlantic Canada, and in all of Canada outside Quebec, with a third of its population declaring French as their mother tongue (32.9 percent). Francophones represented 4.3 percent of the Prince Edward Island's population, 3.8 percent in Nova Scotia's, and about 1 percent in Newfoundland and Labrador's. Table 1 presents provincial and regional data on mother tongue from the 2001 census.

The large pool of francophones in Atlantic Canada creates a regional demand for cultural products in French. That demand is supplied with Acadian singing, theatre, books, and movies, the popularity of which demonstrates the culture's energy and vitality. The reality, however, is that the world market for these and other products of French culture is quite limited when compared with the demand for English cultural products, a situation that some stakeholders at our meetings viewed as an advantage for Atlantic Canadian francophone artists, others as a constraint. Whichever is true, it is clear that the Atlantic regional market for cultural products in any language is small. We will see in a later section that international markets represent important openings for the region's cultural products, which could mean opportunities for increased sales.

Table 1
Mother Tongues in Canada and Atlantic Canada, 2001

	English	French	English and French	Other	Total
Newfoundland and Labrador	500,065	2,180	335	5,495	508,075
Prince Edward Island	125,215	5,670	440	2,065	133,385
Nova Scotia	834,315	34,155	2,590	26,510	897,570
New Brunswick	465,720	236,775	5,290	11,935	719,710
Atlantic Canada	1,925,315	278,780	8,655	46,005	2,258,740
Canada	17,572,170	6,741,955	122,660	5,202,240	29,639,035

Source: Statistics Canada, *Mother Tongue, 2001 Figures for Both Sexes, for Canada, the Provinces and the Territories: Sample Data (20 percent)* (Ottawa: Statistics Canada, 2001), Cat. No. 97F0007XCB01001.

Note: The totals have been rounded off.

Household Expenditures on Cultural Goods and Services and Participation in Cultural Activities

Household expenditures on culture and participation rates in cultural activities are very sensitive to cycles of economic prosperity. In other words, an increased demand for cultural products is generally linked to increased household revenue. In 2002, households in Canada and Atlantic Canada devoted about 3 percent of their expenditures to

cultural activities, increases of 12 and 14 percent respectively over 1992.⁴¹ Cultural activities are assuming greater importance in the lives of Canadians judging by the evolution of household expenditures (see table 2). While average household expenditures in Atlantic Canada on goods and services increased by 31.2 percent between 1992 and 2002, average expenditures on cultural activities increased by 49.7 percent. The behaviour of Atlantic Canadian households in this respect followed the national trend, which saw average expenditures on cultural activities increase by 48.5 percent in the same period. Atlantic Canadian households spent an average of \$1,240 on cultural goods and services in 2002, compared to \$1,400 for all households in Canada.

The most recent data on rates of participation in cultural activities for Atlantic Canada date from 1998 and reveal that arts and culture occupy a relatively important place in the lives of the region's population. Around 29 percent of Atlantic Canadians participated in some sort of cultural activity in 1998, compared to 30 percent nationally. Among residents of the region who participated in a cultural activity in 1998, 79 percent listened to recorded music, 63 percent read a book, 27 percent visited a museum or art gallery, 24 percent went to a festival, 16 percent attended a performance of popular music, 13 percent saw a play, and 6 percent attended a dance performance. There was, however, a decline between 1992 and 1998: the average rate of participation in cultural activities fell by about 3 percent in Atlantic Canada, and 5 percent in Canada.⁴² The decreased participation rates in cultural activities and the increased expenditures already mentioned could be attributable to inflation or to the presentation of higher-quality cultural activities.

41. Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 28. According to Statistics Canada, the consumption of cultural activities includes participation in cultural events, buying, listening to, reading, or using cultural products, volunteer work in the sector and gifts to the sector. See Statistics Canada, *Canadian Culture in Perspective: A Statistical Overview* (Ottawa: Statistics Canada, 2000), 54, Cat. no. 87211XPB.

42. All of the data on participation in cultural activities are presented in Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 55–57.

Table 2

**Average Annual Expenditures on Cultural Activities per Household
in Atlantic Canada, 1992–2002**

	Expenditures (in current dollars)					
	Nfld.	PEI	NS	NB	Atlantic Canada	Canada
1992	819	737	829	774	804	943
1996	1,039	978	995	959	992	1,100
1997	942	1,003	1,026	955	984	1,133
1998	1,017	989	1,068	944	1,012	1,201
1999	1,099	1,079	1,107	1,055	1,087	1,240
2000	1,116	1,148	1,157	1,051	1,114	1,289
2001	1,176	1,177	1,231	1,152	1,191	1,357
2002	1,180	1,185	1,269	1,140	1,204	1,400
Average annual growth (%)	3.7	4.9	4.3	3.9	4.1	4.0
Total growth (%) (1992–2002)	44.1	60.8	53.1	47.3	49.7	48.5

Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 27.

Cultural Policies, or the Legitimization of Cultural Activities

The Royal Commission on National Development in the Arts, Letters and Sciences, better known as the Massey Commission, presented its report to the federal government in 1951. One of its main themes was the importance of increasing Canadian artistic and cultural production — a theme that continues to resonate over half a century later. The Massey Commission laid the foundation for increased government intervention in cultural affairs.

The purpose of a national cultural policy is to stimulate cultural production across Canada, a complex project because of different regional interests and the nation's linguistic duality. In simple terms, cultural policies serve to orient government actions in the culture sector. They are not necessarily based on economic logic but rather help governments fulfill their role as promoters and guardians of culture. In the context of globalization, the goal of Canada's governments is to strike a balance between cultural policies promoting Canadian culture at home and commercial policies assuring the presence of Canadian cultural goods and services on foreign markets. In Canada, foreign products represent 45 percent of book sales, 85 percent of revenue from film distribution, 94 to 97 percent of projection time in movie theatres, and 79 percent of

retail sales of cassettes, CDs, tickets to performances, and other music-related merchandise.⁴³ Opening our markets to foreign competition naturally poses a certain risk for Canadian culture, but it also offers opportunities by opening foreign markets to our cultural products.

The government of Canada has developed cultural policies and independent bodies to promote national cultural industries. For example, the federal government created the Canadian Radio-Television and Telecommunications Commission (CRTC) in order, among other things, to ensure the Canadian content of radio and television programs. To do so, the CRTC requires that the country's radio and television stations broadcast a certain percentage of Canadian programming. These requirements vary according to the nature of the service, whether it is a public or a private station and whether it broadcasts in English or in French. The purpose of these regulations is to expose Canadians to more domestic programs and recordings.

Recently, the four Atlantic Canadian provinces affirmed the economic and social importance of the culture sector by unveiling their respective cultural policies. Nova Scotia went the farthest in the Atlantic region in its approach to cultural development. In its cultural policy, made public in 1997, the Nova Scotia government committed itself to providing financial support for arts and culture. In the following year, it set up a steering committee to deal with the growth and development of the sector in the province.

Several years passed before the three remaining governments in the region followed suit. In February 2002, the New Brunswick government unveiled the first cultural policy in its history. Long awaited by the cultural community, New Brunswick's cultural policy provides a framework detailing the government's priorities and mandate. It is based on four pillars: culture in everyday life, professional artists and cultural professionals in the culture sector, collective heritage, and culture and the economy. This latter pillar recognizes that investments in culture profit the provincial economy.⁴⁴

In November 2002, the governments of Prince Edward Island and of Newfoundland and Labrador unveiled their own cultural policies.⁴⁵ For the most part, their policies are much the same as those of the other provinces. Both governments emphasized the important contribution of arts and culture to their province's economic and social development and promised more support for the sector.

Provincial cultural policies are rarely designed in a vacuum. Representatives of the cultural community, in particular the provincial arts boards, are ordinarily called on to participate in the process. Provincial cultural policies help to orient government priorities

43. Sectorial Advisory Group on International Trade (SAGIT) – Cultural Industries, *Canadian Culture in a Global World: New Strategies for Culture and Trade* (Ottawa: SAGIT, February 1999), 5.

44. New Brunswick, *New Brunswick Cultural Policy* (Fredericton: Culture and Sport Secretariat, 2002).

45. Prince Edward Island, *A Cultural Policy for Prince Edward Island* (Charlottetown: Department of Community and Cultural Affairs, 2002) and Newfoundland and Labrador, *A Cultural Policy for Newfoundland and Labrador* (St. John's: Department of Tourism, Culture and Recreation, 2002).

towards the arts and culture, but produce few concrete results unless they are accompanied by an action plan and appropriate budgets. It is still too early to evaluate the true impact of the cultural policies announced by the provincial governments in Atlantic Canada. Only in retrospect will stakeholders in the culture sector be able to tell whether the support and investments brought concrete results and if the long-term commitment was serious.

In any case, the successive unveiling of provincial cultural policies in Atlantic Canada represents a decisive step toward legitimizing arts and culture as integral parts of economic and social development. By strengthening their policy action, the provincial governments are positioning themselves to encourage the artistic and cultural initiatives of their provinces' artists. Like the provincial governments, certain Atlantic Canadian municipalities have also developed cultural policies. For instance, Caraquet, Moncton, and Edmundston, New Brunswick, adopted municipal cultural policies in 1993, 2000, and 2003 respectively.

2

ECONOMIC ASPECTS OF THE CULTURE SECTOR IN ATLANTIC CANADA

Government Expenditures on Culture

Historically, the Canadian government's role in the development and growth of the culture sector has been very important. The economic viability of Canadian cultural industries owes a lot to federal support programs, tax credits, and national regulations.⁴⁶ The Canadian government exercises indirect control over several public bodies whose mandate is to enhance Canadian culture and promote national identity. These include the CBC, the National Film Board, the Canadian Radio-Television and Telecommunications Commission, the Canada Council for the Arts, Telefilm Canada, and the Society of Composers, Authors and Music Publishers of Canada. Such bodies promote Canadian artists within the country and help propel them onto the international stage.

In the 1990s, federal support of Canada's arts and culture was weak: between 1990–91 and 1997–98, federal expenditures on the culture sector decreased by 18.7 percent.⁴⁷ Federal expenditures are increasing again, however, exceeding \$3 billion for the first time in 2001–2, when the federal government spent \$3.2 billion on culture, or 1.8 percent of the federal budget.⁴⁸ In the country as a whole during the same period, contributions from the three levels of government to cultural activities totalled \$6.7 billion, an increase of 7.6 percent over the previous year. To the \$3.2 billion in federal funds were added \$2.1 billion by the provinces and territories and \$1.8 by the municipalities.

In Atlantic Canada, contributions to culture by the three levels of government were \$446.2 million in 2001–2, 7 percent more than the previous year. Of this, \$220 million came from the federal government (49 percent), \$150.6 million from the provinces (34 percent), and \$75.6 million from the municipalities (17 percent).

Figure 2 breaks down the amounts awarded to culture by the three levels of government in each of the Atlantic provinces in 2002. Government expenditures totalled \$198.8 million in Nova Scotia, \$118.3 million in New Brunswick, \$93.2 million in Newfoundland and Labrador, and \$35.8 million in Prince Edward Island. Of the \$220 million spent by the federal government, Nova Scotia received 45 percent, New Brunswick 23 percent, Newfoundland and Labrador 22 percent, and Prince Edward Island 10 percent.

46. John A. Foote, *Federal Cultural Policy in Canada* (Ottawa: Canadian Heritage, Strategic Research and Analysis Directorate, January 2003), 10.

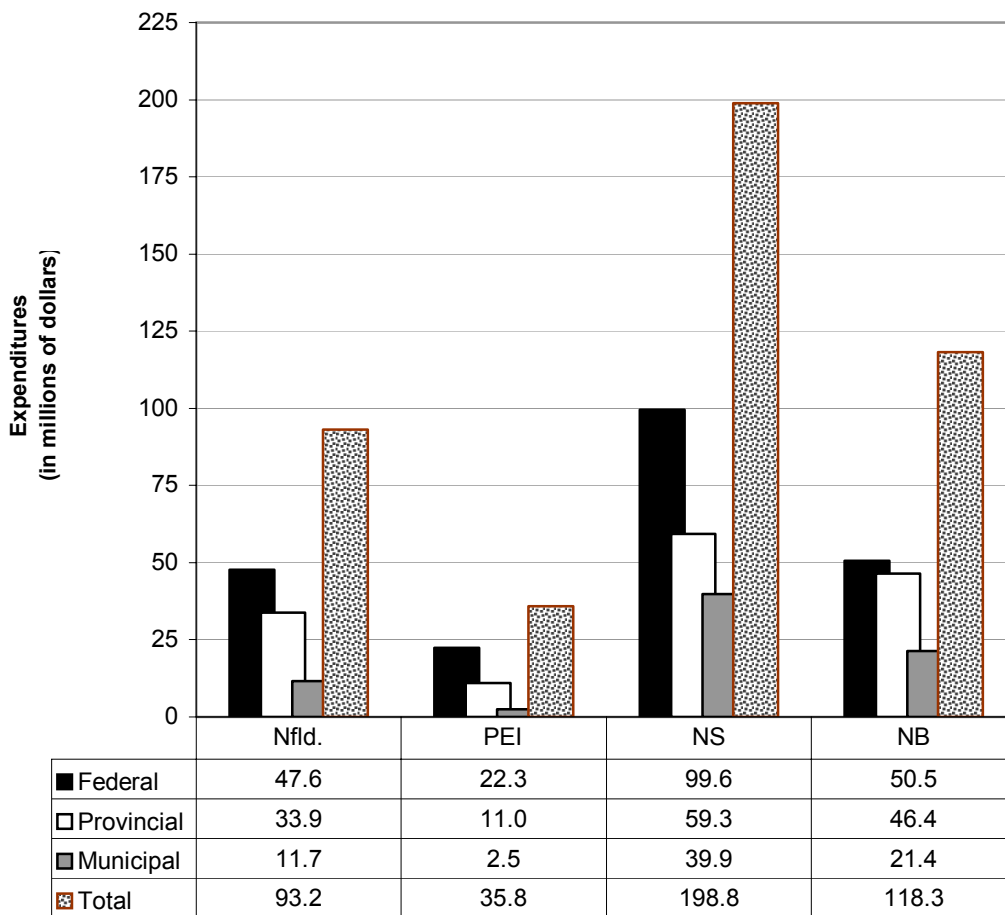
47. Statistics Canada, *Canadian Culture in Perspective*, 18.

48. Statistics Canada, "Government Expenditures on Culture, 2001/02," *Daily*, 7 January 2004, 4. Unless otherwise indicated, there are three major categories of government expenditures on culture: operating expenditures, capital expenditures, and grants and contributions. These amounts include expenditures on libraries and heritage.

This represented 6.8 percent of federal expenditures on culture.⁴⁹ The Nova Scotia government contributed more than any other province in the Atlantic region, spending \$59.3 million on culture in 2002, followed by New Brunswick (\$46.4 million), Newfoundland and Labrador (\$33.9 million), and Prince Edward Island (\$11.0 million).

Figure 2

Total Expenditures by the Three Levels of Government on Culture in Atlantic Canada, 2001–2



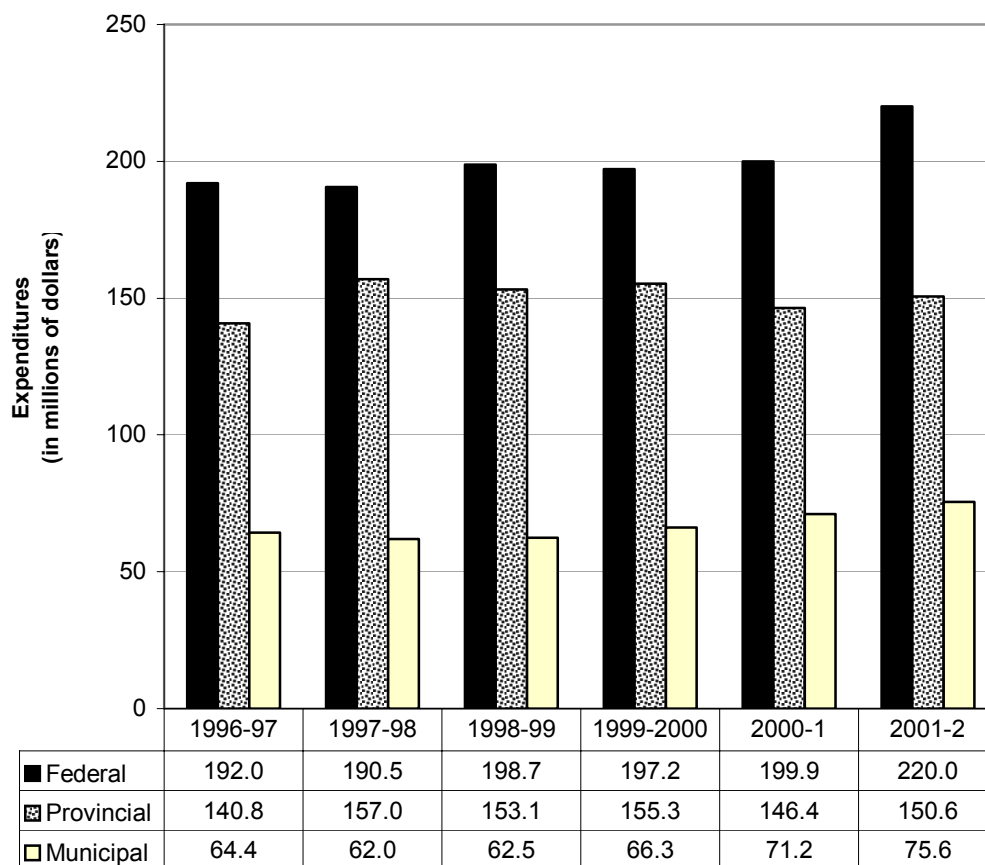
Source: Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 61; author’s compilation.

49. We saw in the previous section that the population of Atlantic Canada represented 7.5 percent of Canada’s total. Let us recall that 40 percent of the region’s population lived in Nova Scotia, 32 percent in New Brunswick, 22 percent in Newfoundland and Labrador, and 6 percent in Prince Edward Island.

Since 1996–97, expenditures on culture by the three levels of government have increased by 12.3 percent in Atlantic Canada, compared to 20.5 percent in Canada as a whole. The rate of growth of federal and municipal expenditures, however, was more than twice that of provincial expenditures: while federal and municipal expenditures grew by 14.6 and 17.4 percent respectively, provincial expenditures increased by only 7.0 percent. Figure 3 shows the evolution of government expenditures in Atlantic Canada, and table 3 outlines variations in government expenditures between 1996–97 and 2001–2.

Figure 3

Evolution of Government Expenditures on Culture in Atlantic Canada, 1996–97 to 2001–2



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 61; author's compilation.

Table 3

Variations in Government Expenditures on Culture in Canada and Atlantic Canada, 1996–97 to 2001–2

	Variations in Expenditures (%)			
	Federal	Provincial	Municipal	Totals
Newfoundland and Labrador	5.6	-16.4	-7.3	-5.1
Prince Edward Island	64.4	8.7	100.2	43.6
Nova Scotia	15.8	8.1	25.5	15.1
New Brunswick	6.7	31.6	14.2	16.7
Atlantic Canada	14.6	7.0	17.3	12.3
Canada	15.9	23.4	25.7	20.5

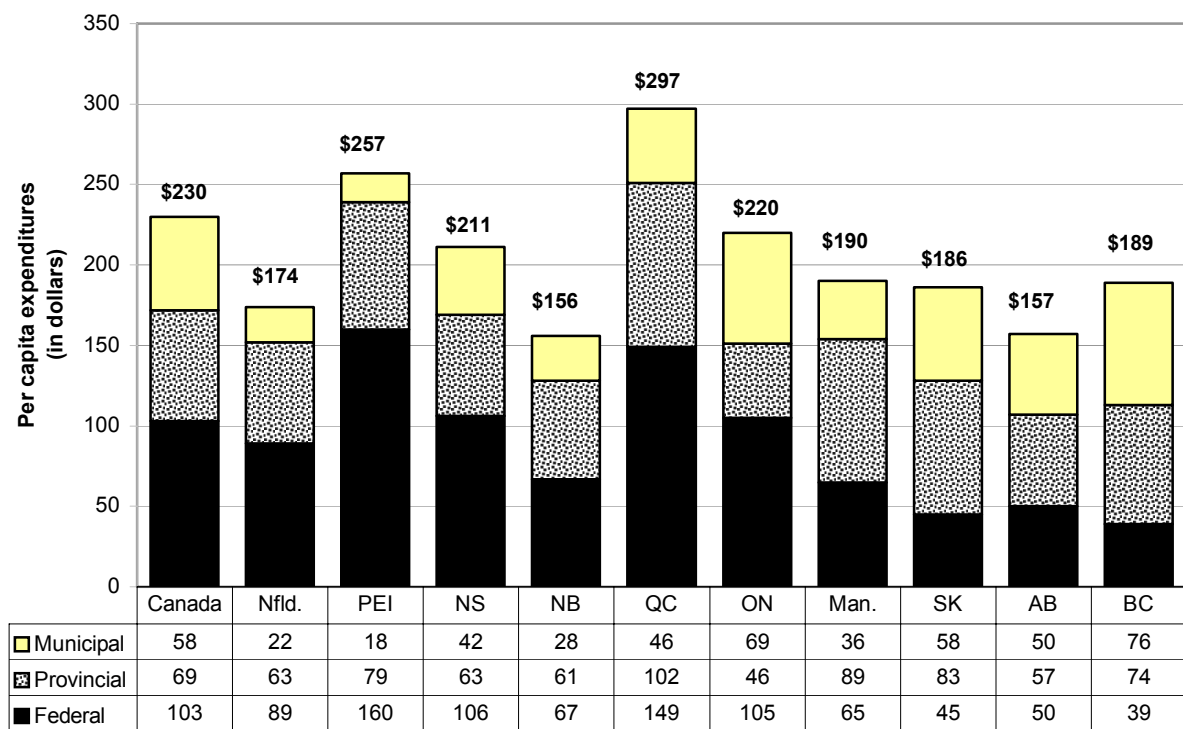
Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 60–61.

