

**CANADIAN BOOKS TO READERS EVERYWHERE:
AN EXAMINATION OF BOOK POLICY DEVELOPMENT
AT THE DEPARTMENT OF CANADIAN HERITAGE**

by

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Abstract

This report presents an examination of book policy development at the Department of Canadian Heritage. It describes the federal government's current policy toolkit in the context of the principal factors that shape it – in particular, the policy rationale behind the government's support of the book industry in Canada and the various interests inside and outside government that influence book policies. This description culminates in the case study of a recent policy decision surrounding the eligibility of foreign-authored titles to the Aid to Publishers component of the Book Publishing Industry Development Program. In general, the paper is designed to shed some light on the workings of the government for the publishing community and for those interested in understanding the dynamics of support for book publishing in Canada.

Keywords:

Publishers and publishing, government policy, cultural policy, Department of Canadian Heritage, Book Publishing Industry Development Program.

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Abbreviations

ACP	Association of Canadian Publishers
AECB	Association for the Export of Canadian Books
AIA	Aid to Industry and Associations (a component of BPIDP)
ANEL	Association nationale des éditeurs de livres
ATP	Aid to Publishers (a component of BPIDP)
BPIDP	Book Publishing Industry Development Program
CCA	Canada Council for the Arts
DCH	Department of Canadian Heritage
FAT	Foreign-authored titles
IMA	International Marketing Assistance (a component of BPIDP)
LAC	Library and Archives Canada
LPG	Literary Press Group
SCI	Supply Chain Initiative (a component of BPIDP)

Preface

In the fall of 2005, completing the internship portion of the Master of Publishing program at Simon Fraser University, I worked as a student in the Book Policy unit of the Book Publishing Policy and Programs directorate at the Department of Canadian Heritage (DCH). I arrived equipped with some knowledge of DCH's Book Publishing Industry Development Program and its role in the Canadian publishing industry, but with only a vague sense of how government worked – this was something I was curious about. It was an interesting time to be in Ottawa and working for the federal government, during what turned out to be the final days of more than twelve years of Liberal Party rule.

As I was getting settled in, perhaps on my first day, my supervisor suggested that I familiarize myself with the department's strategic framework – which, he said, would inform everything I did in Book Policy. While this sounded like an exaggeration at first, I did notice that a number of my colleagues had the document pasted up in their workspace. The strategic framework sets out the department's mission statement, *Toward a creative and cohesive Canada*, and its strategic objectives. The first pillar of the department's strategic objectives is the creation of Canadian content, a principle that informs the mandate of the Book Publishing Industry Development Program (BPIDP), *Canadian books to readers everywhere*.

The role of the strategic framework was illustrated to me before long. One of the book policy issues being dealt with in the fall of 2005 was the decision, taken by Book Publishing Policy and Programs in 2003, to exclude foreign-authored titles from eligibility for BPIDP funding. Certain members of the publishing industry were unhappy with the decision. They argued that foreign-authored titles should be reinstated on the basis of the important revenue-generating role they play for cash-strapped Canadian publishers. The department's response was that the decision had had an overall positive effect on BPIDP recipients – 86 per cent had seen their contributions from the program increase, and those whose contributions had decreased were generally larger companies with significant revenues (DCH, 2005a). More importantly, however, the department reiterated its original rationale for the decision, which was to bring the program's eligibility requirements more closely in line with the program's mandate to ensure the ongoing

availability of Canadian-authored titles – a mandate that wasn't being served, at least in any direct sense, by funding the publication of books by foreign authors.

The foreign-authored title question, which will be examined as a case study in Chapter 5, underlined certain things for me about the way government works, and convinced me that the importance of the DCH strategic framework had not been overstated. I learned that government, at least from my vantage point in Book Policy, functions much like a company run on by-the-book management principles, where – to borrow from Ralph Hancox (2004) – mission drives strategy, strategy drives operational planning, operational plans drive management, management drives process organization, and so forth, down to the day-to-day activities and decisions of program officers.

The work of the Book Publishing Policy and Programs directorate of DCH, which administers BPIDP and is largely responsible for the federal government's policies with respect to books, is governed by a whole series of aligned and overlapping policy frameworks, from those set out at the government's apex by the political leadership, right down to the program's own mandate and objectives. While there is certainly flexibility in the way these frameworks are interpreted and applied, their weight and momentum is behind every decision that the directorate takes.