Newfoundland and Labrador is the only Atlantic province where total government expenditures on culture dropped between 1996–97 and 2001–2 (-5.1 percent). During this period, the provincial government and the municipalities decreased their expenditures by 16.4 and 7.3 percent respectively. Prince Edward Island was just the opposite. There, overall government expenditures on culture grew by 43.6 percent over the same period, a variation of more than twice that in the country as a whole. Provincial expenditures in New Brunswick increased by about 32 percent in the same period, exceeding both the rest of the Atlantic region and the national average.

In 2001–2, government expenditures on culture were \$231 for each Canadian. In the Atlantic provinces, per capita expenditures were \$174 in Newfoundland and Labrador, \$257 in Prince Edward Island, \$211 in Nova Scotia, and \$156 in New Brunswick (see figure 4). The national per capita average of federal expenditures was \$103. Only Nova Scotia and Prince Edward Island were above the national average, with per capita federal expenditures of \$106 and \$160 respectively. Federal expenditures per capita in New Brunswick (\$67) and Newfoundland and Labrador (\$89) were below the national average. Atlantic Canada's provincial per capita expenditures on culture are disappointing. Prince Edward Island, with provincial expenditures of \$79 per capita, is the only Atlantic province above the national average of \$69. The three other Atlantic provinces had provincial per capita expenditures of \$63 in both Newfoundland and Labrador and Nova Scotia, and \$61 in New Brunswick.

Unlike the rest of the country, Atlantic Canadian municipalities grant only limited subsidies to arts and culture. In the four provinces, per capita municipal expenditures on culture were well below the national average of \$58: \$22 in Newfoundland and Labrador, \$18 in Prince Edward Island, \$42 in Nova Scotia, and \$28 in New Brunswick. These results may be partly explained by the lower rate of urbanization in Atlantic Canada as well as the small size and limited financial capacity of municipalities in the region. Figure 4 compares Atlantic Canada with other Canadian provinces. It is not surprising to discover that Quebec, with per capita expenditures of \$297, is well ahead of the pack, mainly because its provincial government has allocated the greatest sums to culture, \$102 per capita.

Figure 4
Per Capita Government Expenditures on Culture in Canada,
by Province, 2001–2



Source: Statistics Canada, "Government Expenditures on Culture, 2001/02," *Daily*, 7 January 2004, 4.

Cultural Workers

The 1990s saw a huge increase in the number of cultural workers in Canada, where employment in the sector between 1991 and 2002 grew as fast as the labour market in general (30 percent). In 2002, 577,231 people worked in the country's culture sector, or 3.7 percent of the labour force. Several factors contributed to the growth in the number of cultural workers; among them were public policies and programs, commercial and private investments, export activities, and consumer demand.

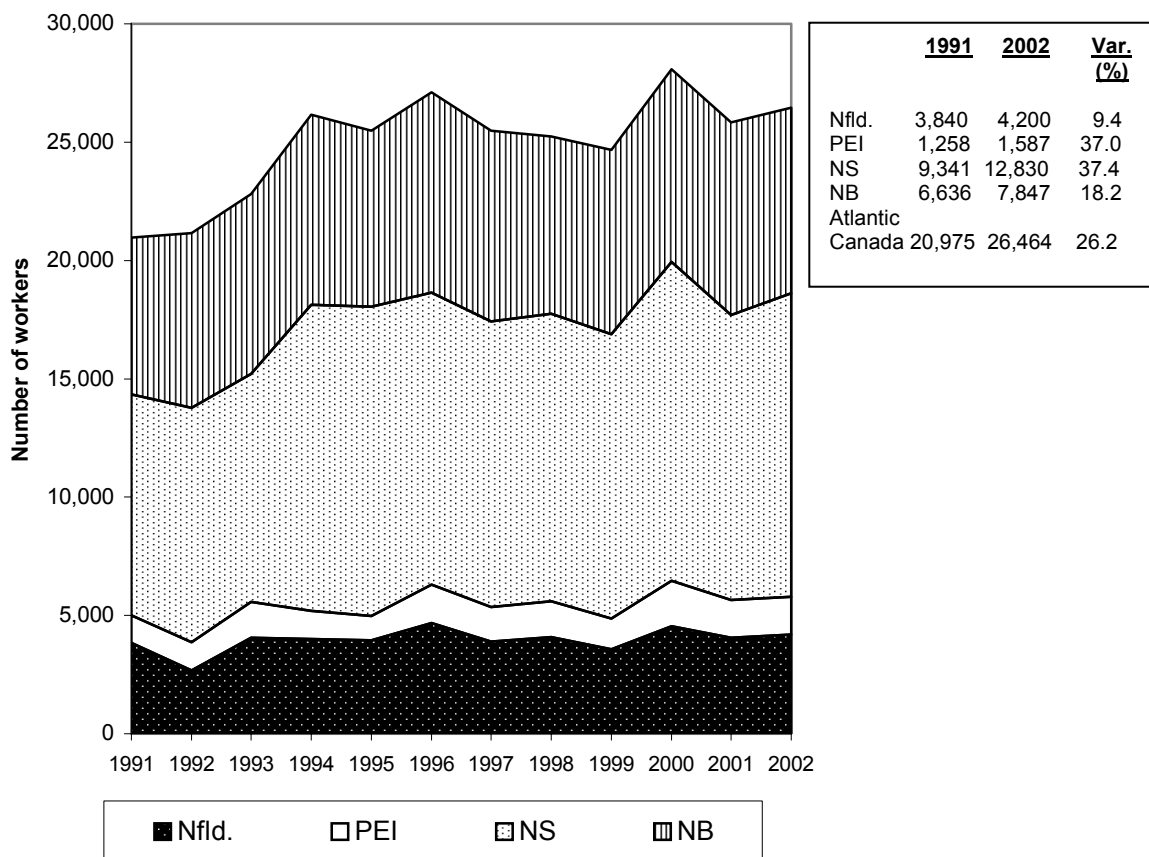
In Atlantic Canada, the number of workers in the culture sector grew by 26 percent between 1991 and 2002, rising from 20,975 to 26,464. The sector reached its peak in 2000 and has been in decline ever since. After an increase of 18 percent between 1991 and 1999, the number of cultural workers decreased by 6 percent in Atlantic Canada between 2000 and 2002. Figure 5 shows the evolution in the number of cultural workers in Atlantic Canada from 1991 to 2002, taking into account each province's contribution to the regional total. It shows that in 2002 about half of all workers in the Atlantic Canadian culture sector were in Nova Scotia (48 percent), 30 percent in New Brunswick, 16 percent in Newfoundland and Labrador, and 6 percent in Prince Edward Island.

The labour force in the culture sector includes all people fifteen years of age and over who are working or looking for work in the sector. In 2002, cultural workers represented 2.5 percent of the labour force in Atlantic Canada. Between 1991 and 2002, the labour force in the region's culture sector had a growth rate twice that of the labour force as a whole, 25 percent compared to 13 percent. Nonetheless, full-time work in the culture sector decreased by 12.5 percent in this period. The financial precariousness of some cultural enterprises could partly explain the decrease in the number of full-time jobs and the increase in part-time jobs. In 2002, 71 percent of cultural workers in Atlantic Canada had a full-time job as compared with 83 percent of the labour force as a whole, while the unemployment rate in the culture sector is lower than that in the labour force as a whole (9.2 percent compared to 11.6 percent). In all of Canada, 78 percent of cultural workers had a full-time job, and the unemployment rate in the sector was 6.4 percent.

In 2002, 63 percent of Atlantic Canada's cultural labour force worked in the private sector and 14 percent in the public sector, while 23 percent were independent workers (see figure 6). In Canada, by comparison, 68 percent of the cultural labour force worked in the private sector and 6 percent in the public sector, while 26 percent were independent workers. The share of cultural workers in the public sector was therefore more than twice as high in the Atlantic region. Also, the proportion of independent workers in Atlantic Canada as well as in the rest of the country was much greater in the culture sector than in the labour force as a whole, where it represented only 13 and 15 percent respectively. The number of independent workers in the culture sector has increased by 70 percent in the Atlantic region since 1991, rising from 3,613 to 6,127. At the same time, the number of cultural workers decreased by 31 percent in public institutions and 12 percent in private enterprises.

Figure 5

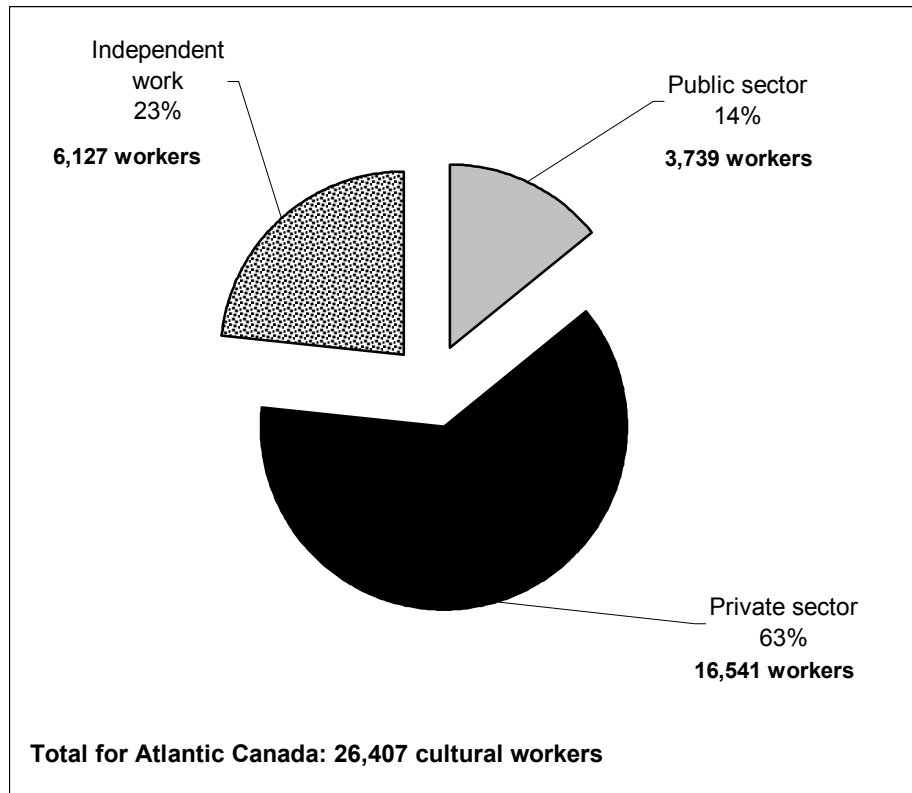
Evolution in the Number of Workers in the Atlantic Canadian Culture Sector, 1991–2002



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 69; author's compilation.

Statistics Canada divides the cultural professions into two broad categories: professions related to creative and artistic production and those related to the collection and preservation of heritage. Table 4 presents the number of workers in Atlantic Canada in various cultural professions according to these two categories and based on 2001 census data.

Figure 6

**Employment in the Culture Sector in Atlantic Canada
by Type of Enterprise, 2002**

Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 73; author's compilation.

Table 4

Employment in Various Cultural Professions in Atlantic Canada, 2001

	Number of Jobs				
	Nfld.	PEI	NS	NB	Atlantic Canada
F021 Authors and writers	110	65	500	220	895
F022 Editors	100	35	260	175	570
F023 Journalists	225	25	375	230	855
F031 Producers, directors, and choreographers and related occupations	155	45	405	125	730
F032 Conductors, composers, and arrangers	30	20	50	10	110
F033 Musicians and singers	380	170	825	470	1,845
F034 Dancers	25	15	115	40	195
F035 Actors	140	0	225	55	420
F036 Painters, sculptors, and other visual artists	185	15	400	220	820
F121 Photographers	105	75	300	155	635
F122 Film and video camera operators	55	20	105	155	235
F125 Audio and video-recording technicians	70	0	185	110	365
F126 Other technical personnel: movies, broad- casting, and performing arts	15	20	210	70	315
F127 Support personnel: movies, broadcasting, and performing arts	75	40	200	35	350
F132 Other performers	10	0	75	35	120
F141 Graphic designers and illustrating artists	260	105	985	635	1,985
F143 Theatre, fashion, exhibit, and other creative designers	20	15	135	160	330
F144 Craftspeople	300	120	785	550	1,755

Source: Statistics Canada, *National Occupational Classification for Statistics, 2001*, Cat. No. 12583XPF; author's compilation.

The Canadian census and the *Labour Force Survey* only capture people who identified themselves as cultural professionals. Michel Durand, senior cultural research and analysis advisor for Statistics Canada, describes the employment situation of cultural workers this way: “Many creative and performing artists do not have steady work and have low annual incomes from their professional occupations and supplement them with revenue generated by part-time work outside their area of professional expertise. Others may face a lack of steady income as they often move from one job to another. The incidence of multiple jobs and income sources, and on-again, off-again employment patterns, are very common in this field.”⁵⁰

Despite this, however, the proportion of cultural workers in Canada with post-secondary education is very high: in 1999, 83 percent reported having a postsecondary diploma, compared with 62 percent for all workers.⁵¹ Enrolment in programs of culture-related studies in Canadian colleges and universities is on the rise, but it is unlikely that graduates will find a job in the culture sector when they finish their studies. The 1997 *National Graduate Survey* revealed that around four out of five graduates with degrees in arts and culture did not work in a field related to their studies in the two years following graduation.⁵²

In both the Atlantic provinces and Canada as a whole, the culture sector is witnessing a restructuring of its labour force. After unprecedented growth in the 1990s, the number of cultural workers has been in decline since 2000. The low demand for cultural products on the domestic market and the impact of government measures, such as fluctuations in expenditures on culture, undoubtedly limit the number of cultural workers. Michel Durand agrees that in such an environment, the development of new markets and technologies offers the best hope for employment growth in the culture sector.⁵³ It is interesting to note that while the size of the labour force in the culture sector is decreasing, volunteerism in artistic and cultural organizations is growing. According to estimates in 2000, 32,000 volunteers gave 4.8 million hours to cultural groups in Atlantic Canada. Their contribution carries an estimated value of \$63.5 million.⁵⁴

50. Michel Durand, “The Culture Sector Labour Force: Has the 1990s Boom Turned to Bust?” *Focus on Culture* 14, no. 3 (January 2004): 6; Statistics Canada Cat. No. 87004XPB.

51. *Ibid.*, 7. Statistics are not available at the provincial level.

52. Comparisons with other fields of study are not possible because of a lack of reliable data. See Jacqueline Luffman, “Quels sont les déterminants du succès sur le marché du travail des diplômés récents de la culture?,” *Focus on Culture* 13, no. 4 (June 2002): 3; Statistics Canada Cat. No. 87004XPB.

53. Durand, “The Culture Sector Labour Force,” 8.

54. The contribution in dollars is calculated by multiplying the number of hours by the average hourly rate in effect in the arts, performance, and recreational industries in September 2000 (\$13.24). See Hill Strategies Research Inc., *Volunteers in Arts and Culture Organizations in Canada* (Toronto: Hill Strategies Research Inc., 2003); coll. *Arts Research Series*, vol. 2, no. 1: 11.

Direct Economic Spinoffs from the Culture Sector

Besides improving the quality of life of Atlantic Canadians, the culture sector also contributes to the provincial and regional economies. But what is its relative contribution to the economy of the Atlantic region? The culture sector certainly constitutes an important source of revenue and jobs. To quantitatively measure the culture sector's economic contribution, we use the same two indicators we would use for any other sector of the economy: its effects on the GDP and on employment. This is what Statistics Canada does in its study using the final demand approach,⁵⁵ which is the basis for our analysis. In the following pages, we will ignore indirect spinoffs to concentrate our analysis on direct spinoffs, that is, spinoffs associated with expenditures and investments directly attributable to the culture sector.

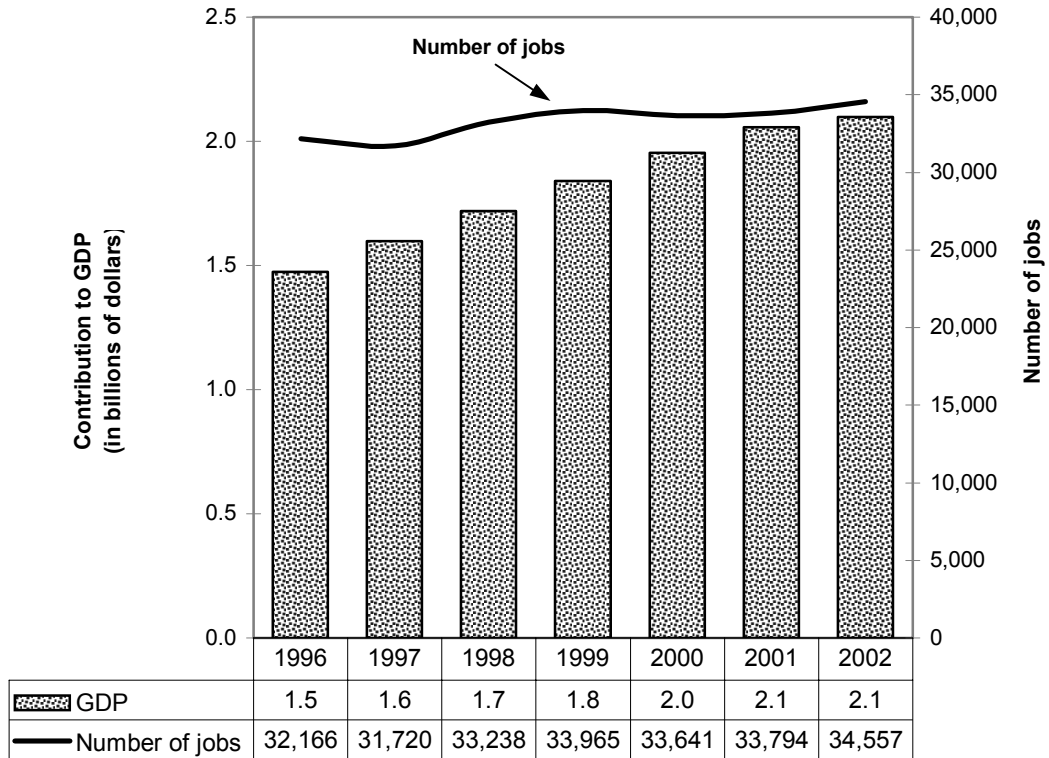
For Atlantic Canada as a whole, in 2002 the direct impact of the culture sector as measured by its contribution to the GDP was \$2.1 billion, or 3.1 percent of the regional economy, while the total number of direct jobs was 34,558, or 3.28 percent of the regional labour force. The sector's contribution to the GDP represented an increase of 42 percent over 1996, when it was \$1.5 billion, and the impact on employment increased by 7 percent during this period. Figure 7 traces the evolution in the direct economic spinoffs of the culture sector. In Canada as a whole, the culture sector contributed \$32.9 billion to the GDP in 2002, or 2.9 percent of the GDP, which translated into 693,599 direct jobs. The Atlantic provinces only counted for a very small share of the Canadian culture sector, 6.4 percent.

Let us now examine the direct economic impact of the culture sector in each of the Atlantic provinces (see figure 8). In 2002, it was in Nova Scotia where cultural activities had the largest direct economic impact, accounting for a GDP of \$891 million, or 3.29 percent of the provincial economy, and 15,052 jobs. In New Brunswick, direct economic spinoffs amounted to \$604 million, or 2.85 percent of the GDP, and 10,614 direct jobs. During this period, the direct impact of the sector on the economy of Newfoundland and Labrador translated into \$473 million (2.86 percent of the GDP) and 7,058 jobs. Of the Atlantic provinces, Prince Edward Island registered the lowest value for direct economic spinoffs from the culture sector (\$131 million); however, its contribution to the provincial economy was the greatest (3.51 percent). The culture sector on the Island was also responsible for 1,833 direct jobs. Between 1996 and 2002, the culture sector's contribution to the economy grew by 44 percent in Newfoundland and Labrador, 55 percent in Prince Edward Island, 44 percent in Nova Scotia, and 37 percent in New Brunswick. Nationally, growth was 49 percent.

55. See the notes in the appendix for a detailed explanation of the methodology used by Statistics Canada to calculate direct economic spinoffs. It should be noted that the activities of heritage establishments are included in the calculation of economic spinoffs.

Figure 7

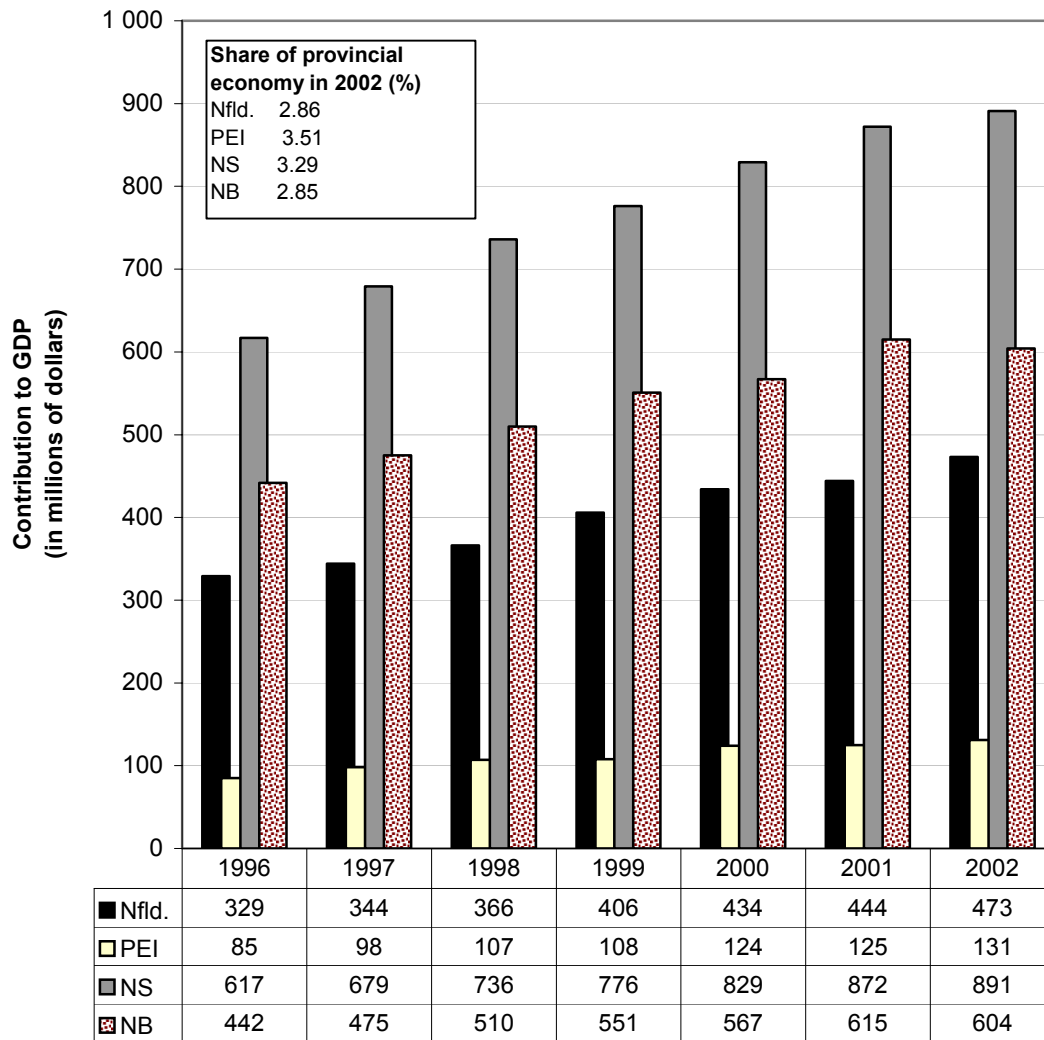
Contribution of the Culture Sector to GDP and Employment in Atlantic Canada, 1996–2002



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 76; author's compilation.

Figure 8

Contribution of the Culture Sector to GDP in the Atlantic Provinces, 1996–2002

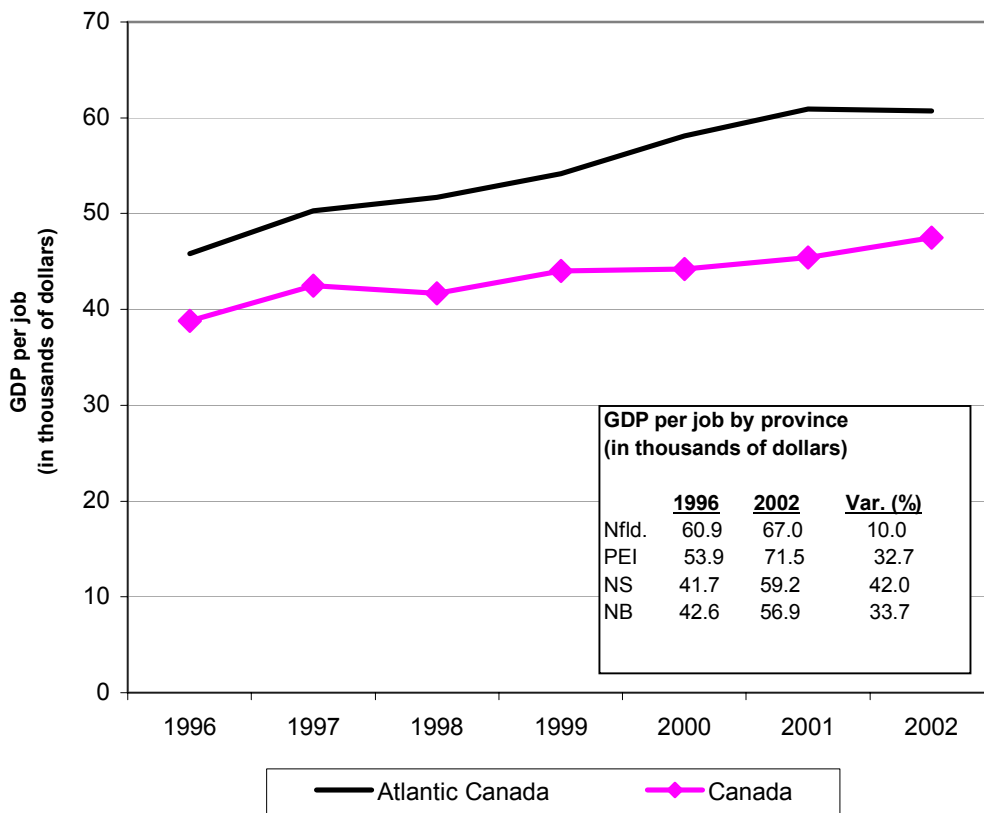


Source: Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 77; author’s compilation.

It is interesting to note that when the productivity of work in the culture sector is measured by the GDP per job, the four provinces of Atlantic Canada have led the rest of the country since at least 1996 (see figure 9). In 2002, the productivity gap between the Atlantic provinces and Canada was about \$13,000, the average GDP per job in the region being \$60,740; nationally it was \$47,473. Since 1996, the productivity of work

has increased by 33 percent in the Atlantic region compared with 22 percent in Canada as a whole. In 2002 Prince Edward Island led the way in regional productivity, reporting a GDP per job of \$71,468. It was followed by Newfoundland and Labrador (\$67,016), Nova Scotia (\$59,195), and New Brunswick (\$56,906). These results seem to suggest that cultural workers in the Atlantic provinces are more productive and efficient than the average of their national counterparts. Several factors could account for the differences in productivity between the provinces, notably the industrial composition, investment in human and physical capital, and innovation. Although we cannot offer a definitive explanation for the differences in productivity between the Atlantic provinces and Canada as a whole, it could be partly because the proportion of cultural workers in the region's public sector is more than double the national average and because these jobs are generally better paid. The GDP per hour worked would doubtless be a fairer measurement of the productivity of work in the culture sector than the GDP per job.

Figure 9
Productivity of Work in the Culture Sector in Atlantic Canada
(GDP per Job), 1996–2002



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 76; author's compilation.

3

PORTRAIT OF THE ARTS AND CULTURE SECTOR IN ATLANTIC CANADA

The Performing Arts

According to Statistics Canada's definition, the performing arts include nonprofit professional companies in the fields of theatre (except dinner and commercial theatre), music (orchestras, ensembles, and choirs), dance (classical and contemporary ballet), and opera. In the 2000–1 fiscal year, Atlantic Canada had thirty-nine performing arts companies: nine in Newfoundland and Labrador, five in Prince Edward Island, eighteen in Nova Scotia, and seven in New Brunswick. On average, these enterprises presented ninety performances each during the year and attracted 248 spectators per performance. Since 1996–97, the total number of performances has increased faster in Atlantic Canada (30 percent) than in the country as a whole (6 percent), an indication of the vitality of the regional industry. A similar trend is evident in attendance figures, which grew by 18 percent in the region and only 8 percent in Canada as a whole. Nonetheless, in 2002 average annual expenditures per household in the region on stage performances in 2002 remained less than half that of households in all of Canada, \$41 compared to \$85. This difference could be explained in part by the small proportion of Atlantic Canadians who live in the main urban centres, which are home to most performance venues.

Collectively, in 2000–1 performing arts companies in Atlantic Canada had around 3,400 employees and 1,900 volunteers. Their revenues were in excess of \$21 million, an increase of 17 percent over 1996–97. Nevertheless, very high operating expenditures combined with low revenues prevented performing arts companies in the region from balancing their budgets. The total expenditures of companies in the Atlantic provinces were almost \$22 million, creating an overall deficit of more than \$950,000. They finished the year 2000–1 with a profit margin of -4.6 percent, compared to 0.6 percent for all Canadian companies. Table 5 shows the total expenditures and revenue of performing arts companies in Atlantic Canada and Canada, table 6 their average expenditures and revenues

In 2000–1, earned revenues (ticket sales, tours, and other sources) accounted for 45 percent of all revenue for companies in the Atlantic region, public subsidies 36 percent, and private sector gifts 19 percent. Performing arts companies in the region depended on unearned revenues, that is, public and private funding, in the proportion of 55 percent. They obtained more revenue from public funding than the national average (36 percent compared to 30 percent). Support from the three levels of government has grown by 27.6 percent in the region since 1996–97, while private sector funding has increased by only 3.6 percent. In Canada as a whole, government support is up 25.4 percent, while private sector support has grown by a remarkable 34.7 percent. The federal government gives the most financial assistance to companies in Atlantic Canada

(56 percent), followed by provincial governments (37 percent) and municipalities (6 percent).

Table 5

Total Revenue and Expenditures of Performing Arts Companies in Atlantic Canada and Canada, 2000–1

	Nfld.	PEI	NS	NB	Atlantic Canada	Canada
Number of companies	9	5	18	7	39	583
Total revenue (\$)	2,848,901	4,614,009	10,071,493	3,493,011	21,027,414	543,600,000
Earned revenue (\$)	1,076,701	2,545,924	4,537,755	1,277,014	9,437,394	263,900,000
Share of earned revenue (%)	37.8	55.2	45.1	36.6	44.9	48.5
Public subsidies (\$)	1,150,799	1,588,510	3,349,196	1,431,947	7,520,452	165,500,000
Federal (%)	62.6	56.2	51.0	60.9	55.8	44.0
Provincial (%)	24.3	38.6	42.8	33.1	37.2	40.4
Municipal (%)	12.9	5.2	5.0	1.9	5.7	14.0
Other (%)	0.1	0.0	1.1	4.2	1.3	1.6
Private sector subsidies (\$)	621,401	479,575	2,184,542	784,050	4,069,568	114,200,000
Share of private sector subsidies (%)	21.8	10.4	21.7	22.4	19.4	21.0
Total operating expenditures (\$)	2,990,477	4,659,505	10,680,942	3,656,026	21,986,950	540,100,000
Profit/deficit (\$)	-141,576	-45,496	-609,449	-163,015	-959,536	-3,500,000
Profit margin (%)	-5.0	-1.0	-6.1	-4.7	-4.6	0.6

Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 99–128; author's compilation.

Table 6**Average Revenue and Expenditures of Performing Arts Companies in Atlantic Canada and Canada, 2000–1**

	Nfld.	PEI	NS	NB	Atlantic Canada	Canada
Number of companies	9	5	18	7	39	583
Total performances	847	420	1,458	776	3,501	42,654
Average attendance per performance	159	315	291	229	248	334
Number of paid employees	864	395	1,702	449	3,410	64,069
Total average revenue (\$)	316,545	922,802	559,527	375,488	539,164	932,535
Average earned revenue (\$)	119,633	509,185	252,098	58,917	241,984	452,655
Average public grants (\$)	127,867	317,702	186,066	204,564	192,832	283,952
Average private sector grants (\$)	69,045	95,915	121,363	112,007	104,348	195,928
Average operating expenditures (\$)	332,275	931,901	593,386	522,289	563,768	926,372
Average profit/deficit (\$)	-15,730	-9,099	-33,859	-146,801	-24,604	6,163
Average profit margin (%)	-5.0	-1.0	-6.1	-39.1	-4.6	0.7

Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 99–128; author's compilation.

At first glance, we note that compared to the national average, companies in Atlantic Canada were less profitable in 2000–1. They ran deficits in all four provinces, the average being around \$25,000, which compared with an operating profit of \$6,000 for all of Canada. The 20 percent increase in average revenue among companies in the region since 1996–97 was offset by an increase in average operating expenditures, which happened at about the same rate. Stakeholders in the sector whom we questioned confirmed that production costs are very high, especially when travel is involved. Increasing ticket prices is not generally the desired option for fear of alienating audiences. For the rest, companies in the Atlantic region remain financially dependent on the public sector, a situation that encourages them to search out more private funding.

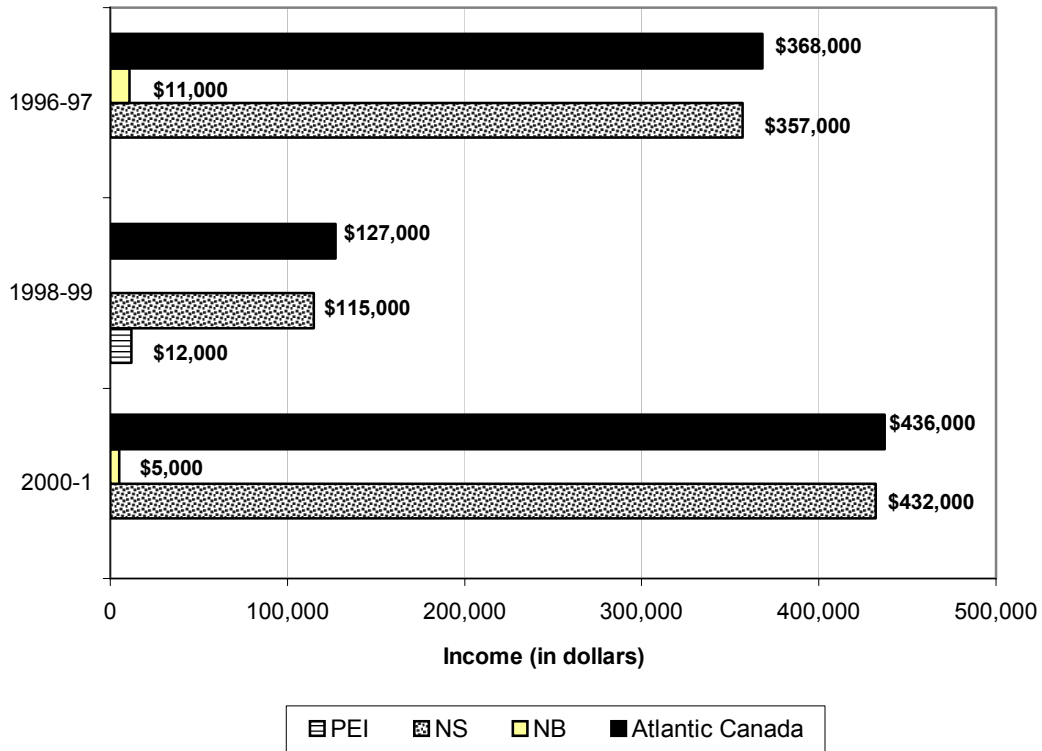
Ticket sales accounted for 73 percent of earned revenue for companies in Atlantic Canada, tours 11 percent and other sources 17 percent. The revenue from tours totalled almost \$1 million in 2000–1. Of this amount, 57 percent was from tours in Canada (\$576,000) and 43 percent from tours abroad (\$436,000). The revenue from international tours has increased by 19 percent in the Atlantic region since 1996–97, mainly due to Nova Scotian companies, which took in almost all the revenues from performances abroad in 2000–1 (99 percent, or \$432,000). Figure 10 shows the regional domination of Nova Scotian companies in activities abroad. Not only do Nova Scotian performing arts companies stand out in the Atlantic provinces, but they are leaders nationwide. In 2001, Nova Scotia was the Canadian province with the highest revenue share from tours abroad (62 percent). These revenues even surpassed those from tours within the country.⁵⁶ Nova Scotian companies gave 174 performances abroad in the 2000–1 fiscal year: 80 percent in the United States, 16 percent in Asia, and 4 percent in Europe.⁵⁷ The revenues from foreign tours were minimal for companies reporting from New Brunswick and Prince Edward Island, nonexistent for companies from Newfoundland and Labrador.

As well as providing financial support to nonprofit performing arts companies, the three orders of government finance such things as performance venues and training programs. In 2001, total government expenditures on the performing arts in the Atlantic provinces amounted to \$24.7 million, 58 percent of which came from the federal government, 40 percent from the provinces, and 2 percent from municipalities. As figure 11 shows, the amounts spent in each province varied from \$4.8 million in New Brunswick to \$7.2 million in Prince Edward Island. Overall, public funding for the performing arts in Atlantic Canada has increased by 73 percent since 1996. Provincial governments have increased their funding by 8 percent, while municipal expenditures have fallen by 53 percent. At the federal level, government aid increased by 255 percent between 1996 and 2001 and almost tripled between 2000 and 2001, going from \$5.4 million to the unprecedented sum of \$14.3 million. Although the amounts increased in each province, Prince Edward Island was the primary beneficiary, receiving \$6.2 million in federal aid in 2001 compared to \$348,000 in 2000. Until 2001, provincial contributions to the performing arts exceeded those from the federal government.

56. In comparison, revenues from tours abroad represented 54 percent of total revenue in Quebec and 47 percent in Ontario. See Statistics Canada, "Performing Arts: Data Tables," *Survey on the Performing Arts, 2000/2001* (Ottawa: Statistics Canada, November 2003), table 2.13, Cat. No. 87F0003XIF.

57. Nova Scotia is fourth in the country for the number of performances abroad, behind Quebec (1,085), Ontario (386), and British Columbia (202). See *ibid.*

Figure 10
Income from Foreign Tours by Atlantic Canadian
Performing Arts Companies, Selected Years

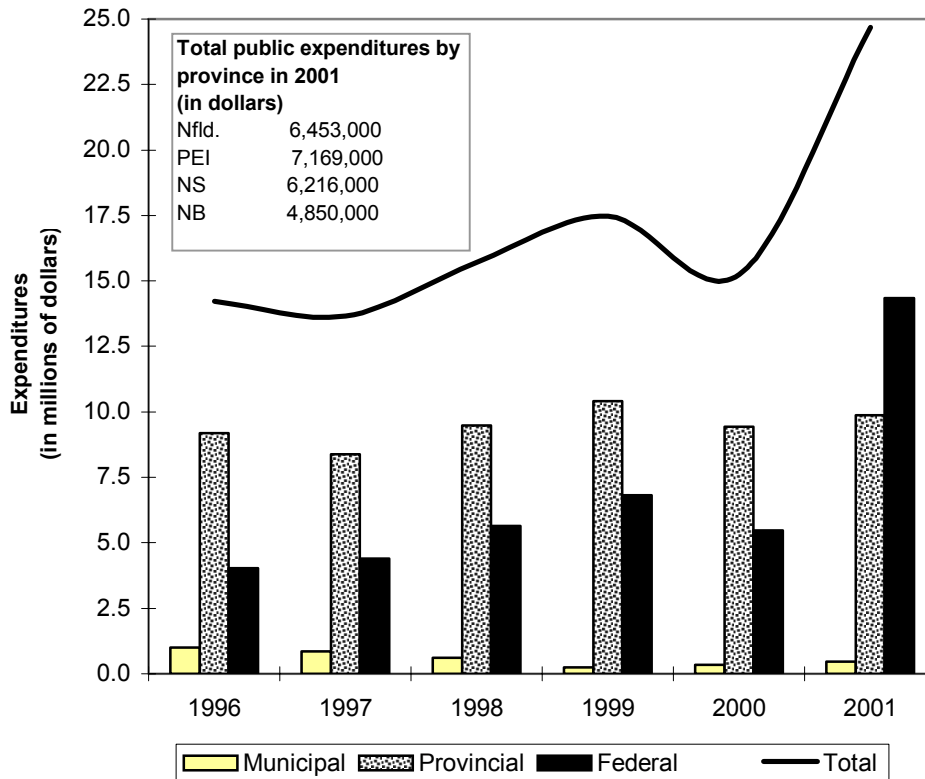


Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 234; author's compilation.