In writing this paper, I am motivated by a sense that Canadian publishers could harness the momentum of these frameworks to their advantage. Publishers are more likely to influence policy development in areas where their own objectives and those of the department overlap. Perhaps this is simply a question of framing their policy proposals in terms of a potential contribution to the department's objectives. I do not believe that the overall goals of the Canadian publishing industry and those of the department are very far apart.

And, at a time when there is a new government in power in Ottawa, one that may well be shifting the overall government priorities for the cultural sector, it would be all the more worthwhile for the publishing community to learn to better use the workings of government to its advantage.

1. Introduction

Objective

This paper presents an examination of book policy development at the Department of Canadian Heritage. It describes the government's current policy toolkit in the context of the principal factors that shape it – in particular, the policy rationale behind the government's support of the book industry in Canada and the various interests inside and outside government that influence book policies. It is designed to shed light on the workings of the government for the publishing community and for those interested in understanding the dynamics of support for book publishing in Canada.

What is Policy?

The term *policy* is used in many different ways, even within the particular context of government policy-making. It is sometimes used broadly to describe the government's chosen approach to a problem – for example, Canada's long-standing policy with respect to public health is to provide equal-access, publicly funded health care. It can also refer to a specific course of action, such as increasing spaces in medical schools. The term is often used to modify other similar, related concepts – policy framework, policy rationale, policies and programs, policy toolkit, and so on. Given these multiple meanings and usages, it is worth beginning this paper by defining the way in which the term will be used throughout.

As Glen Milne notes in his guide to the federal government's policy process, *Making Policy*, the question "What is policy?" elicits a wide range of opinion. He offers the following definition:

Policy is a clear goal and/or direction. It comes from the considered selection of one choice among competing compelling choices. Policy directs, but does not consist of, operational programs and details. It is best expressed as vision and goals, with associated strategic objectives, work plan and a *program* of activities, resources and leadership to achieve that choice (2002).

As Milne's approach implies, part of what makes policy a difficult concept to pin down is that a single policy usually brings into force a number of subordinate policies as well as a range of activities and structures designed to support it. There is an inherent conceptual tension, therefore, between the original policy as a singularity, and the range of policies that flow from it. When policies lead to the creation of programs, as they often do, there is a fine line between where the policy ends and a program's activities begin – in fact, the two are often indistinguishable. These factors make policy a rather vague concept.

In an effort to apply a relatively simple definition that nonetheless captures the complexity of the concept, policy will be defined in this paper in a holistic sense, as both a goal and the set of related decisions and actions taken about how to accomplish that goal.

What is Book Policy?

Another question of vocabulary that is useful to clarify at the outset is the use of the term *book policy* as opposed to *book publishing policy*. The latter term has been commonly used when referring to the activities of the Department of Canadian Heritage in support of Canadian book production. This is perhaps a reflection of the fact that the primary stakeholders of Book Publishing Policy and Programs, and the main recipients of Book Publishing Industry Development Program funding, are book publishers.

However, the policies and programs of the Department affect the whole of the sector, and their numerous stakeholders include writers, publishers, distributors, retailers, readers, and others. The term book policy emphasizes this broader constituency and wider responsibility. Throughout the paper, book publishing policy will refer specifically to the publishing sector of the industry, while book policy will be used more frequently, and in the more inclusive sense.

To answer the question raised in this section's title, and following the definition established above, book policy refers to the goals of the federal government with respect to Canadian books, and the resulting courses of action it undertakes in order to accomplish those goals.

2. Government Support for Books

Why Support Canadian Books?

The Canadian federal government's interventions in support of the country's book industry date back to the early 1970s, a time of growing cultural nationalism in Canada, but also a time of crisis for the country's burgeoning indigenous publishing industry. In the three and a half decades that have followed the first federal support measure for publishers – the Canada Council's Block Grants program for book publishers – the government has maintained this involvement. The particular measures employed have evolved over the years, but have generally consisted of a combination of legislative and regulatory measures as well as direct subsidies.

Opinions on the success of these interventions are mixed, depending on perspective. Peter Grant calls Canada's support of book publishing the best \$50 million¹ the government spends (2005), while Rowland Lorimer has characterized federal policy as "three decades of not quite" (1997). Regardless of one's opinion on the success of these measures, it is clear that over time, the federal government has demonstrated a sustained commitment to the production of Canadian-authored books and a stable Canadian-owned publishing industry.

Where does this commitment come from? What factors motivate the government to devote public resources to the book industry, and what does it hope to accomplish through this support? This chapter explores the various reasons why the federal government supports books and a number of the surrounding issues. It also seeks to place book policy in the context of overall support for arts and culture in the federal government, and particularly within the Department of Canadian Heritage.

Government Support for Arts and Culture

The Canadian government's involvement in the book sector does not take place in a policy vacuum; rather, it is firmly rooted in the broader context of our government's support

¹ The Canadian government, in fact, spends more than \$50 million in support of the book industry. The Book Publishing Industry Development Program and the Canada Council for the Arts alone amount to nearly \$60 million in spending, according to data from their annual reports.

framework for arts and culture, which is in turn part of a common international practice of national governments' involvement in the cultural life of their country.

Government support for arts and culture is generally tied to the role these are perceived to play in expressing a country's distinct national identity. In Canada, the Department of Canadian Heritage – the federal department responsible for arts and culture – puts it this way: “It is our culture that defines us as Canadians. In our arts and through our heritage, we live our values and create our identity. It is through our country's rich cultural diversity that we convey our sense of community, to each other and to the world” (DCH, 2003). Similar language is used on the Arts Council England's website to describe the publicly funded organization's mandate: “Our vision is to promote the arts at the heart of national life, reflecting England's rich and diverse cultural identity” (Arts Council England, 2006). In numerous countries, the nation-building potential of arts and culture is recognized, motivating government interventions and public spending (CCA, 2005b).

In Canada, a number of factors heighten the perceived need for our government to encourage and even protect national cultural production. With our colonial past and our multicultural present, Canada faces enduring questions about our national identity. In the context of our diverse society, culture is valued by the government as a means of building social cohesion. This connection is reflected in the mission of the Department of Canadian Heritage – *Toward a more cohesive and creative Canada*. Another factor, of course, is our close proximity and cultural ties to the United States, the world's largest and most successful cultural producer. This has at times contributed to a sense of urgency about protecting Canadian culture.

A survey of Department of Canadian Heritage publications available online reveals that arts and culture are perceived to contribute to a wide range of the federal government's broad policy objectives in addition to those discussed so far. Many of these are social and cultural – promoting diversity, increasing opportunities for dialogue, enriching civic life and encouraging greater participation therein, improving the quality of life in our communities, and so on. There is also a strong emphasis on the role for culture in international affairs. Cultural products are often referred to as “our best ambassadors,” as vehicles that promote Canada's profile as well as our culture and values to the rest of the world (see, for example, DCH 2001).

In addition to recognizing the intrinsic benefits of arts and culture, the Canadian government also takes into account the economic contribution of this sector. Statistics Canada data show that the direct impact of the arts and cultural sector in Canada – as measured by its contribution to gross domestic product – was \$39 billion in 2002, or 3.8% of the GDP. The sector

also generated an estimated 597,700 jobs for Canadians (Singh, 2002). With the increasing public policy focus on the knowledge economy, the profile of the cultural sector as an important economic driver appears to be growing (CCA, 2004).

Another central element of the Canadian government's rationale for supporting arts and culture is that there appears to be a firm public mandate for such support. A 2002 Decima research study undertaken for the Department of Canadian Heritage found that nearly three quarters of Canadians believe that the arts are important in enhancing the quality of their lives, and that 85 per cent agree that governments should provide support for arts and culture. Other unpublished public opinion studies commissioned by the department have found similar results in favour of government assistance to the cultural sector.

Finally, the government's involvement with arts and culture is also premised on need. The Department of Canadian Heritage accepts the view that Canadian culture across the various cultural industries will not thrive if left to market forces alone. In the case of the book industry, it was an apparent impending financial crisis in the Canadian-owned publishing industry that precipitated the government's support.

Canadian Government Support for Books

Books became the focus of government attention in Canada in the early 1970s, when two of the most prominent Canadian publishers, Ryerson Press and Gage Educational Publishing, were sold to American interests. McClelland & Stewart, already bearing the reputation of the pre-eminent publisher of Canadian literature, also declared itself on the verge of bankruptcy in 1971. The Canadian-owned sector of the book publishing industry seemed to be in danger of disappearing. This prompted the government of Ontario – the province where the vast majority of Canadian publishing took place – to examine this situation by means of the Ontario Royal Commission on Book Publishing.

Until this point, the book publishing industry in Canada had operated below the radar screen of the government. In part, this was due to the fact that the publishing industry had been relatively stable (MacSkimming, 2002). Moreover, there wasn't very much that was particularly *Canadian* about book publishing in Canada. For most of its history, the industry had been dominated by foreign publishers and by exclusive agency firms that distributed foreign books but that engaged in little publication of their own. It wasn't until the late 1960s that a relatively small population of Canadian-owned firms publishing the works of Canadian writers had begun to emerge (Lorimer, 1997).