Note: Companies from Newfoundland and Labrador did not declare income from foreign tours for the entire period. The same applies to those from Prince Edward Island for 1996-97 and 2000-1, as well as those from New Brunswick for 1998-99.

Figure 11

Government Expenditures on the Performing Arts in Atlantic Canada, 1996–2001



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 129–30; author's compilation.

In general, performing arts companies suffer from three major constraints: reduced government expenditures, the limited sums the public is ready to spend on performances, and competition from other cultural and recreational activities.⁵⁸ Besides being heavily dependent on public and private grants in lieu of their own money, performing arts companies are also highly sensitive to the public's consumption habits and capacities. As a whole, these realities leave them fragile and with little room to manoeuvre. Even though performing arts companies are nonprofit enterprises, they are seriously concerned about debt management and financial stability. In future, balancing their budgets will depend not only on increased funding but on their capacity to attract new

58. Marie Lavallée-Farah, "Facing the Challenge: Performing Arts in the 1990s," *Focus on Culture* 14, no. 1 (October 2002): 1; Statistics Canada Cat. No. 87004XIF.

audiences and to “bring back public enthusiasm, which has turned away from the performing arts.”⁵⁹

Visual Arts and Crafts

The visual arts and crafts sector, as defined by Statistics Canada, is vast. Visual arts include painting, sculpture, drawing, photography, and associated activities. Crafts include fabrication activities using media such as clay, textiles, glass, metal, and wood. The visual arts and crafts also take several forms. Traditional or contemporary, figurative or abstract, decorative or utilitarian — there is something for every taste. In 2002, Atlantic Canadian households spent an average of \$28 on original works of art, compared to \$8 in 1992. Visits to public and commercial art galleries also increased during this period.⁶⁰ The demand for products associated with visual arts and crafts derives from several sources, such as individual collectors, private enterprises, nonprofit galleries and museums, institutions, and foreign buyers.

According to a recent study done for the Canada Council for the Arts, visual arts create annual revenues of \$1 billion in Canada.⁶¹ Another report estimated that in 2001 crafts generated \$727 million, of which about \$100 million came from sales abroad.⁶² Economic data on the Atlantic region’s visual arts and crafts sector are limited to statistics on employment, consumption, export, household expenditures, and public funding. It is important to note that employment statistics cover a wide range of activities.⁶³ Statistics Canada estimates that between 1991 and 2002 employment in the sector enjoyed a growth rate of 72 percent in Atlantic Canada and 70 percent in the country as a whole. The sector provided 4,852 jobs in the region in 2002, 4 percent of the sector’s national total (see figure 12). Most were in New Brunswick (2,146), followed by Nova Scotia (1,814), Newfoundland and Labrador (561), and Prince Edward Island (331).

59. Ibid., 8.

60. Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 48, 136–37.

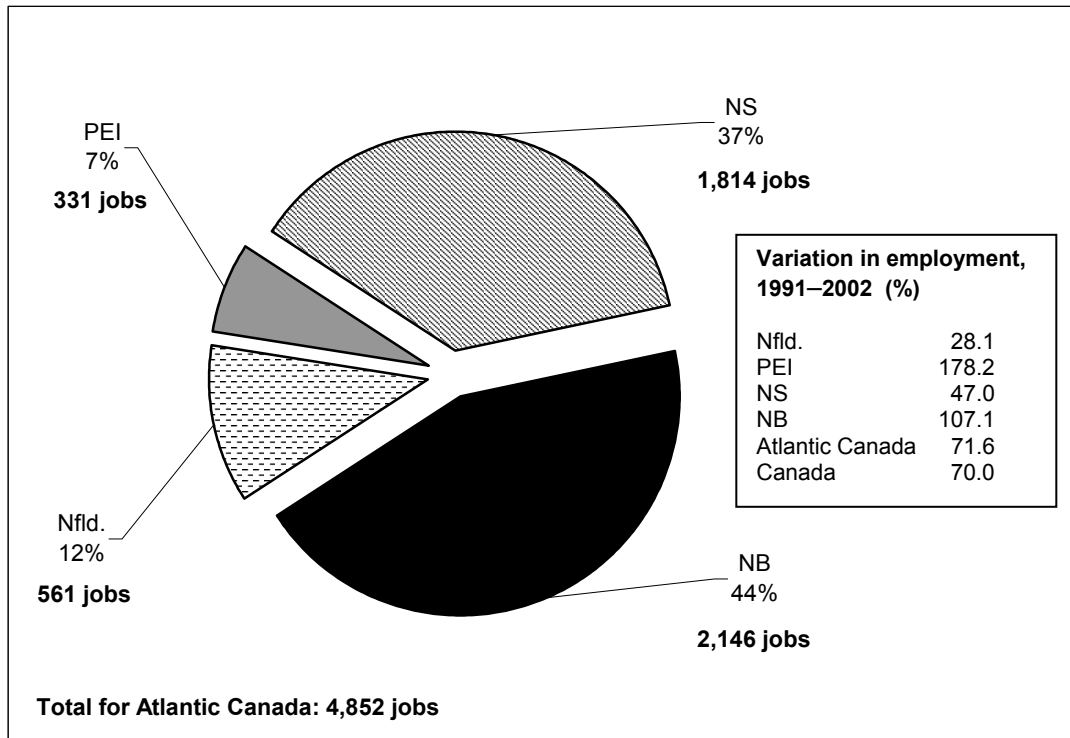
61. T. J. Cheney Research Inc., *The Presence of the Visual Arts in Canada, 2003* (March 2003).

62. Peartree Solutions Inc., *Profile and Development Strategy for Craft in Canada*, study coordinated by the Conseil des métiers d’art du Québec for the Canadian Crafts Federation (Toronto: Canadian Crafts Federation, October 2003), 11. This report gives a detailed picture of the crafts sector.

63. The definition used by Statistics Canada in its labour force survey includes professions traditionally associated with the visual arts (painters, sculptors, engravers, and other artists), as well as artisans, photographers, interior designers, advertising artists, illustrators, graphic designers and architects. This clarification is in Statistics Canada, *Profile of Culture Activities in Nova Scotia*, 42.

Figure 12

Employment in the Visual Arts, Crafts, and Design in Atlantic Canada, 2002

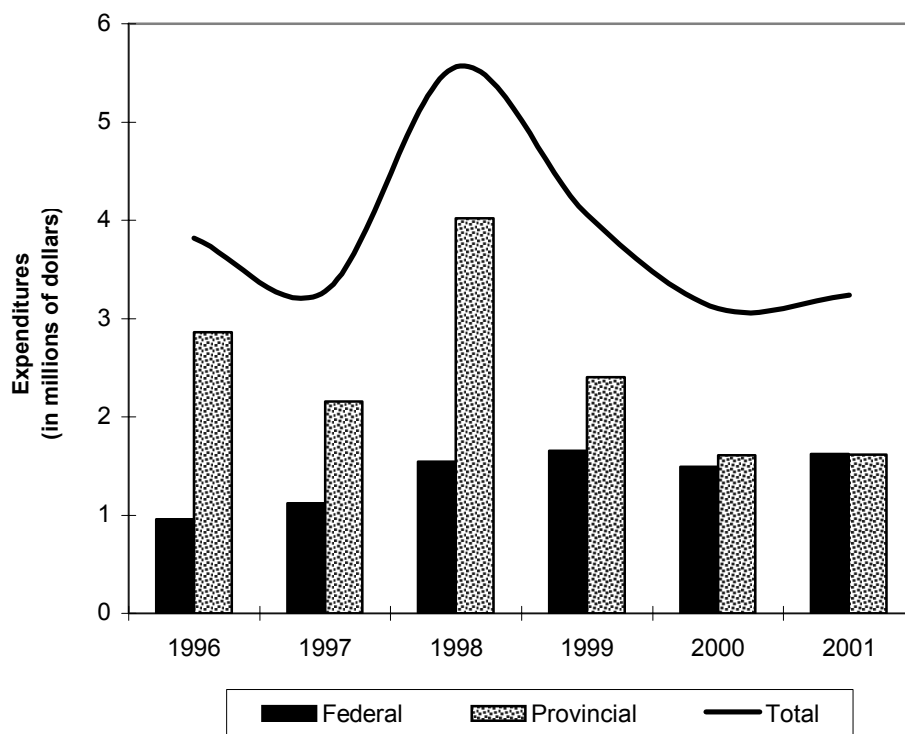


Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 135; author's compilation.

The Atlantic Canadian visual arts and crafts sector depends heavily on public funding. In 2001, government expenditures on the sector totalled \$3.2 million, half from the federal government and the rest from provincial governments (see figure 13).⁶⁴ Since 1996, the provinces have reduced their expenditures on the visual arts and crafts by 44 percent, while federal expenditures increased by 70 percent. Although New Brunswick had the largest number of artists (44 percent), it received less federal funding than Nova Scotia. Federal expenditures were distributed as follows: \$767,000 to Nova Scotia (47 percent), \$428,000 to New Brunswick (26 percent), \$256,000 to Newfoundland and Labrador (16 percent), and \$173,000 to Prince Edward Island (11 percent). Provincially, Nova Scotia invested \$719,000 in the visual arts, New Brunswick \$533,000, Newfoundland and Labrador \$327,000, and Prince Edward Island \$37,000.

64. Government expenditures on the visual arts and crafts include activities related to production (painting, sculpture, plastic arts, photography, decorative arts, and crafts), in addition to support given to organizations or institutions in the sector.

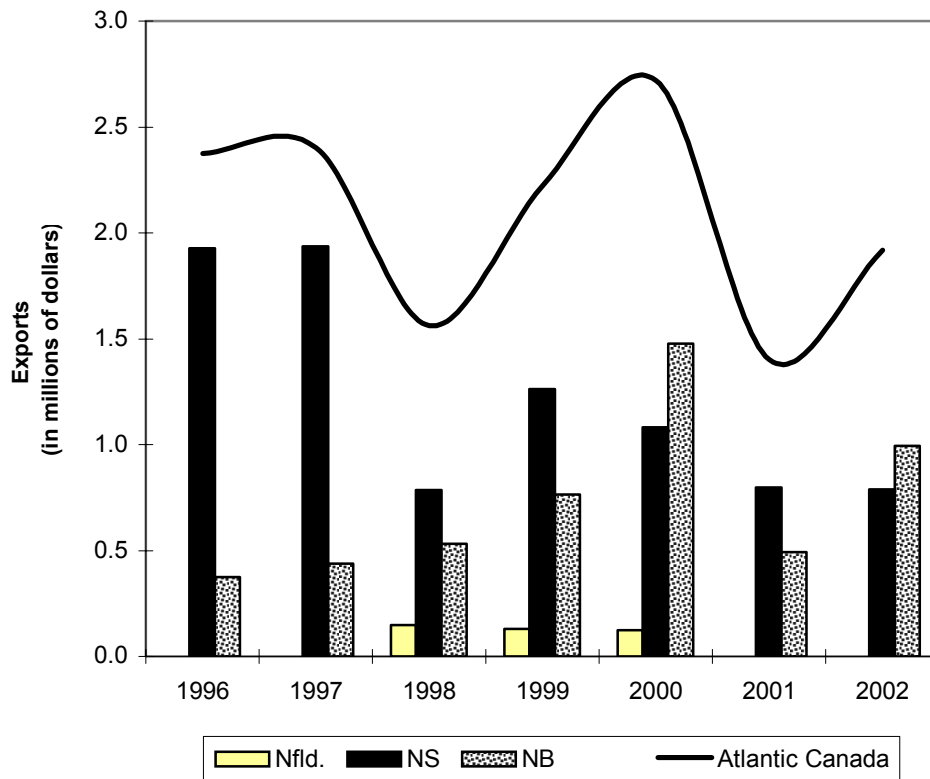
Figure 13
Government Expenditures on the Visual Arts and Crafts
in Atlantic Canada, 2001



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 135; author's compilation.

Between 1996 and 2002, the value of exports of visual arts and crafts decreased by 19 percent in Atlantic Canada, falling from \$2.4 million to \$1.9 million (see figure 14). During the same period, the value of these exports grew by 31 percent across Canada. Nova Scotia and New Brunswick are the main exporters in the Atlantic region in 2002; their exports were valued at \$789,000 and \$995,000 respectively. Compared to 1996, the value of exports decreased 59 percent in Nova Scotia and increased 166 percent in New Brunswick. The data for Newfoundland and Labrador, only available for 1998 to 2000, show that the value of exports varied between \$147,000 in 1998 and \$125,000 in 2000.

Figure 14
Value of Exports of Visual Arts and Crafts from
Atlantic Canada, 1996–2002



Source: Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 234; author’s compilation.

Note: For reasons of confidentiality, no data are available for either Prince Edward Island or Newfoundland and Labrador for the following years: 1996, 1997, 2001, and 2002. The curve representing total exports from the Atlantic region accounts for available data only.

The structure of the Canadian visual arts market is both complex and diverse: “The demand for art is supplied from a number of distribution channels, which can include commercial art galleries, auction houses, other domestic channels (e.g., direct from artists, other retail outlets, etc.), government sponsored art and imports to Canadian buyers.⁶⁵” It isn’t always easy to penetrate one of these distribution channels because of strong competition on the international visual arts market. During our interviews, sectoral experts emphasized that the situation of the visual artists and crafts people is very

65. TCI Management Consultants Limited, *Study of the Market for Canadian Visual Art*, prepared for Canadian Heritage (TCI Management Consultants Limited, August 1999), 9.

different from that of artists in other cultural sectors like book publishing or recording, where the volume of production is high. Aboriginal art and crafts, for example, are in demand internationally because they are both unique and exotic. It is the distinctiveness of the visual arts and crafts (small-scale production) their uniqueness and originality of production, that gives them their value, and the sale price of an original work generally reflects this reality.

Book-Publishing Industry

On the 2001 Canadian census, 895 people in the Atlantic provinces identified themselves as authors or writers. To this group must be added many other “nonprofessional” authors of literary works. All of these authors supply manuscripts to publishing houses, which do the job of marketing books. In a submission to the Royal Commission on National Development in the Arts, Letters and Sciences (1949-1951), a publishing representative described the publisher as the “architect of the mind; he guides writers into certain channels, supplying the formulas and the frame without which many authors would be helpless.”⁶⁶

Unlike other cultural industries in the country, production in the Canadian book industry is increasing. Expansion of the mass media has not hindered the progress of the industry, despite the alarmist views to the contrary expressed by some observers a few years ago. Its dynamism in both the Atlantic region and Canada as a whole is borne out by increases in annual sales and in the number of new works being published. Further evidence of the industry’s vitality can be found in the most recent statistics, which show that in 2002 Atlantic Canadian households spent 43 percent more on books than ten years ago, an average of \$71 compared to \$97 for all households in Canada.⁶⁷

The book industry is driven from central Canada. In 2002 almost three-quarters of Canadian publishing houses were in Quebec and Ontario, generating 93 percent of all national revenue in the book industry. Canada had 625 publishing houses in 2000–1, of which 34, or about 5 percent, were in the Atlantic region (see table 7). Of the 247 new works on the market in the region during the 2000–1 fiscal year, 69 percent were general interest titles, 11 percent were for youth, 8 percent were textbooks, and 13 percent belong to other categories. The region’s publishing houses also reprinted 105 additional works. As a whole, they reported sales of \$14.7 million in the fiscal year, up 30 percent from 1996–97. In all the Atlantic provinces except New Brunswick, publishers saw sales increase over 1996–97. In Newfoundland and Labrador, their total revenue grew by 26 percent, in Prince Edward Island by 200 percent, and in Nova Scotia by 92 percent. In New Brunswick, however, the total revenue of publishers decreased by 15 percent. Despite the general increase in revenue and in the number of new titles, the profitability of publishers in the Atlantic region was low. Collectively, they lost \$99,000 in 2000–1, resulting in a profit margin of 0.7 percent compared to 6.9 percent for the country as a

66. *Report of the Royal Commission on National Development in the Arts, Letters, and Sciences* (Ottawa: King’s Printer, 1951), 228.

67. Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 162.

whole. With \$115,000 in pretax profits, publishers in Newfoundland and Labrador were the only ones in the region to make money.

Table 7

Profile of Book Publishing and Exclusive Agents in Atlantic Canada and Canada, 2000–1

	Nfld.	PEI	NS	NB	Atlantic Canada	Canada
Number of companies	10	10	10	9	34	625
Works published	53	53	97	82	247	15,725
Works reprinted	30	30	51	14	105	12,027
Total sales (x \$1,000)	1,706	456	5,252	4,822	12,235	2,280,483
Sales in Canada	1,570	407	4,549	4,111	10,636	1,812,333
Exports and sales abroad	136	49	703	711	1,599	468,150
Exclusive distribution (x \$1,000)	0	0	754	47	800	851,491
Total revenue (x \$1,000)	2,071	1,475	6,047	5,081	14,674	2,415,182
Cost of sales (x \$1,000)	909	789	3,804	2,325	7,827	1,229,890
Total operating expenditures (x \$1,000)	1,047	690	2,333	2,877	6,946	1,017,546
Pretax profits (x \$1,000)	115	-4	-90	-121	-99	167,746
Profit margin (%)	5.6	-0.3	-1.5	-2.4	-0.7	6.9
Proportion of firms with a profit (%)	30	40	50	44	41	57
Full-time employees	19	4	22	70	115	8,627
Part-time employees	9	2	8	15	34	1,637

Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 143–60.

Note: According to Statistics Canada's definition, an exclusive agent is not a publisher but rather an exclusive representative for the distribution and sale of works published by another enterprise. No exclusive agents were found in Atlantic Canada, but there are publishers who occasionally also act as exclusive agents. This is the source for revenue from exclusive distribution in Nova Scotia and New Brunswick.

Without government subsidies, profit margins in the Atlantic Canadian publishing industry would doubtless have been slimmer. In 2001, total federal government expenditures on the literary arts in the Atlantic region were \$3.4 million, up 64 percent from 1996⁶⁸ (see figure 15). The federal government increased its funding in all the Atlantic provinces except Prince Edward Island, where it fell by 45 percent to \$98,000 in 2001. Elsewhere in the region, federal subsidies were distributed as follows: \$777,000 to Newfoundland and Labrador, \$1.6 million to Nova Scotia and \$888,000 to New Brunswick. These amounts represent increases of 57 percent, 95 percent, and 64 percent respectively over 1996. During this period, provincial governments in Atlantic Canada increased their funding by around 15 percent to about \$830,000. The Newfoundland and Labrador government spent \$234,000 on the literary arts in 2001, a reduction of 10 percent from 1996. Prince Edward Island spent only \$17,000 (15 percent more than in 1996), Nova Scotia \$285,000 (up 57 percent), and New Brunswick \$300,000 (up 11 percent).

In 2000–1, the regional book-publishing industry reported total sales of \$12.2 million, of which 87 percent were on the Canadian market (\$10.6 million) and 13 percent on foreign markets (\$1.6 million). In the past decade, export sales have grown the most. Since 1998–99, they have risen four times as fast as sales on the Canadian market. Nationally, export sales in the sector increased twice as fast as domestic sales.⁶⁹ The value of book exports from the Atlantic provinces in 2000–1 more than doubled since 1996–97 (see figure 16). In 2000–1, book exports from publishers in Nova Scotia and New Brunswick were valued at around \$700,000. The value of exports by publishing houses in Newfoundland and Labrador was \$100,000. New Brunswick and Nova Scotia dominate the book export market in Atlantic Canada, but it should be noted that the share of the region's publishers represents less than 1 percent of national sales abroad.