Although culture in general had not been a government priority until this point, this too was beginning to change. As Rowland Lorimer (1997) notes, there was a growing desire for national self-articulation amongst Canadians, leading to increased government involvement in the cultural sphere. The creation of the Canada Council for the Arts in 1957, mandated to foster and promote the study, enjoyment and production of works of art, was one indication of a growing federal interest in the artistic and cultural life of the country. Another was the *Broadcasting Act* of 1968, which emphasized the role and importance of the Canadian broadcasting system in promoting national identity and unity. The sale of Ryerson and Gage therefore came at a time when there was interest on the part of both the public and the government in the preservation of Canadian culture.

In this context, the Ontario Royal Commission was asked to assess the economic position of Canadian publishing and the contribution it made to the cultural life of Canada, and to make recommendations regarding whether and how the Ontario government might intervene in the industry on behalf of the public. The Commission's report stressed the role of Canadian publishers in nurturing a distinctive Canadian identity by publishing the works of Canadian writers – a role that foreign-owned publishers were not seen to be delivering to a satisfactory degree. The Commission concluded that the financial state of Canadian publishers was indeed dire, that this threatened their ability to contribute to the cultural life of Canada, and that the cultural contribution of Canadian publishing was significant enough to justify public assistance to the industry.

The report's conclusions laid important groundwork for book publishing policy development in the years that followed and articulated some of the basic views that continue to shape book policy today. Notably, the report underlined the central importance of Canadian writers and their expression of the Canadian viewpoint. It argued for the support of the domestic publishing industry, not for its own sake, but as a means to stimulate Canadian authorship. The idea that a strong and viable Canadian-owned publishing industry is the best vehicle to develop Canadian books for Canadian readers remains a central tenet of federal book policy – a policy that is aimed, first and foremost, at delivering Canadian books to readers at home and abroad.

Today, Canadian books are valued by the federal government for many of the same reasons that other cultural products are valued – for their contributions to our cultural life, to our national identity and to our civic life, for example. But certain elements distinguish their contribution, as well. Books play a particularly strong role in education, another important public policy objective. The extraordinary successes of Canadian authors internationally, including three

Man Booker awards, underline the role that books can play in public diplomacy while serving to galvanize public and government support for the book industry.

Public interest in Canadian books is another important contributing factor in the federal government's support of the industry. Reading is Canada's most favoured cultural pursuit, and a habit firmly ingrained in our lives (Statistics Canada, 1998). A recent study conducted by Createc + on behalf of Canadian Heritage, *Reading and Buying Books for Pleasure* (2005) found that over half of Canadians read virtually every day. Ninety per cent of Canadians read a book in the previous year; this is very high compared to our American neighbours, almost half of whom read an average of less than one book per year.²

Canadians' reading tastes are varied, and their readership of Canadian-authored titles is modest at only an estimated 12 per cent of all books read (Createc +, 2005). Although this fact is disappointing to many in the book industry – and perhaps as well to those in the government working to ensure that Canadian content reaches its audience – it is perhaps not at all surprising, given the wide selection of foreign books available to Canadians. However, it is clear that Canadians value Canadian books, whether or not they read them voraciously. The DCH readership survey found that 70 per cent are interested in reading books by Canadian authors, and that they are far more willing to buy Canadian-authored books – perhaps as gifts for others – than they are likely to read them.

Finally, the financial difficulties faced by Canadian publishers continue to be one of the main reasons why the federal government supports Canadian books. The economics of book publishing and the role this plays in the government's rationale for supporting the book industry are explored further in the following section.

Economic Challenges of Book Publishing in Canada

As has already been mentioned, the Department of Canadian Heritage accepts the widely held view that Canadian cultural production requires some level of government support in order to sustain itself. Specialists in cultural policy such as Acheson and Maule (1999) and Grant and Wood (2004) have outlined the particular economic challenges faced by all cultural producers, including high up-front costs, the difficulty of predicting success and low profit margins. Book publishers in Canada face a number of challenges that are specific to their industry and to the

² This figure, quoted in *Reading and Buying Books for Pleasure*, comes from a 2002 study by the National Endowment for the Arts. The NEA survey was conducted shortly after September 11, 2001, raising some concern that this may have unduly influenced results.