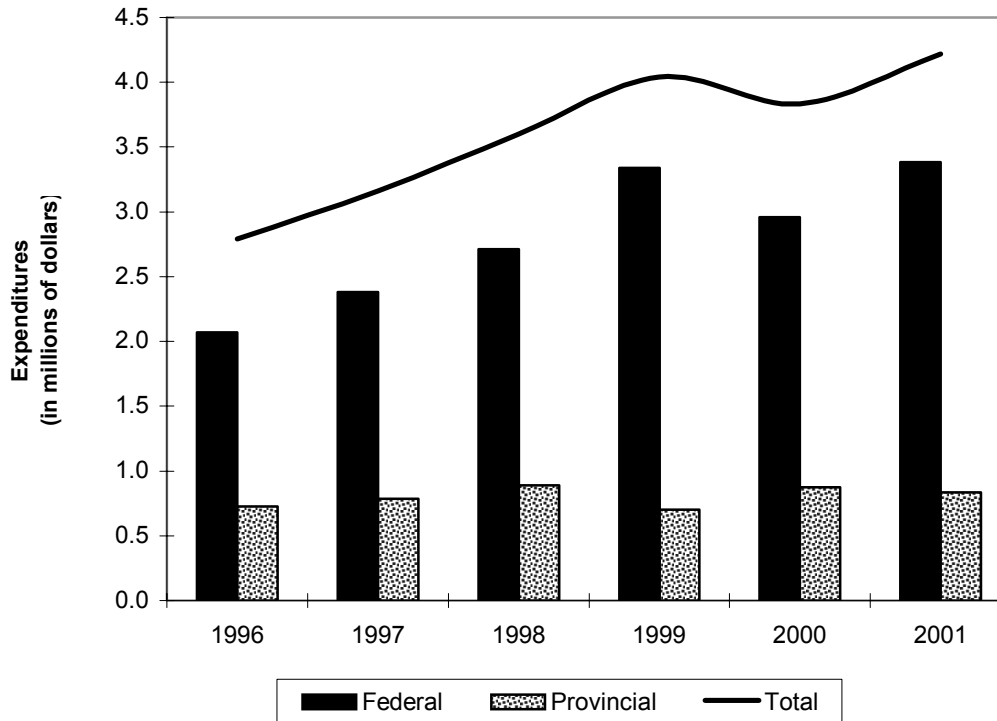
The book-publishing industry in the Atlantic region employed 115 full-time workers and 34 part-time workers in 2000–1. Since 1996–97, we have witnessed a restructuring of employment characterized by a drop in the number of full-time employees (20 percent) and an increase in those working part-time (+48 percent). This trend also shows up nationally, where part-time employment has increased faster than full-time employment.⁷⁰

68. Here, government expenditures include all the literary arts regardless of the publishing houses.

69. In 2000–1, the value of exports in the Canadian book-publishing industry was \$468.2 million. See Statistics Canada, "Book Publishers and Exclusive Agents, 2000/01," *Daily*, 26 June 2003, 5–7.

70. The number of full-time employees increased 19 percent, compared to 32 percent for part-time employees. Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 157, 160.

Figure 15
Government Expenditures on the Literary Arts in Atlantic Canada, 1996–2001

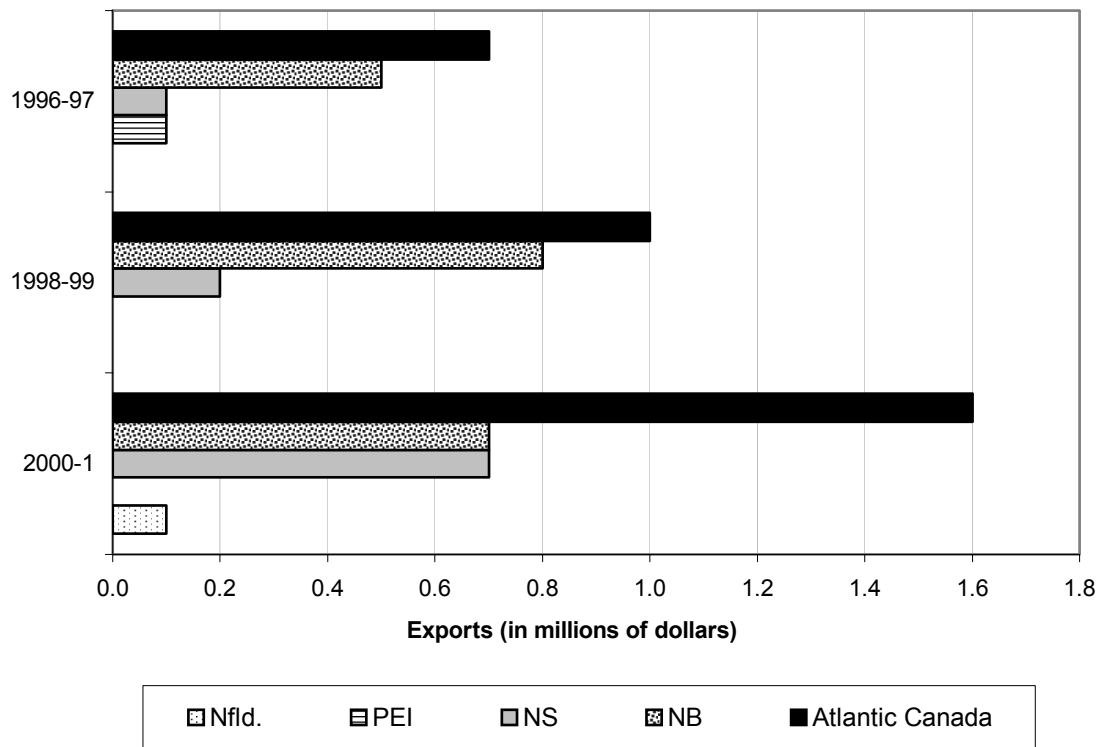


Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 161; author's compilation.

The Canadian book industry is very segmented, first by language and then by commercial categories. The latter cover a whole range of genres, from novels to poetry to children's literature, not to mention reference works and textbooks. The outstanding feature of the Canadian book market is the coexistence of French and English markets. In 2000–1, French-language publishing houses accounted for 29 percent of all firms and 18 percent of all revenues in Canadian publishing.⁷¹ The geographic distribution of French-language publishers has not been established, but we know that the greatest concentration is in Quebec. There are also a few in the Atlantic region.

71. Statistics Canada, "Book Publishers and Exclusive Agents, 2000/01: Data Tables," in *Annual Survey of Book Publishers and Exclusive Agents, 2000* (November 2003), table 8, Cat. No. 87F004XIF.

Figure 16
Value of Exports from Publishing Houses in Atlantic Canada,
Selected Years



Source: Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 234; author’s compilation.

Note: Newfoundland and Labrador book publishers did not declare export revenues in 1996–97 and 1998–99, nor did companies from Prince Edward Island in 1998–99 and 2000–1.

The Canadian book market is very competitive. Besides the over 625 publishing houses competing on the domestic market, Canadian bookstores are flooded with works imported from the United States. Nor should we forget the competition from publishing houses established in Canada but under foreign control. These accounted for only 4 percent of all firms in the country in 2000–1, but they are credited with 46 percent of sales.⁷² In this context, a growing number of Canadian publishing houses are turning

72. Statistics Canada, “Book Publishers and Exclusive Agents, 2000/01,” *Daily*, 26 June 2003, 5.

to co-publications to reduce production costs, increase print runs, broaden the pool of readers, and facilitate the penetration of foreign markets.⁷³

Most publishing houses in the Atlantic region are small independents. They have modest print runs and manage their own distribution. Consequently, access to large distribution networks is a great issue. The Atlantic Publishers' Marketing Association, a pan-Atlantic organization based in Halifax and representing over twenty publishing houses, assumes part of the work of promoting books published in the region. A major threat to publishing houses in the Atlantic provinces is posed by competition from Ontario and Quebec, where there is a heavy concentration of large publishing houses. Because these publishers can offer more competitive fees to authors, important Atlantic Canadian authors with established reputations tend to publish outside the region.⁷⁴ Moreover, the position of small firms seems to be weakened by the concentration of buying power in the hands of Chapters-Indigo. Although this profile of Atlantic publishing houses demonstrates their financial precariousness, it in no way minimizes the quality of the works published in the region.⁷⁵

Recognizing the importance of competitiveness in the Canadian book industry, certain government bodies have set up support mechanisms for book publishing. For instance, Canadian Heritage launched the Book Publishing Industry Development Program, and the provincial governments of Quebec, Ontario, and British Columbia introduced a tax credit to help publishing houses. These programs resemble tax credit programs already in place in several Atlantic provinces to help the film industry.

Music and Sound-Recording Industry

Recorded music is one of the most widely distributed cultural products in the world. Music knows no borders, speaks all languages, and enjoys ready access to foreign markets. Asians appreciate music in French or English as much as Canadians enjoy traditional Latino or African music. Music is therefore one of the most easily exported of all cultural products. Competition in the industry is ferocious, however, and the majority of artists with dreams of an international career are disappointed. We will also see that competition is just as fierce among sound-recording enterprises, whose role it is to deliver an artist's work to the consumer. In some ways, the sound-recording industry "...

73. Using the example of Quebec firms that ally themselves with publishers in France, Denis Vaugeois writes that "co-publication, nowadays, is still the best way for a Québec publishing house to be distributed in France and to make Québec authors known there." See "La coédition entre la France et le Québec," *Canadian Studies*, no. 52 (2002): 249.

74. This opinion comes from Dan Soucoup of Nimbus Publishing Ltd., Halifax, as quoted in Bruce Erskine, "Book Publishers Tax Credit No Big Deal," *Chronicle-Herald* (Halifax), 23 July 2003, A11.

75. For example, *Elle*, a novel by Douglas Glover, published by Goose Lane Editions of Fredericton, won the Governor General's Award in 2003. In 1999, Herménégilde Chiasson won the same award, but for poetry, with *Conversations*, published by the now defunct Éditions d'Acadie of Moncton.

brings them [musicians] together with the financing, production, technology, distribution systems and marketing services that they need to have access to the public.”⁷⁶

In 2000, the Canadian sound-recording industry included 331 enterprises with an estimated total revenue of \$1.3 billion and before-tax profits of \$157 million.⁷⁷ The Canadian industry is mainly dominated by large recording houses in Ontario and, to a lesser extent, Quebec. In 2000, central Canada was home to 74 percent of all Canadian firms in the field and made 89 percent of all sales in the country.⁷⁸ Statistics Canada paints a rather somber portrait of sound-recording SME: “12 percent of companies accounted for 87 percent of all new releases. Smaller companies that exist to produce, in some cases, a single release tend to enter and exit the market with great rapidity.”⁷⁹ In 2000, foreign-controlled companies captured the lion’s share of total sales on the Canadian market (87 percent) although they represented only 5 percent of all record labels in the country.⁸⁰ According to Statistics Canada, only fifteen enterprises made up the sound-recording industry in Atlantic Canada in 2000, of which eleven, or about 75 percent, were in Nova Scotia. Because of the provisions of the Statistics Act, data on the industry in the Atlantic region are only available for Nova Scotia and are incomplete for the 1995–96, 1998, and 2000 fiscal years. No data are available on sales abroad. This lack of reliable statistics will only allow us to present a partial picture of the industry.

The number of sound-recording enterprises almost doubled in Nova Scotia between 1995–96 and 2000, increasing from six to eleven (see table 8). They launched ten new titles in 2000, which is an average of less than one title each.⁸¹ Collectively, Nova Scotia companies registered sales totalling \$226,400 in 2000, down 27 percent from 1995–96. Total expenditures well exceeded total revenue, resulting in overall losses of \$275,000. The profit margin of Nova Scotia firms was 60.4 percent, far below the national average of 11.9 percent, which points to a very unstable situation in the industry.

76. The activities of this industry exclude wholesale distributors and retailers. See Statistics Canada, *Canadian Culture in Perspective: A Statistical Overview*, 112.

77. Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 186.

78. Statistics Canada, “Sound Recording: Data Tables,” *Survey on Sound Recording, 2000* (November 2003), tables 1, 13.1–13.4, Cat. No. 87F0008FIX.

79. Statistics Canada, “Sound Recording, 2000,” *Daily*, 7 July 2003, 6.

80. *Ibid.*, 8.

81. Independent recordings are not taken into account. We will discuss this later.

Table 8

**Profile of the Sound-Recording Industry in Nova Scotia,
Selected Years**

	1995–96	1998	2000	Variations (%) 1995–2000
Number of enterprises	6	7	11	83.3
New recordings	8	18	10	25.0
Revenue				
Sales (\$)	310,900	285,700	226,400	-27.2
Total revenue (\$)			455,600	
Expenses				
Cost of products sold (\$)	118,200		249,300	110.9
Total operating expenses (\$)			731,000	
Beforetax profits (\$)			-275,400	
Profit margin (%)			-60.4	

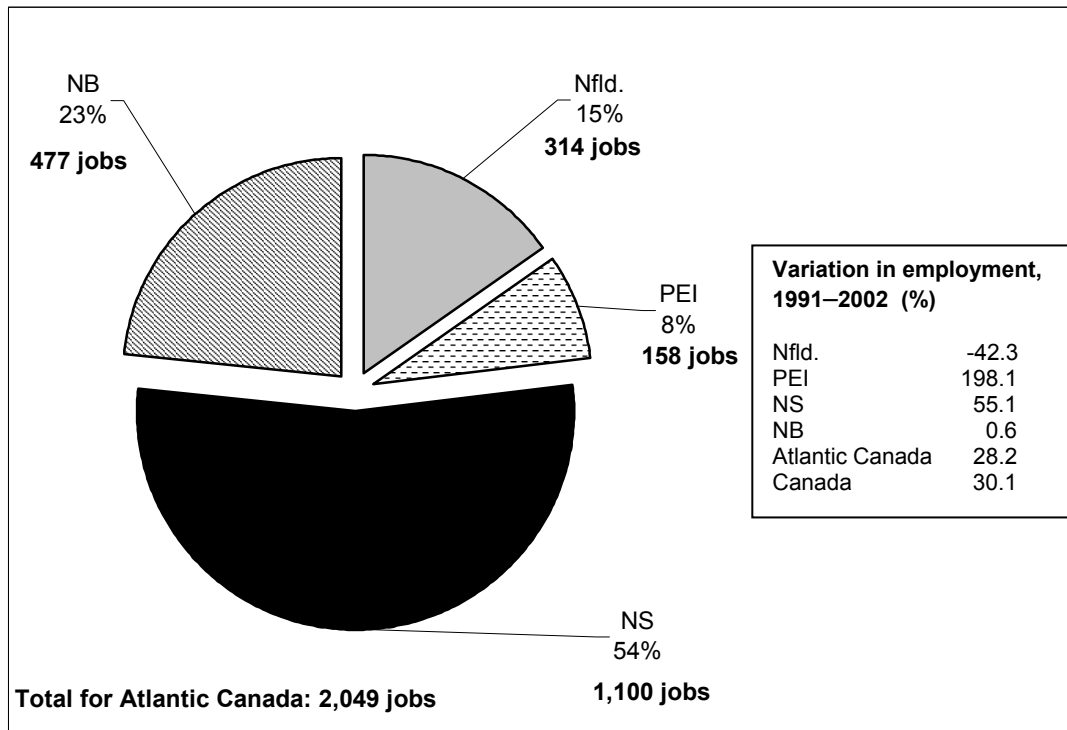
Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 185; author's compilation.

Note: These figures for the industry are incomplete for lack of reliable statistics.

Data on employment in the music industry are not necessarily indicative of the true size of the sector's labour force. Included are only orchestral conductors, composers, arrangers, musicians, and singers. In 2002, the Atlantic Canadian music industry employed 6 percent (about 2,000 people) of Canadians employed in the sector, up 28 percent from 1991 (see figure 17). It should be noted that a wide range of other professionals are associated with the industry artists enumerated here: author-composers, publishers, agents, staff in recording studios and record companies, distributors, promoters, broadcasters, venue staff, retailers, etc. Moreover, the data on employment presented below do not take into account the many artists for whom singing and music are secondary occupations.

Figure 17

Employment in the Music Industry in Atlantic Canada, 2000



Source: Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 187; author’s compilation.

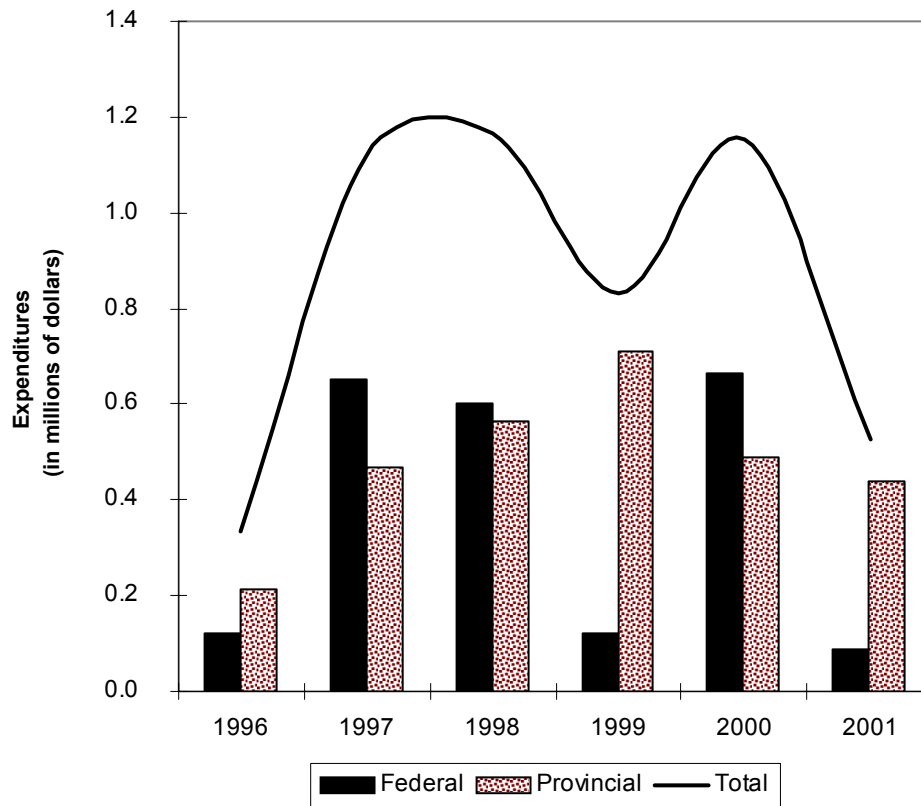
Note: These data deal exclusively with orchestral conductors, composers, arrangers, musicians, and singers. They do not include the technical and operations professions in the sound-recording field.

In general, the sound-recording industry in Atlantic Canada receives few subsidies. Between 1996 and 2001, federal expenditures on sound recording dropped by 30 percent in Atlantic Canada, reaching their lowest level in 2001: \$86,000 or 0.5 percent of the federal total (see figure 18). In the country as a whole during the same period, federal expenditures increased by 265 percent. The region’s provincial governments made up for this loss by increasing funding by 107 percent, although in 2001 New Brunswick’s share represented over 90 percent of all provincial expenditures on sound recording in the Atlantic region (\$402,000 out of the total of \$439,000). New Brunswick’s dominance is largely explained by the existence of the New Brunswick Sound Initiative Program.

Since 1998, it has given substantial financial aid to musicians in the province for production, promotion/marketing, and professional development activities.⁸²

Figure 18

Government Expenditures on the Sound-Recording Industry in Atlantic Canada, 1996–2001



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 187; author's compilation.

The music industry has undergone radical changes since the end of the 1990s, largely a function of the Internet and its effects on sales and copyright. Besides placing artists and their music on the world stage, the Internet has also permitted the downloading of music from free file-exchange networks. A parallel, and equally worrisome, phenomenon is record pirating, a practice made easier by the proliferation of CD burn-

82. For more information on the New Brunswick Sound Initiative Program, see the Internet: http://www.gnb.ca/0007/arts/Programs/son/gen_info.asp

ers and access to high-speed Internet. Unauthorized downloading and pirating circumvent intellectual property laws and result in reduced sales. According to the International Federation of the Phonographic Industry, world sales of sound recordings in the first half of 2003 fell by 10.9 percent in value and 10.7 percent in units from the previous year.⁸³ And the Canadian Recording Industry Association reports that the Canadian music industry has lost over \$425 million since 1999.⁸⁴ In Atlantic Canada, average annual household expenditures on CDs and audio cassettes dropped by 27 percent between 1996 and 2001, from \$96 to \$70.⁸⁵

Atlantic Canada's music industry has an excellent reputation in this country. Its artists perform in a wide range of genres: folk, hip-hop, pop, bluegrass, jazz, rock, rap, classical, blues, and many more. Some express their roots and influences through their music (whether Celtic, Irish, Acadian, African, Aboriginal, or other); others take a different approach. Founded in 1989, the East Coast Music Association is a pan-Atlantic group of amateurs and professionals working in the music industry in Atlantic Canada. The association has done important work in the past decade, especially in promoting the region's artists. Its annual gala, broadcast nationally on the CBC to almost a million viewers, is an excellent showcase for music from the Atlantic region.

The music industry, like many other culture sectors, includes commercial activities for which no revenues are declared or that do not appear in statistics. For example, anyone who is reasonably familiar with the Atlantic Canadian music industry would know that in 2000 Atlantic Canadian singers and musicians launched many more than ten new titles (see table 8). However, many of them were independent recordings, or they were recorded outside the region in Quebec or Ontario. It is common knowledge that Atlantic Canada loses artists to large firms in central Canada where the industry is flourishing. As is the case with publishing houses, sound-recording studios in the Atlantic region find it hard to compete with the big central Canadian corporations for access to major distribution channels. Nevertheless, local and regional recording houses meet the important needs of amateur and professional musicians.

Film, Video, and Audio-Visual Industry

The year 2003 was especially successful for Canadian films, particularly for Quebec productions. In 2002–3, ticket revenues for Canadian films doubled from the previous year. This is encouraging news, even though Canadian films accounted for only 2.7 percent of all ticket revenues in the country.⁸⁶ By comparison, American films took in

83. From a press release issued by the International Federation of the Phonographic Industry (IFPI), "Global Sales of Recorded Music Down 10.9 percent in the First Half of 2003" (1 October 2003).

84. From a press release issued by the Canadian Recording Industry Association, "The Canadian Recording Industry Condemns Government Inaction on Copyright" (13 February 2004).

85. Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 190.

86. Canadian Film and Television Production Association (CFTPA), *Profile 2004: Economic Report on Film and Television Production in Canada* (Ottawa: CFTPA, January 2004), 10.

87.5 percent of ticket revenues in the same year. A survey in 2002 showed that 97 percent of projection time in Canadian cinemas is taken up by foreign films.⁸⁷

However, there is still a market in Atlantic Canada for alternative movies. The region is rich in festivals offering noncommercial Canadian and foreign productions. The Atlantic Film Festival in Halifax, the Festival international du cinéma francophone en Acadie in Moncton, and the St. John's International Women's Film Festival attract thousands of movie goers every year. In 2002, Atlantic Canadian households spent an average of \$74 on movie tickets, up 120 percent from 1992.⁸⁸

In 2001–2, the Canadian film, video and audio-visual production industry consisted of 728 enterprises, 47 of which, or 6 percent, were in Atlantic Canada (see table 9). Nova Scotia had almost half the firms in the region (23), followed by Newfoundland and Labrador (13), New Brunswick (9), and Prince Edward Island (2). Collectively, these firms arranged 379 productions in the year, of which 43 percent were television shows (164 productions), 20 percent commercials (74 productions), 15 percent enterprise videos (56 productions), 5 percent video-clips (20 productions), 3 percent educational films (11 productions), and 14 percent other productions (53). Full-length films represented less than 1 percent of all productions in the region, although their number increased by 83 percent over 1999–2000. Atlantic Canada's reputation for producing TV shows is well established, thanks to successes like "This Hour Has 22 Minutes," "Theodore Tugboat," "Emily of New Moon," "Random Passage," and more recently "Samuel et la mer" and "Trailer Park Boys."

Total revenue from the film, video and audio-visual industry in the Atlantic provinces more than doubled between 1997–98 and 2001–2, increasing from \$35.3 million to \$76.4 million. Revenue in the regional industry represented only 3 percent of the Canadian market. In 2001–2, Nova Scotia accounted for 88 percent of all the region's revenues in this category. However, total operating expenditures in the region increased even faster, and the industry recorded a profit margin of -2.7 percent, well below the national average of 1.2 percent. The situation of producers in Atlantic Canada is not exceptional compared to that of their counterparts in other provinces. Except for those in Quebec and Ontario, who had profit margins of 3.5 and 2.8 percent respectively, production corporations reported losses in all the other Canadian provinces.⁸⁹ In fact, the industry in Nova Scotia was the only one in Atlantic Canada to report a loss in the 2001–2 fiscal year.

87. Michelle Macafee, "Canadians Feel Culture Threatened by Americans: Poll," *Chronicle-Herald* (Halifax), 1 July 2002, B4.

88. Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 223.

89. Losses were -9.3 percent in Manitoba, -3.9 percent in Saskatchewan, -5.4 percent in Alberta, and -7.0 percent in British Columbia. See Statistics Canada, "Film, Video, and Audio-Visual Production, 2001," *Daily*, 19 December 2003, 8.

Table 9
Profile of the Film, Video, and Audio-Visual Production Industry
in Atlantic Canada and Canada, 2001–2

	Nfld.	PEI	NS	NB	Atlantic Canada	Canada
Number of producers	13	2	23	9	47	728
Productions ^a	87	–	155	137	379	13,600
Revenue from productions (x \$1,000,000)	2.8	0.5	49.4	3.9	56.5	1,673.5
Exports (x \$1,000,000) ^b	–	–	9.5	–	9.5	662.1
Total revenue (x \$1,000,000)	3.3	0.5	67.3	5.3	76.4	2,585.5
Total operating expenditures (x \$1,000,000)	3.2	0.5	70.2	4.6	78.5	2,554.6
Profit/deficit (x \$1,000,000)	0.1	0.0	-2.9	0.7	-2.1	30.9
Profit margin (%)	4.1	10.7	-4.4	13.5	-2.7	1.2
Total number of jobs	161	7	207	131	506	37,234
Full-time	22	3	76	20	121	6,111
Part-time	61	3	4	23	91	5,058
Freelancers	78	1	125	88	292	26,011
Working proprietors ^c	–	–	2	–	2	54
Salaries and benefits (x \$1,000,000)	1.2	0.4	5.4	1.9	8.8	596.0

Source: Statistics Canada, “Profile of the Culture Sector in Atlantic Canada,” 195–206; author’s compilation.

^a Data unavailable for PEI for a specific reference period.

^b Data unavailable for Nfld., PEI, and NB for a specific reference period.

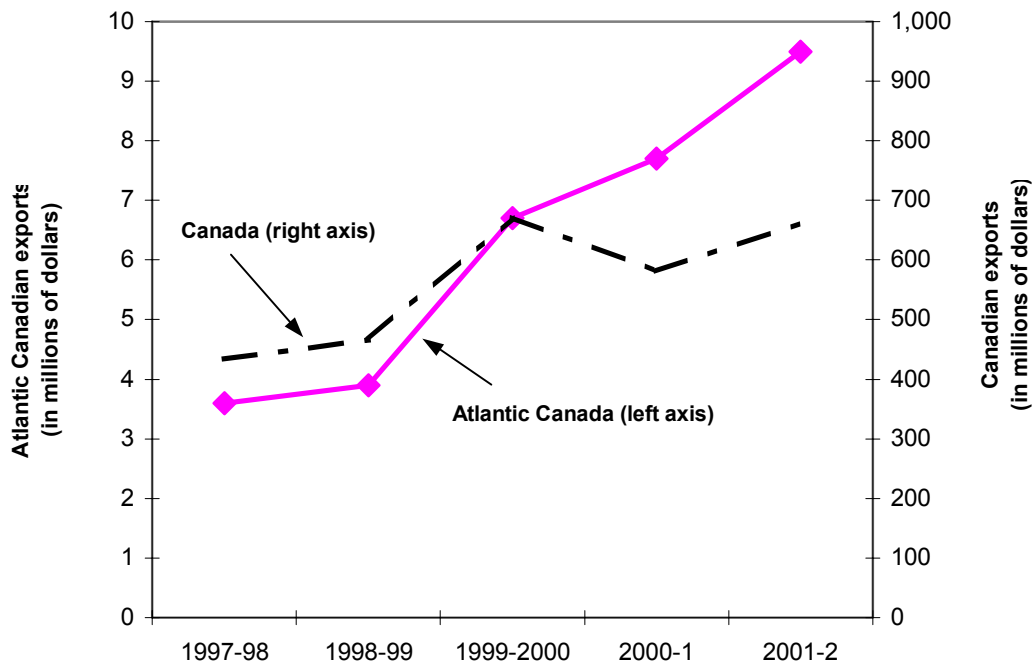
^c Data unavailable for Nfld., PEI, and NB for any reference period.

The export market for films in Atlantic Canada has been growing since 1997–98, mainly because of the activities of enterprises in Nova Scotia and New Brunswick. In 2001–2, regional production companies registered exports of \$9.5 million, or almost three times as much as in 1997–98. Canadian producers also saw the value of their exports grow in the same period (\$662 million in 2001–2 [see figure 19]) but less consistently than in Atlantic Canada. The industry also employed a total of 506 people in the region (58 percent freelancers and 24 percent full-time employees) and spent \$8.8 million on salaries and benefits. The employment structure in the country as a

whole was comparable to that in the Atlantic region: 16 percent of the national labour force were full-time employees and 70 percent freelancers.

Figure 19

**Exports from the Film, Video, and Audio-Visual Production Industry
in Atlantic Canada and Canada, 1997–98 to 2001–2**



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 235–36; author's compilation.

In 2001–2 there were seven companies in Atlantic Canada, or about 3 percent of all Canadian companies, doing postproduction work on films.⁹⁰ Domination by Quebec and Ontario is again the case nationally; more than four out of five of these Canadian firms were based in central Canada, and they generated 93 percent of all revenue in the industry.⁹¹ In 2001–2, total revenues of postproduction labs in the Atlantic region decreased by 18 percent from the previous year (see table 10). The regional post-

90. Data on postproduction companies are only available for the Atlantic region as a whole.

91. Statistics Canada, "Movie, Video, and Audio-Visual Postproduction: Data Tables," *Motion Picture Laboratory Operations and Production and Postproduction Services, 2001/2002* (November 2003), tables 1–6, Cat. No. 87009XIF.

production industry was hit harder than the same industry in other provinces or regions of the country, finishing the year with an operating margin of 66.9 percent.

Table 10
**Profile of the Film, Video, and Audio-Visual Postproduction Industry
in Atlantic Canada, 2001–2**

	1997–98	1998–99	1999–2000	2000–1	2001–2	Growth 1997–2002 (%)
Number of companies	4	4	4	7	7	75.0
Total revenue (x \$1,000,000)	0.9	3.0	2.2	3.4	2.8	211.1
Total operating expenditures (x \$1,000,000)	0.9	2.6	2.1	4.1	4.7	422.2
Profit/deficit (x \$1,000,000) ^a	0.0	0.4	0.1	-0.7	-1.9	
Profit margin (%) ^a	0.0	13.3	4.5	-20.6	-66.9	
Total number of jobs	13	44	36	93	89	584.6
Full-time	10	32	27	82	75	650.0
Part-time ^a	0	1	1	3	2	
Freelancers	3	11	8	7	12	300.0
Working proprietors ^a	0	0	0	1	0	
Salaries and benefits (x \$1,000,000)	0.3	1.2	0.8	2.3	2.5	733.3

Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 208; author's compilation.

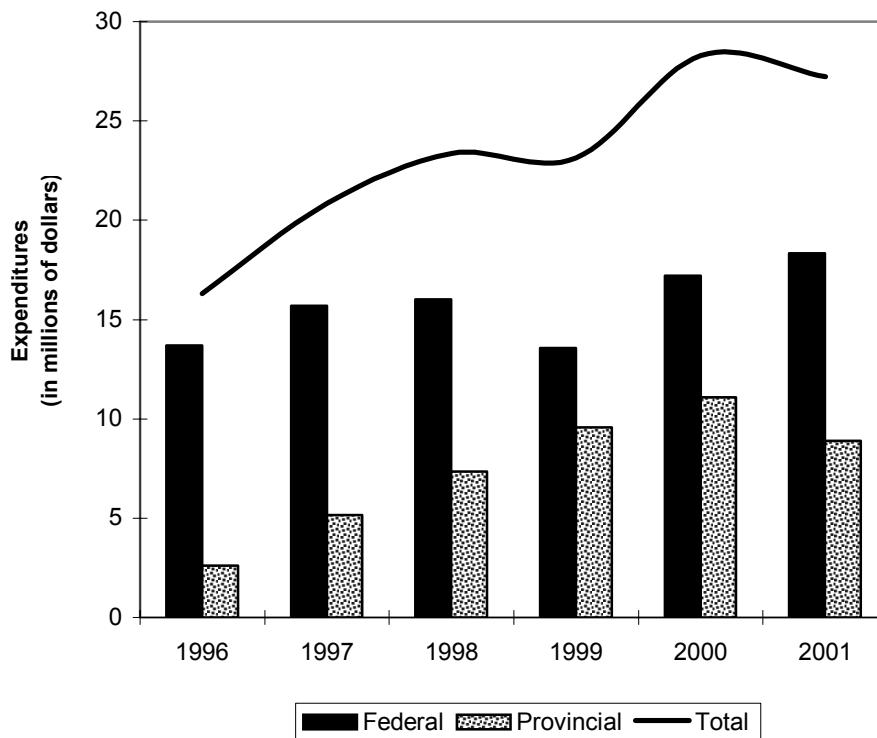
^a Growth data are not applicable.

In 2001, the film industry in Atlantic Canada received a total of \$27.1 million in government assistance, of which \$18.3 million was provided by the federal government and \$8.9 million by the provinces (see figure 20). Federal funding increased by 34 percent over 1996, while provincial funding grew by 241 percent. Given the size of the industry in Nova Scotia, it is not surprising that in 2001 the province received 75 percent of all federal expenditures in the region in this category (\$13.6 million). As for provincial assistance, New Brunswick and Newfoundland and Labrador have substantially increased their funding for the film industry since 1996. Provincial expenditures in New

Brunswick climbed from \$117,000 to \$3.5 million between 1996 and 2001, while in Newfoundland and Labrador funding went from \$732,000 to \$1.9 million. Conversely, provincial expenditures in Nova Scotia have dropped by 12 percent since 1996, totalling \$3.4 million in 2001.

Figure 20

Government Expenditures on the Film Industry in Atlantic Canada, 1996–2001



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 207; author's compilation.

The world's commercial film industry is based in the United States. With the world market for American film shoots estimated at US \$19.2 billion annually,⁹² competition to attract American producers is understandably keen. Since the 1990s, Canada is one of the countries to have profited greatly from American filming. The cities of Montreal, Toronto, and Vancouver in particular have benefited from the spinoffs. To a lesser de-

92. Canadian Press, "Les tournages américains désertent Montréal, *L'Acadie Nouvelle* (Caraquet), 5 March 2004, 4.

gree, the Atlantic provinces have also attracted foreign productions: in 2001 *The Shipping News* was filmed on the Newfoundland and Labrador coast, and Halifax was the location for *K-19*. Every large American movie made in the region injects several millions into the local economy and creates employment.

Why are Canada and Atlantic Canada so attractive to American producers? The recent weakness in the Canadian dollar and the presence of a skilled, less expensive labour force are both important factors. As well, the great majority of Canadian provinces, including all of the Atlantic provinces, have adopted a tax credit program to attract foreign productions and in general support the provincial film industry. This incentive gives producers a credit, which varies by province, for expenditures on labour. Unlike other Canadian provinces, Newfoundland and Labrador has certain restrictions on its tax credit, notably insisting that the producer and film crew be hired locally.⁹³ Today, with the increase in value of the Canadian dollar and stiffer international competition, Canada is losing ground to other countries, especially to Europe.

During the 2002–3 fiscal year, the provinces of British Columbia, Ontario, and Quebec attracted 93 percent of all foreign productions in the country (see table 11). Nova Scotia, the fourth-largest production centre, is well ahead of the other provinces of Atlantic Canada in the area of foreign productions. Its success is explained by the presence of experienced film crews, a highly developed infrastructure, and tax incentives. In 2002–3, the value of foreign productions in Nova Scotia was \$52 million, 8 percent more than the previous year. The provincial film industry has registered an average growth rate of 57 percent in the last five years. In New Brunswick and in Newfoundland and Labrador, the industry declined in 2002–3 after having attracted foreign producers in the previous years.

Because of the many productions, a whole field of expertise has developed around the film industry in Atlantic Canada. To stimulate the industry even more, in the fall of 2003 it was announced that mobile movie production facilities and a film set will be created at Corner Brook, Newfoundland and Labrador. Moreover, in 2001, in an effort to diversify the economy and meet a growing need for support services in the film industry, the South West Shore Development Authority in Nova Scotia transformed a former military base at Shelburne into a movie production centre; a film set was included.⁹⁴

93. According to a recent study, this restriction harms the Newfoundland and Labrador film industry. On this point, see First Contact Communication, *Growing the Local Film Industry* (St. John's, Nfld., 2002), 5.

94. Ian White, "Movies and More: The Shelburne Film Production Centre," *Commerce: The Enterprise Journal of Southwestern Nova Scotia* 5, no. 2 (2001): 8–10.

Table 11

**Value of Foreign Film and Television Production in Canada,
by Province or Territory, 1998–99 to 2002–3**

	Value (in millions of dollars)					Market Share (%)	Growth in 1 Yr. (%)	Average Growth over 5 Yrs. (%)
	1998–99	1999– 2000	2000–1	2001–2	2002–3			
British Columbia	445	664	760	857	830	44	-3	14
Ontario	347	443	543	561	574	30	2	21
Quebec	197	213	337	215	368	19	71	23
Nova Scotia	18	60	35	48	52	3	8	57
Alberta	46	112	57	34	37	2	9	3
Manitoba	27	7	25	33	34	2	3	39
Prince Edward Island	-	-	-	-	1	<1	N/A	N/A
New Brunswick	-	-	3	3	-	0	N/A	N/A
Saskatchewan	16	7	-	-	-	0	N/A	N/A
Newfoundland and Labrador	-	-	-	8	-	0	N/A	N/A
Yukon	-	1	2	1	-	0	N/A	N/A
Northwest Territories	-	0.03	-	-	-	0	N/A	N/A
Nunavut	-	-	-	-	-	0	N/A	N/A
Total	1,096	1,507	1,762	1,760	1,896	100	8	18

Source: Canadian Film and Television Production Association (CFTPA), *Profile 2004: Economic Report on Film and Television Production in Canada* (Ottawa: CFTPA, January 2004), 29.

N/A = not applicable.

4

INTERNATIONAL TRADE IN ATLANTIC CANADIAN CULTURE PRODUCTS

Value of Exports and Imports of Cultural Goods

Given the small size of the regional and even national markets for cultural goods,⁹⁵ export initiatives are one way for Atlantic Canadian entrepreneurs to increase their competitiveness and ensure their long-term viability. Since exports stimulate job creation and economic growth, it is no surprise that governments encourage these initiatives. In 2002, Canada had a trade deficit in cultural goods of \$1.3 billion: exports were \$2.3 billion and imports \$3.6 billion.⁹⁶ In Atlantic Canada, the deficit was around \$4.4 million, but that has tended to decrease since 2000. The region's exports of cultural goods in 2002 were worth \$17.4 million; imports were valued at \$21.8 million (see figure 21). It should be noted, however, that cultural goods represent only a tiny portion of all Atlantic Canadian exports, less than 0.1 percent in 2002.⁹⁷

The export value of cultural goods from Atlantic Canada is small when compared with the entire country's; however, the region's export market is growing. Table 12, which shows the progress of international trade in cultural goods in Canada by region between 1998 and 2002, highlights the national imbalance in export activities. In 2002, the export value of cultural goods in Atlantic Canada accounted for less than 1 percent of all exports of cultural goods in the country. In turn, Ontario's and Quebec's respective shares were about 50 and 30 percent of the Canadian total. However, the trend to keep in mind is the sustained increases in the export value of cultural goods in Atlantic Canada. They grew from \$9.9 million to \$17.4 million between 1998 and 2002, an increase of 75.5 percent and the strongest growth in the country. In the same period, growth in all of Canada was 38.0 percent. The value of imports in the Atlantic provinces between 1998 and 2002 grew by 52.5 percent as compared to a slight increase of 1.6 percent in Canada as a whole. Although its trade balance has improved since 2000, the Atlantic region has not recorded a surplus since at least 1996.

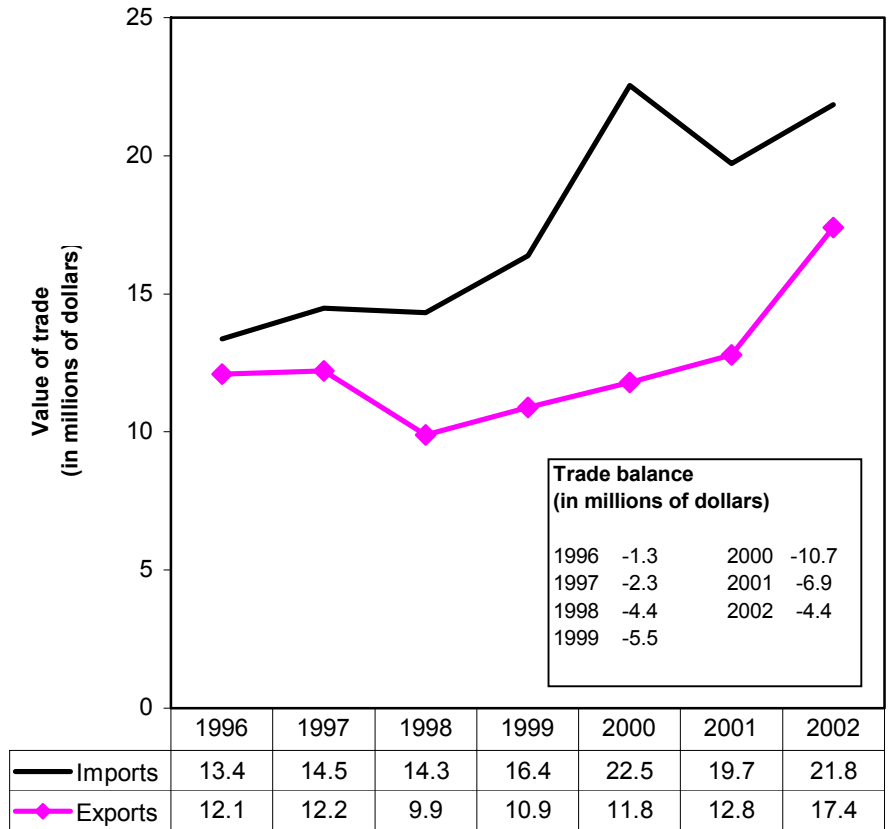
95. Cultural goods include books, CDs, films, and paintings. This definition excludes cultural services such as performances and broadcasts, which are intangible.