Canadian market, as well. These are the focus of government attention, both in terms of its recognition of the needs of publishers, but also in terms of designing policy that responds to the particular environment of the industry.

The economic challenges facing book publishers in Canada, and the book industry as a whole, have been well documented in policy papers by the Association of Canadian Publishers, in textbooks for publishing and communications students, and in government documents such as *The Challenge of Change*, the 2000 report of the Standing Committee on Canadian Heritage on the state of Canadian publishing. They will be outlined below in order to provide context for the discussion of book policies and policy development in subsequent chapters.

Especially for a country as geographically vast as ours, Canada has a relatively tiny population. At 32 million, our population is roughly one-tenth of that of the United States. For publishers, this translates into a small market of potential book-buyers in which to recoup their up-front investment, and limited economies of scale in terms of overhead, production and marketing costs. In addition, Canadian publishers encounter the higher costs associated with distributing books across considerable distances.

Not only is our domestic book market small, it is also divided along linguistic lines between our two official languages. Despite strong cooperation in terms of contributing to federal policy development and, to a certain degree, the reciprocal sales of translation and other subsidiary rights, the French and English language markets in Canada operate distinctly. As a result, publishers effectively have access only to their linguistic portion of the national market. This also requires the maintenance of two parallel book industry infrastructures.

Intensive foreign competition is another defining characteristic of the Canadian book market. When Canadian readers go to the bookstore, they have access to one of the widest selections of titles in the world. Our close linguistic and cultural ties to Great Britain, France, and the U.S. – and in the latter case, our geographic proximity as well – make us a natural market for books from these countries; we also read books in translation from across the globe.

The presence of foreign books on Canadian bookstore shelves not only limits the space available for Canadian-authored books. It also means that Canadian publishers must price their books to compete with imports that were produced at much greater economies of scale and whose costs have already been amortized in their domestic markets.

Just as Canadian books compete for shelf space against foreign imports, Canadian publishers face the challenge of much larger foreign competitors operating in the Canadian

market. After a decade of mergers and acquisitions in the book industry, Canadian firms compete against the branch plants and imprints of publishing empires with revenues greater than those of the entire Canadian-owned and –controlled sector.³ These larger firms are at an advantage when attracting the country’s top writers, since they are able to offer larger author advances and to devote more resources to marketing budgets than their Canadian-owned counterparts.

Factors such as the small, divided Canadian book market and significant foreign competition have made it difficult for Canadian publishers to maintain their activities while relying on their sales revenue alone. They have also experienced obstacles in securing financing from banks or other financial institutions. Characteristics of the industry such as low retained earnings, unpredictable business prospects and the fact that sales to retailers can be returned for full credit, have contributed to this scenario. As a result, Canadian publishers have generally been inadequately capitalized and have been limited in their ability to expand their operations, to adopt better infrastructure or to enter more profitable areas of the market.

While these structural challenges have been largely constant in the Canadian publishing environment since 1970, additional challenges arose in the mid-nineties, particularly centred around changes to book retailing. The first of these came in 1995, with the creation of Chapters, Canada’s first superstore book chain, which quickly became the dominant player in the English-language market. After a change of ownership in 2001, the company became Indigo Books and Music Inc., though the name Chapters continued to be used at the storefront level. During the same period, the so-called big box stores such as Walmart and Costco moved into book retailing, carrying a selection limited primarily to blockbuster titles, offering them at deeply discounted prices.

The market share of Indigo and the other box stores is not precisely known, although anecdotally they are considered to be 60-70 per cent and 10 per cent, respectively.⁴ Both groups have exerted significant pressure on publishers in terms of demanding discounts above the previously established trade standard of 40 per cent. In addition, publishers have complained of Indigo’s business practices, particularly in terms of book returns. In the book trade, returns from retail to the publisher are usually expected to be about 30 per cent. Canadian publishers report

³ For example, the total combined revenue of BPIDP firms in 2004-05 was \$658 million (DCH 2005c). In the same year, Bertelsmann AG, a media conglomerate that owns the publisher Random House, had revenues of over €17 billion (Bertelsmann, 2005). Pearson Education, another multinational publishing company, had global sales of US \$7.2 billion (Pearson, 2005).

⁴ In 2000, the Standing Committee on Canadian Heritage reported estimates of Chapters’ market share ranging from 25 to 70 per cent. More precise and up-to-date data on market share of the various sectors of book retail in Canada is not available.

experiencing much higher rates of returns from Indigo. An article in the online trade publication *Quill & Quire Omni* from December, 2005, quotes three publishers experiencing return rates of 76, 60 and 48 per cent respectively (Mandel).