96. Statistics Canada, "International Trade in Culture Goods, 2002," *Daily*, 9 July 2003, 2.

97. Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 226, 230.

Figure 21

Trade Balance for Cultural Goods in Atlantic Canada, 1996–2002



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 230–32; author's compilation.

Table 12

Value of Cultural Goods Trade in Canada by Region, 1998–2002

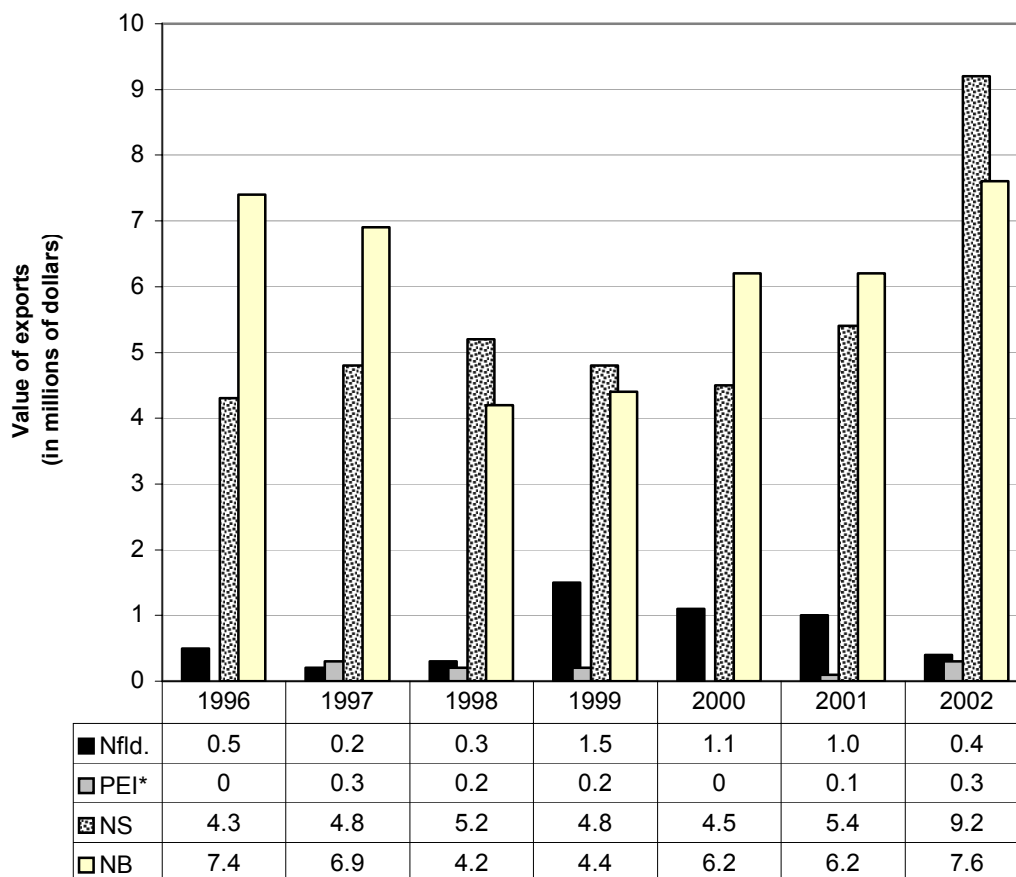
	Value of Trade (in thousands of dollars)					Share of Canada, 2002 (%)	Variations 1998–2002 (%)
	1998	1999	2000	2001	2002		
Atlantic Canada							
Exports	9,944	10,941	11,767	12,765	17,448	0.8	75.5
Imports	14,321	16,376	22,536	19,720	21,843	0.6	52.5
Quebec							
Exports	541,077	609,198	657,919	651,665	674,892	29.4	24.7
Imports	316,011	331,476	287,902	288,986	345,348	9.7	9.3
Ontario							
Exports	837,987	961,358	1,048,966	1,155,471	1,172,153	51.1	39.9
Imports	2,568,470	2,509,724	2,479,440	2,454,197	2,564,205	71.7	-0.2
Prairies							
Exports	101,614	125,467	135,826	129,478	146,994	6.4	44.7
Imports	333,082	333,781	323,292	328,790	369,987	10.3	11.1
BC and Territories							
Exports	171,068	184,901	227,334	259,389	282,111	12.3	64.9
Imports	288,494	285,638	285,472	269,173	276,886	7.7	-4.0
Total (Canada)							
Exports	1,661,690	1,891,865	2,081,812	2,208,768	2,293,598	100.0	38.0
Imports	3,520,378	3,476,995	3,398,642	3,360,866	3,578,269	100.0	1.6

Source: Statistics Canada, "Culture Trade and Investment Project: Culture Goods Trade Estimate: Data Tables," (November 2003), Cat. No. 87007XIF.

As regards export activities, Nova Scotia and New Brunswick stand out regionally. By themselves, these two provinces were the source of almost 97 percent of regional exports in 2002. The value of the exports was \$9.2 million in Nova Scotia and \$7.6 million in New Brunswick, which represent increases of 77 and 81 percent respectively over 1998. On the other hand, in 2002 the value of exports from Newfoundland and Labrador and Prince Edward Island was \$400,000 and \$300,000 respectively (see figure 22). Since 1996, the value of exports has decreased by 21 percent in Newfoundland and Labrador, the only Atlantic province registering a negative growth rate.

Figure 22

Value of Exports of Cultural Goods from the Atlantic Provinces, 1996–2002



Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 230; author's compilation.

* For reasons of confidentiality, the value of Prince Edward Island exports is not available for the years 1996 and 2000.

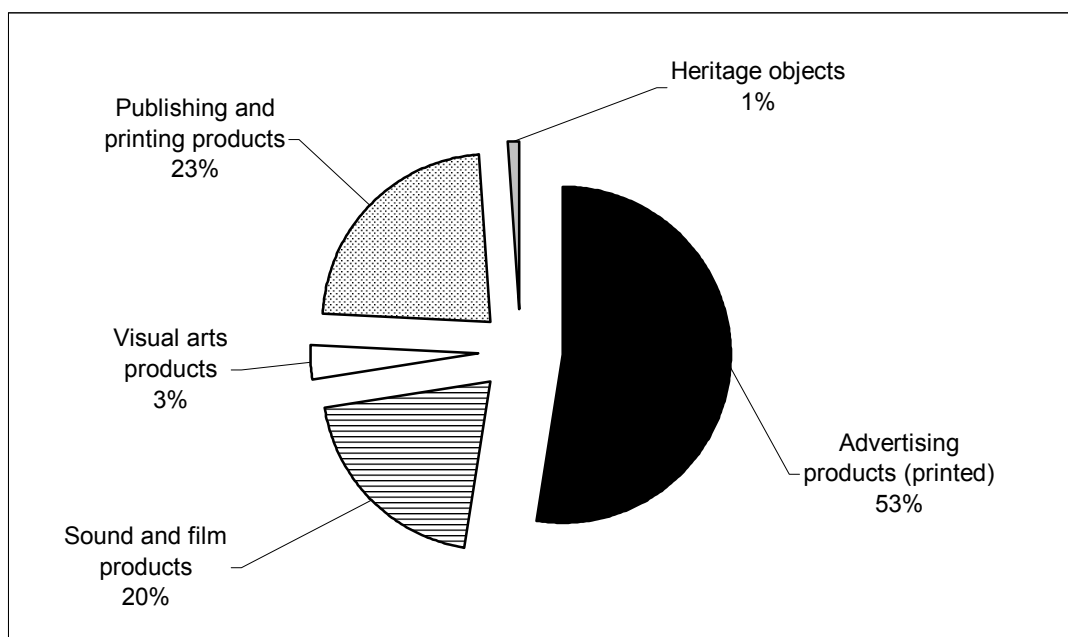
In 2002, a little over half of Canadian exports of cultural goods belonged to the publishing and printing fields (see figure 23). They were valued at \$1.2 billion, up 6.0 percent from 2001. At the same time, however, the import value of publishing and printing products was \$2.9 billion, or 81 percent of all Canadian imports of cultural goods.⁹⁸ Advertising products and sound and film products accounted for 23 and 20 percent respectively of all national exports of cultural goods. The subcategories in which exports decreased the most sharply between 2001 and 2002 were prerecorded records and

98. Statistics Canada, "International Trade in Culture Goods, 2002," 3. Exports by category are not available at the regional level, however, based on our sectoral analyses in the previous section, the movie industry dominates these exports in Atlantic Canada.

cassettes (50 percent), videocassettes (41 percent), and DVDs (38 percent). On the other hand, the greatest increases were in films (29 percent). The United States is still the main market for exports of Canadian cultural goods. In 2002, 96 percent of national exports went to the American market, a value of \$2.2 billion.

Figure 23

National Exports of Cultural Goods from Canada by Category, 2002



Source: Statistics Canada, "International Trade in Culture Goods, 2002," *Daily*, 9 July 2003, 5; author's compilation.

A recent survey by the Nordicity Group Ltd. for Canadian Heritage reported on the export activities of 385 of the country's small- and medium-sized cultural enterprises (SME).⁹⁹ First, two-thirds (66 percent) of the cultural SME questioned had done business with clients outside Canada between 2001 and 2003. For 48 percent of them,

99. Only twenty-eight of these were from Atlantic Canada. The cultural SME surveyed represented the following eight sectors: book publishing, commercial art galleries, film and video distribution, film and video production, new media, periodical publishing, sound recording, and radio and television broadcasting. In this study, the Nordicity Group Ltd. defined an SME as any enterprise with under three hundred employees and revenue less than \$25 million. See the Nordicity Group Ltd., *Profile of Small and Medium-Sized Enterprises in the Canadian Cultural Industries*, prepared for the Department of Canadian Heritage (Ottawa: The Group, 2004).

sales to foreign countries accounted for less than 10 percent of all their revenues. For obvious geographic and cultural reasons, the American market is the main trading partner for Canadian cultural SME. Consequently, the vast majority of exporting SME (86 percent) reported revenue from the United States; 46 percent reported revenue from Europe (including Russia) in the past two years. On the other hand, very few did business in Africa and the Middle East. The survey also revealed that the SME who registered the highest sales were the most active exporters.

With the opening of borders and the development of new technologies, especially the Internet, international trade in cultural products and services leapt between 1980 and 1998. In US dollars, world imports went from \$47.8 billion to \$213.7 billion, while exports grew from \$47.5 billion to \$174.3 billion.¹⁰⁰ However, only a few industrially advanced countries were truly active on the export markets. "In 1988, thirteen countries were responsible for more than four-fifths of imports, and twelve countries for the same proportion of exports."¹⁰¹ The United States, Japan, Germany, Great Britain, France, and Canada are among the main producing and consuming countries of cultural goods.

The United States has become the main supplier of cultural goods and services in the world. Its music, television, and movies are examples of cultural products that are distributed and consumed widely in most industrialized countries. Because of its proximity, the Canadian import market for cultural goods is dominated by the United States: in 2002, it was the source of about 80 percent of all imports of cultural goods to this country.¹⁰² Often called imperialist, American culture is omni-present and with freer trade and advances in information technologies, its further expansion seems assured. This phenomenon raises concerns about cultural homogenization and the Americanization of world cultures, concerns that are deeply felt in English Canada, which has almost become an extension of the American market. Thus, the results of a 2002 survey of Canadians by Léger Marketing revealed that 61 percent of respondents felt that the domination of American culture in Canada threatened the survival of our cultural identity.¹⁰³

While the government of Canada is considering protectionist measures to defend against the excessive penetration by American cultural products, the United States remains the primary export market for Canadian cultural goods and services. In 2002, 96 percent of Canada's exports of cultural goods, with a value of \$2.2 billion, went to the American market. In decreasing order, Canada's other main export markets were the United Kingdom, France, Germany, and Japan.¹⁰⁴ The diversification of export markets is a major challenge for current and potential exporters.

100. UNESCO Institute for Statistics, *International Flows of Selected Cultural Goods*, ix.

101. Ibid.

102. Statistics Canada, *Culture, Trade, and Investment Project: Culture Goods Trade Estimate: Data Tables* (Ottawa: Statistics Canada, November 2003), Cat. No. 87007XIF.

103. Léger Marketing, *Les Canadiens et la culture* (Montreal: Canadian Press and Léger Marketing, 1 July 2002), 12.

104. Statistics Canada, *Culture Trade and Investment Project*.

Export Aids: Support Programs and Strategies

Nothing is simple about policies on international trade in cultural products.¹⁰⁵ As we saw in an earlier chapter, cultural products are regulated by special clauses in international trade. The general trend in economic relations is toward freer trade, but policies on cultural industries tend to be more restrictive.¹⁰⁶ It is only quite recent that governments have become interested in cultural exports. They now recognize that the long-term economic growth and competitiveness of enterprises and entrepreneurs in the culture sector largely depend on their capacity to export. The search for international markets is even more imperative in a sparsely populated region like Atlantic Canada for which even the national market for cultural products is considered to be too narrow. We saw in the previous chapter that in 2002 exports of cultural goods in Atlantic Canada peaked at \$17.4 million, up 75 percent over 1998. Significant as that may be, it is tempered by the reality that Atlantic Canada accounts for less than 1 percent of all national exports of cultural goods.

The federal and provincial governments, together with nonprofit artistic and cultural organizations, sponsor several initiatives aimed at creating or increasing outlets to foreign markets. They supply financial aid, resources, and various services to artists, cultural SME, professional associations, and community groups. Some programs are general in scope, while others target a particular discipline or ethnic or linguistic group. Although there are a number of these programs, we will mention only a few in order to highlight the forms of support available to cultural workers. Evaluating these programs is not within our mandate.

Regionally, ACOA is an important partner for export support, thanks especially to the Canada/Atlantic Provinces Cooperation Agreement on International Business Development (IBDA) and the Atlantic Trade and Investment Partnership (ATIP). Financed jointly by the government of Canada (70 percent) and the four provincial governments (30 percent), IBDA is aimed at increasing the number of exporters in the region, encouraging market diversification, and increasing the value of sales abroad. While not dealing specifically with culture, IBDA has supported several sectoral initiatives in four areas: training and awareness of exports, international market information, activities promoting foreign trade, and planning and research. ATIP is a federal five-year program aimed at supporting foreign investment and export initiatives in the region. Since 2002, cultural initiatives supported by this program have created major spinoffs. ACOA, through IBDA and ATIP, has sponsored many culture sector projects, like trade missions and fairs, market studies, training sessions, and visits from foreign buyers.

One of the most recent investments in developing international markets is the Trade Routes Program. This three-year pilot project, launched by Canadian Heritage in May

105. On this point, Christopher Maule writes that Canadian policies on cultural trade are as complex as they are confusing. The author adds that Canadian policies are paradoxical in that they encourage us to export cultural products to countries that export to us a culture that we regard as threatening. See "Trade and Culture: Rhetoric and Reality," *Policy Options* (March 2002): 39.

106. Keith Acheson and Christopher Maule, *Much Ado about Culture: North American Trade Disputes* (Ann Arbor, MI: University of Michigan Press, 1999), 329.

2001, is aimed at current and potential Canadian exporters in the arts and culture sector who want to increase their export capacity. The program has two focuses: preparation for export and developing international markets.¹⁰⁷ Trade Routes has set up a network of seven advisors on cultural trade across the country. Deployed in the Industry Canada international trade centres, these regional experts are assigned to advise entrepreneurs, nonprofit organizations, and small- and medium-sized enterprises on preparation for export. There are three advisors in Atlantic Canada. The first, headquartered in Halifax, looks after Nova Scotia; the second, in Moncton, serves New Brunswick, Prince Edward Island, and francophones in Nova Scotia; and the third, in St. John's, meets the needs of Newfoundland and Labrador.

Trade Routes not only has strict eligibility criteria, but it shows a preference for projects with a long-term export strategy. For these and other reasons, most Atlantic Canadian cultural entrepreneurs do not qualify for the program. According to some of the region's entrepreneurs, this is true of several federal-funding programs. Many of the stakeholders consulted went even further, saying that the needs of Atlantic Canadian artists very rarely correspond to the eligibility criteria of national programs.

Trade Team Canada — Culture Products and Services is a federal structure operating under the aegis of Canadian Heritage whose mandate is to insure “a two-way flow of information and advice between the Government of Canada (GOC) and the arts and cultural stakeholders in the private and public sector, on cultural export development issues.”¹⁰⁸ Canadian Heritage also offers more targeted programs, such as the Book Publishing Industry Development Program and the Canada Music Fund. Elsewhere in the federal government, at the Department of Foreign Affairs and International Trade (DFAIT), the Arts and Cultural Industries Promotion Branch brings together specialists networking with partners at Canadian Heritage, Industry Canada, and Statistics Canada. This team offers various support and promotion services to facilitate access to cultural products and services on foreign markets. DFAIT offers other export tools, such as the Program for Export Market Development (PEMD) and the New Exporters to Border States Program (NEBS). The Canadian Heritage Trade Development and Investment Branch produced a directory of federal programs and services designed to help Canadian artistic and cultural entrepreneurs in their development activities on international markets.¹⁰⁹ Provincial governments also offer a wide range of support programs, though not all are specifically adapted to the culture sector.

The recent survey by the Nordicity Group Ltd. showed that the number of Canadian cultural SME that are aware of government export assistance programs varies by sector of activity. Publishers, for example, are the most aware of available programs, especially because of the work of the Association for the Export of Canadian Books.¹¹⁰ In the

107. For more information on Trade Routes, see the Internet: http://www.pch.gc.ca/progs/acca/progs/rctr/index_e.cfm

108. This structure replaced the Cultural Trade Advisory Board in 2002. See the Internet: http://www.pch.gc.ca/progs/acca/progs/rctr/progs/eccctcc/about/mandate/index_e.cfm

109. *Federal Programs and Services for Arts and Cultural Entrepreneurs*, prepared by the Trade and Investment Development Branch, Canadian Heritage (n.d.). This document is not available on line, but can be obtained from the department.

110. Nordicity Group Ltd., *Profile of Small and Medium-Sized Enterprises*, 167.

final analysis, however, it seems that export support programs have only a limited effect on the foreign revenue generated by exporting SME.¹¹¹

Trade fairs and missions have proven to be good opportunities to promote Atlantic Canadian talent elsewhere in the country and around the world. By trade mission we mean an organized visit, generally directed by government representatives, by a group of delegates to a targeted market. Trade fairs are meeting places where current and potential exporters can promote their products and services, evaluate commercial possibilities, establish useful business contacts, and meet agents and distributors. Fairs also let participants evaluate the competition and gather other information that will help them enter the market. Those surveyed reported that festivals abroad are also an important means of accessing markets for the performing arts, music, and movies. International book fairs and markets are good springboards for the publishing industry.

In general, enterprises in the Atlantic provinces' culture sector have not been actively involved in government trade missions. Certain stakeholders surveyed feel that trade missions targeted on culture are a better approach than multi-sector missions. In the fall of 2001, the Department of Industry, Trade and Rural Development of Newfoundland and Labrador, in collaboration with ACOA and Industry Canada, sponsored its first cultural trade mission to Boston to encourage trade between the province and New England. Representatives of the music, visual arts, and film industries descended on Boston for three days to meet delegates from the region. More recently, in January 2004, ACOA led an Atlantic cultural delegation to the Canadian Forum on Cultural Enterprise in Paris, a mission that has already resulted in spinoffs for some of the participants.¹¹²

Artists from the Acadian and francophone communities in Atlantic Canada benefit greatly from marketing efforts by the Société nationale de l'Acadie (SNA) to promote Acadian artists on the international stage. The SNA, in partnership with the federal and provincial governments, has organized several cultural trade missions abroad, mainly to France. These encourage trade between Acadian and European professionals with the aim of increasing the distribution in Europe of French-language cultural products from Atlantic Canada. Among their major accomplishments in 2003 was a mission to the Déferlantes francophones de Capbreton and participation in Nuits Acadiennes in Paris.

Exporters are the first to acknowledge that spinoffs from a mission abroad take time to develop. According to the results of a recent survey of exporting SME in Atlantic Canada, "One should not expect trade missions to reap instantaneous results, especially for potential exporters."¹¹³ Months and even years can go by before participants make any foreign sales. Economist Pierre-Marcel Desjardins explains that a trade mission "is just the beginning of what is a long process: as important as the preparatory work can be, following up on a trade mission is equally important, if not more so." His survey showed that "successful exporters prepare themselves by doing their homework.

111. Ibid., 169.

112. For example, following meetings in Paris, the agent for the musical group Grand Dérangement from Nova Scotia negotiated sixty-five shows in Europe, estimated at \$300,000.

113. Pierre-Marcel Desjardins, *Atlantic Canadian Exports, with a Focus on SMEs and Rural Regions* (Moncton: Canadian Institute for Research on Regional Development, 2003), 97.

And that means knowing their sector, their markets and prospective clients, knowledge that can only be gained through experience and hard work.”¹¹⁴

Rather than organizing a mission abroad, an increasingly common strategy in Atlantic Canada is to invite foreign buyers to the region. Many cultural events include a program area devoted to marketing cultural products internationally. ACOA is an important financial partner in these initiatives. Since 2003, along with the festivities surrounding its annual awards gala, the East Coast Music Association has been organizing an international forum that brings together Atlantic Canadian artists and international commercial delegates for the purpose of encouraging networking and trade. They present workshops, panels, and round tables on various themes related to exports and to the development of international markets. Even more important, the international guests attend performances by artists from the region, who use the opportunity to showcase Atlantic talent.

The ECMA gala in February 2004, which was held in St. John's, welcomed around thirty foreign delegates from the United States, Europe, and Asia — delegates representing music festivals, production and distribution houses, artists' agencies, and record companies. Twelve came from all over the United States, five from China, one from Japan, and the rest from western Europe. The organizers of the international program chose delegates whose profiles conformed to the needs and distinctive characteristics of the industry in Atlantic Canada. Also in attendance were trade officers from Canadian embassies and consulates in the United States and Europe who participated in meetings designed to familiarize them with the Atlantic Canadian music industry. According to the East Coast Music Association, the 2004 edition of the international event was a huge success.¹¹⁵ During the event, several Atlantic Canadian artists were hired to participate in festivals or approached by record companies and performance promoters. Bearing in mind that it sometimes takes months for discussions to bear fruit, it is difficult to evaluate the true impact of the East Coast Music Awards' International Program.

Each year since 1998, the Atlantic Film Festival in Halifax, which already enjoys a national and international reputation, has added to its program of activities a conference to stimulate international co-productions. The major financial challenges faced by the movie and television industry make co-productions an attractive option. The Strategic Partners Conference is the first of its kind in Canada to study international co-productions in the film and television industry. Indeed, the principal objective of the conference is to facilitate trade between Canadian enterprises and foreign producers, distributors, broadcasters, and financiers. Its goal is to encourage trade and forge partnerships through workshops, seminars, and face-to-face meetings. Each year, conference organizers target a different region of the world. In the past, they have invited representatives from Germany, Scandinavia, the United Kingdom, Latin America, Australia, and New Zealand. In 2003, organizers focused on the United States, the United Kingdom, and Ireland. This last edition of the conference saw ninety-four different enterprises,

114. *Ibid.*, 104.

115. East Coast Music Association, *East Coast Music Awards 2004 International Program* (March 2004), 14.

fifty-four from Canada and about a dozen from Nova Scotia, participate in over two hundred meetings.¹¹⁶

This kind of initiative also exists in francophone circles. The Festival international du cinéma francophone en Acadie (FICFA), an annual event held in Moncton, has been organizing meetings for movie industry professionals since 1999. In September 2003, conjointly with its seventeenth edition, FICFA collaborated with the SNA to launch an international market. The Marché du cinéma et de la télévision acadien et des régions francophones du Canada invited delegates from Europe to screenings of films from Acadie and the Canadian Francophonie. The goal of the Marché is to promote access to the European market and to introduce foreign delegates to potential film sites in southeastern New Brunswick.¹¹⁷

Contact-Acadie is the francophone market for the performing arts in Atlantic Canada. Since 1997, it has been organized annually at the same time as FrancoFête en Acadie. FrancoFête celebrates the performing arts in Moncton and provides opportunities for exchange between Acadian cultural stakeholders and those from other francophone regions. To this end, it develops new markets for Acadian artists and artists from the Canadian Francophonie, supports the circulation and distribution of their works, and contributes to the professionalization of the Acadian and francophone cultural industry in the Atlantic region.¹¹⁸ Besides offering training workshops to artists on various aspects of the performing arts industry, Contact-Acadie welcomes international delegates and organizes performances to showcase Acadian and francophone artists. In 2003, with help from the SNA, Contact-Acadie held workshops on themes such as the professionalization of the industry, knowledge of international markets, and preparation for export. Since it began, Contact-Acadie has created new openings for Acadian and francophone artists on national and international stages. In the fall of 2003, some 250 delegates participated in the FrancoFête and Contact-Acadie. Around 40 were from outside the country.

In May 2003, Atlantic Scene, a two-week festival organized by Canada's National Arts Centre in Ottawa, gave over four hundred artists from the Atlantic provinces the opportunity to showcase their talent to the general public as well as to buyers, distributors, agents, and producers from Canada, the United States, and Europe. Under the theme "Atlantic Canada comes to the National Capital," the event brought together francophone, anglophone, and Native artists from many fields, including theatre, music, literature, the visual arts, dance, and cinema.

These few examples illustrate the huge significance of cultural events and festivals as a springboard to diversifying markets. Also, many of these events offer artists workshops on marketing their products and preparing to export. These initiatives are born from the need to better equip Atlantic Canadian artists and to initiate them into business.

116. Anna Quon, "Film, TV Producers Meet in Halifax," *Chronicle-Herald* (Halifax), 13 September 2003, C6.

117. For more information on the festival and its international market, see the Internet: <http://www.ficfa.com>

118. Internet: <http://www.francofete.com/index/index.cfm>

Those surveyed said that the direct (in-person) approach, no matter how effective, is too expensive for more than a few Atlantic Canadian entrepreneurs. On the other hand, several said that the Internet is a good tool for finding potential markets and contacts. Clearly, trade fairs and missions, festivals and salons offer the best opportunities to publicize and distribute cultural products from Atlantic Canada. Co-productions and co-publications are other entry strategies that can help in penetrating a foreign market.

Obstacles to Export

During our meetings, stakeholders in the Atlantic Canadian culture sector admitted that in spite of the enormous talent pool in all fields, few of the region's artists or SME have the means to get involved in exportation. Obstacles to export are not unique to the culture sector, of course; access to international markets presents major challenges to all sectors of economic activity. This section is based on the impressions we gathered from around thirty representatives of the culture sector in Atlantic Canada on the subject of barriers to export. Their concerns generally focused on three distinct but interdependent themes: financial support, know-how, and networking.

Funding

There is no doubt that the main obstacle to exportation is financial. This was a common theme at all our meetings. We saw in the section on sectoral profiles that most Atlantic Canadian cultural enterprises make little or no profit and are highly dependent on public funding. Their situation is generally more fragile than the situation nationally, so it is not surprising that they have neither the financial stability nor the necessary funds to get involved in export activities. Many representatives of the culture sector said that they spend much of their time applying for grants from various levels of government and organizations just to maintain their basic operations. Inasmuch as public funds are normally distributed on a one-time basis, they are frequently in the position of having to renew their applications. Many participants feel that governments are not really interested in investing in the sector and are less than generous with grants.

Stakeholders reported that they spend too much time trying to satisfy the requirements of funding agencies and that the resulting red tape often interferes with the development of new initiatives. Others said that they found the eligibility criteria for some financial programs, especially national ones, too restrictive. Some of these programs value artistic excellence over regional representation, which is not a bad thing necessarily, except that some Atlantic Canadian cultural industries have yet to reach the level of maturity of enterprises in other regions of the country.

Know-how

Many cultural entrepreneurs in the Atlantic provinces are first and foremost artists or creators and are lacking in business experience or expertise. This lack of management, planning, and marketing know-how was mentioned as a major obstacle to exportation. Moreover, very few entrepreneurs said that they were familiar with the dynamics of in-

ternational trade, such as restrictions on work permits, regulations, and knowledge of foreign markets. The number of workshops and training sessions on cultural enterprise has increased in the last few years in response to the huge demand for skills in these areas.¹¹⁹ These training activities are often offered by professional associations or at a wide variety of cultural events.

Stakeholders also mentioned the need to train and coach cultural professionals in Atlantic Canada, such as artists' managers, agents, and distributors. They feel that at present there are not enough professionals to support the management and marketing of Atlantic Canadian artists and cultural products. Some progress is being made in this area thanks to the creation of training programs offered by some institutions of higher education in the region. These professionals, it is hoped, will provide expertise in international marketing.

Networks

In order to export, one needs contacts, that is, access points for learning more about a foreign market. The saying "It's not what you know but who you know" applies particularly well to the culture sector. In other words, talent isn't always enough. Earlier, we examined the important role in networking played by trade missions and fairs, festivals, and markets and salons. Certain representatives emphasized the need to organize or better support these initiatives to encourage the development of contacts, especially in the United States and Europe. The few stakeholders we met who had an agent outside the Atlantic region, whether in central Canada or abroad, said that he or she had been helpful in expanding their market. Anglophone stakeholders praised the work done on the francophone side by the SNA to develop French-language markets.

Many people feel that commercial delegates from the various federal and provincial departments in the Atlantic region do excellent work with the artistic and cultural community but that there are too few of them to meet the industry's growing needs. A certain number of stakeholders in the Atlantic Canadian culture sector expressed the view that federal and provincial departments and agencies that do not have a specifically cultural mandate underestimate the culture sector's economic value and potential. The same is true of financial institutions, which see cultural enterprises as high-risk ventures. Some stakeholders said that cultural attachés and agents in Canadian consulates abroad are not effective at introducing them to a region and its products because of a lack of knowledge. They also expressed a need to have experts abroad capable of fitting cultural products to foreign markets.

The points raised at our meetings with stakeholders in the culture sector reflect to some extent the conclusions of the recent survey by the Nordicity Group Ltd. of 385 Canadian cultural SME. The lack of funding and absence of networks were two major barriers to exportation identified by this study. Both capital and a network of con-

119. On the question of training, the Cultural Human Resources Council has just published a profile of the skills needed to export cultural products. It is intended for artists and independent workers in the culture sector. See Cultural Human Resources Council, *Export Marketing of Cultural Products and Services: Competency Profile* (Ottawa: The Council, 2003).

tacts are necessary to promote and sell cultural products and services in a foreign market. The Canadian cultural SME sampled recognized the need to strengthen their overseas relationships, but they said it was difficult to do. SME need large financial resources to maintain their networks, a point that the American market will serve to illustrate: "Marketing to U.S. customers requires more than ten times the marketing required in Canada. Not only is the economy more than 11 times larger, but the economy is highly competitive, and companies are considered very cost efficient in comparison with many other western countries."¹²⁰ International marketing involves more than just setting up a Web site. In the culture sector, the development of international alliances rests more on personal relationships,¹²¹ which is why a presence at trade fairs and missions is seen to be the best way to cultivate and maintain international relations.

Conclusion and Recommendations

This study has tried to show the contribution made by arts and culture to Atlantic Canada's regional economy. For whatever reason, there has until now been a lack of research on the volume, value, and profitability of the arts and culture industries in Atlantic Canada, but as our analysis makes clear, this sector deserves a special place in the economic sphere. In 2002, its direct contribution to the GDP of Atlantic Canada was estimated at \$2.1 billion, or 3.1 percent of the regional economy, and it generated 34,558 direct jobs, or 3.3 percent of the regional total. The arts and culture industries in the region are an example of an expanding sector, one that has just begun to turn its attention to foreign markets.

We mentioned the serious national imbalances that exist in the export of cultural goods and services. In Atlantic Canada, for example, the export value of cultural goods accounts for only a tiny share of the Canadian total. Despite this, promising trends are beginning to appear in certain elements of the region's cultural sector, notably in non-profit performing arts companies, in the film, video, and audio-visual production industry, and in the book-publishing industry.¹²² The narrowness of the market for cultural activities in both Canada and Atlantic Canada, together with the volatility of public funding, leaves few options for cultural enterprises wanting to expand. Their greatest opportunities for growth lie with international markets.

The lack of capital is a serious problem for Atlantic Canada's cultural entrepreneurs. The culture sector depends heavily on public funding, which is not only uncertain but often distributed on a one-time basis in amounts that can vary from one fiscal year to the next. This can play havoc with exportation, which requires a medium- and long-term strategy. The cultural subsectors in Atlantic Canada all face financial constraints even though, in general, sales by cultural enterprises in the region have increased constantly since the mid-1990s. At the same time, however, these enterprises have seen their profit margins decrease by much more than the national average.

120. Nordicity Group Ltd., *Profile of Small and Medium-Sized Enterprises*, 173.

121. *Ibid.*, 172.

122. It will be recalled that no data on international trade in the sound-recording industry were available.

Because of the lack of adequate cultural infrastructure in certain sectors of activity, many of Atlantic Canada's artists and suppliers of "exportable" cultural products have moved away from the region to record their work, pursue a stage career, or distribute their products. While this makes them important ambassadors for Atlantic Canada in foreign markets, it also raises concerns about the region's capacity to retain talent and creativity and to increase its international exports. There may not be a lack of talent or creativity in Atlantic Canada, but it does suffer from gaps in know-how and in mechanisms for production, promotion, diffusion, and distribution.

The following recommendations are based on the results of this study:

1. Support for cultural entrepreneurs and enterprises is essential. Governments and other subsidizing partners must work with stakeholders in Atlantic Canada's culture sector to reevaluate support programs and devise evaluation criteria that take into account the special needs and character of independent cultural workers and cultural enterprises in the Atlantic region. Discussions should be started to encourage collaborations and cost-sharing agreements among all levels of government.
2. Governments should increase their support for initiatives aimed at developing foreign markets for Atlantic Canadian cultural products. To this end, they should encourage participation in trade missions and fairs, forums, markets, festivals, etc., and instruct players by means of export preparation programs adapted specifically to the needs of cultural entrepreneurs and enterprises. Better preparation would maximize economic spinoffs and increase Atlantic Canada's share of national exports of cultural products. As well, governments should strengthen Atlantic Canada's international profile by integrating culture into the existing group of export promotion platforms.
3. Governments should recognize the need to improve the business skills of cultural entrepreneurs and coach them on preparing business plans. To fully profit from business opportunities, cultural entrepreneurs must realize the value of developing professional management and marketing skills.
4. Stakeholders in the Atlantic Canadian cultural milieu are already a community of interests united by a passion for arts and culture. Governments should make use of these synergies and encourage pan-Atlantic collaborations. Since there are so few cultural workers in the region, all culture sectors could benefit from coordinated strategic actions to overcome the obstacles and barriers to growth.
5. Given its regional mandate, ACOA, in collaboration with federal departments that have a sectoral mission, should reevaluate and modify national cultural policies and programs so that they correspond more closely to the economic reality of the Atlantic provinces and are more accessible to cultural entrepreneurs in the region.

Finally, the culture sector's greatest contribution may not have been accounted for thus far, that is, its positive effects on quality of life, a contribution that would more than

justify its sustained financial support. This is an opinion held by many of the stakeholders we met in Atlantic Canada's culture sector. The reality, however, is that in these times of budget constraints, governments have assigned the culture sector a low priority. Some stakeholders go even further, suggesting that the culture sector has been relegated to the margins of government economic concerns. This sentiment is shared by a number of Canadian observers who feel that the political discourse should focus more on the "non bankable" benefits of culture¹²³ and that public support for cultural activities is not only legitimate but necessary.¹²⁴ The subtext here is that the success of cultural projects should not be measured in profits or economic spinoffs. As the debate continues, there is no doubt that players in the culture sector in Atlantic Canada will carry on the work of raising government and public awareness.

123. Michael Rushton, "The Economics of Culture and the Culture of Economics," *Queen's Quarterly* 106, no. 2 (1999), 315–18.

124. Wyman, *The Defiant Imagination*, 181–87.

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Appendix 1: Notes on Methodology

Economic Impact Concepts and Methodologies

The value of the direct impact of the culture sector on the whole economy involves the measurement of business production through the analysis of various factors of production — land, labour, and capital. In order not to overstate the value of the direct impact, only the primary inputs needs to be taken into account. These consist of wages, salaries and supplementary labour income net of indirect taxes minus subsidies, net income of unincorporated businesses and operating surplus, which in effect together constitute the contribution made to the GDP of the whole economy. Unlike the value of total output/input (total revenue or total expenditures), GDP contribution has its equivalent for other sectors of the economy as a whole and furthermore avoids the problem of multiple counting. Value-added (contribution to GDP) is one of the most frequently used measures of industry output. The impact associated with the value of other goods and services consumed or used in the process of production, purchased from other industries, is accounted for in the calculation of the indirect impact.

The objective of the economic impact analysis is to measure the unduplicated value of economic activity associated with culture activities. This is done by estimating the contribution to the Gross Domestic Product (GDP) and the number of jobs associated with the creation, production, manufacturing and distribution of cultural goods and services.

The Measurement of Total Production of the Economy (GDP)

At the heart of the System of National Accounts is the concept of “Economic Production.” Gross Domestic Production (GDP) is designed explicitly to measure the unduplicated value of the nation’s total production of goods and services. By so doing, a statistical picture of the structure and functioning of the economy and of the composition and use of the nation’s production, as well as, of the various types of income generated in the process, emerges. The broad income and expenditure estimates can also be further broken down to show how the various sectors of the economy (businesses, persons, governments and non-residents) interact in their transactions with one another to produce this output. Beginning from the basic concept of production, it is possible to build up a major system of statistics that traces the flow of all income and expenditure transactions underlying the production and distribution of the nation’s total output.

It is possible to measure the unduplicated value of production in three separate ways. The **expenditure (or final demand) approach**, consists of the sum of all sales that firms have made to final users (to consumers, to governments, to businesses on capital accounts, or in export markets¹²⁵). This approach also provides an unduplicated

125. This is the methodology applied in the present study.

value of total production. Imports of course have to be deducted from this summation since they are implicitly included in these final sales and should not be counted as a part of Canadian production. Imports represent part of the production of a foreign country. Sales from one firm to another (intermediate production) are not counted since to do so would involve double counting. The value of all intermediate production is embodied in the value of final output sold to users. The “sales to final users” (or “sum of expenditures”) approach yields the same value of production as the “sum of incomes” approach. More specifically, the expenditure approach is obtained by summing:

1. Personal expenditures on consumer goods and services;
2. Government current expenditures on goods and services, including all current outlays for goods and services by the government sector, covering wages and salaries of government employees and purchases of other non-capital goods and services;
3. Capital formation (government fixed investment in new durable assets (e.g., roads, buildings, machinery and equipment; government investment in inventories — e.g., marketing agencies;
4. Business fixed investment — e.g., business sector expenditures on durable tangible goods of one year or more, and on building and engineering construction;
5. Business investment in inventories; and
6. Exports of goods and services less imports of goods and services.

Reconciliation of Market Price and Factor Cost GDP Estimates

Estimations of GDP at Market Prices are available in two forms.

In its first form, it can be derived as the sum of final demand components (e.g., personal expenditures on consumer goods and services, government expenditures on goods and services, business gross fixed capital formation, and exports of goods and services), minus imports.

In its second form, it can be derived as the sum of primary inputs (i.e., indirect taxes of industries and final demand categories less subsidies plus wages and salaries of industries and final demand categories and surplus of industries.

Indirect taxes represent a part of market prices of goods and services which is not received by factors of production (e.g., sales and excise taxes, import duties, and property taxes). These indirect taxes are generally taxes on expenditures while taxes on income are typically direct taxes. Surplus includes the cost associated with the use of capital (profit and other investment income plus depreciation). Subsidies are the amounts contributed by government (production and consumption subsidies) to encourage certain types of economic production (e.g., culture), to assist producers in areas of

special difficulty, to protect the producer against a decline in the price of his product, or to support activities which are considered as socially desirable. Consumer subsidies are usually paid in order that the consumer may benefit from lower prices.

Estimates of Gross Domestic Product by industry set out in the National accounts are on a factor cost basis, not market prices basis, given that information on indirect taxes less subsidies is not available at the industry level. These two factors account for the difference between factor cost and market price GDP estimates.

Source: Statistics Canada, "Profile of the Culture Sector in Atlantic Canada," 242–44.

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