Another change in book retail beginning in the late nineties came in the form of online bookselling. Again, the market share of online booksellers is not known, but the changes they have brought to the marketplace are highly visible. Online sales bring a number of beneficial possibilities to publishers, particularly in terms of finding an audience for backlist titles that bricks-and-mortar retailers are reluctant to carry. But this form of retailing has also contributed to upward pressure on publisher discounts and has increased the ability of Canadian customers to buy the American editions of books, rather than the Canadian. In combination with the increasing presence of chain and box stores, online retailing is seen to have contributed to the closure of many of Canada's independent booksellers, further narrowing the opportunities for Canadian publishers to get their books onto store shelves.

Currently, one of the frequently cited economic challenges for publishers is that of keeping pace with the technological changes affecting the industry. Fears that new formats such as CD-ROMs and the e-book would replace the printed book have largely eased, although recent developments such as the Sony Reader and "digital ink" have occurred on the e-book front (Helm, 2006). A wide range of other technologies are affecting the industry in varying ways, from new methods of exchanging bibliographic data, to print-on-demand technologies, to novel online content delivery formats such as the podcast. For an industry with chronic shortages of capital and staff time, these issues are certainly a concern. The Department of Canadian Heritage has made it a priority to focus on the ways that technological changes are affecting the cultural industries, in terms of both the challenges and the opportunities they present.

These economic challenges are some of the factors that have contributed to the ongoing low rate of profitability amongst Canadian publishers. In 2004-05, the average profit level of the 218 Canadian-owned and -controlled publishers in the Book Publishing Industry Development program was just under 3 per cent (DCH, 2005d). This low profitability would be more severe in the absence of BPIDP funding. The program's summative evaluation notes that during the ten-year period between 1993 and 2002, recipients would have consistently experienced negative profit levels if it hadn't been for their BPIDP contributions (DCH 2004).

This gap raises significant questions about the government's support of the Canadian book industry. Does it indicate that programs such as BPIDP strike a reasonable balance by supporting a stable industry without enriching it at taxpayers' expense? Or does it indicate a

failure – on the part of either the government or the publishers – to resolve the ongoing financial difficulties of the industry? Regardless of one's view, these figures underline the integral role that government support and government policy continue to play in the Canadian book industry.

3. Government Objectives for Canadian Books

The previous chapter laid out the federal government's rationale for supporting the Canadian book industry – the *raison d'être* behind its policies with respect to Canadian books. This brief chapter outlines the government's stated objectives with respect to books. Although these statements appear simple, they provide the basis upon which federal book policy is built.

Department of Canadian Heritage Objectives

Within the federal government, the cultural industries are the responsibility of the Department of Canadian Heritage (DCH) and its portfolio agencies – particularly, in the case of Canadian books, the Canada Council for the Arts (CCA). The department is also responsible for policies and programs that foster cultural participation, active citizenship and participation in Canada's civic life, and that strengthen connections among Canadians. The department's activities are guided by its mission, *Toward a more cohesive and creative Canada*, and by its strategic objectives. These are reproduced in the table below.

Table 1. Department of Canadian Heritage Strategic Objectives

Department of Canadian Heritage Strategic Objectives	
Canadian Content	Promoting the creation, dissemination and preservation of diverse Canadian cultural works, stories and symbols reflective of our past and expressive of our values and aspirations
Cultural Participation and Engagement	Fostering access to and participation in Canada's cultural life
Connections	Fostering and strengthening connections among Canadians and deepening understanding across diverse communities
Active Citizenship and Civic Participation	Promoting understanding of the rights and responsibilities of shared citizenship and fostering opportunities to participate in Canada's civic life

Based on http://www.pch.gc.ca/pc-ch/org/mission/tex_e.cfm

The department's book policies are primarily linked to the first objective of creating Canadian content. However, Canadian books also play a role in supporting the second and third objectives by engaging and connecting Canadians with each other and with our national culture. When designing or amending policies that relate to the book industry, the department must consider the contribution these policies make to furthering its strategic objectives.

Cultural Affairs Sector Objectives

The administration of the Department of Canadian Heritage is divided into five sectors, including Citizenship and Heritage, Cultural Affairs, International and Intergovernmental Affairs, Planning and Corporate Affairs, and Public Affairs and Communications. The policies and programs relating to Canadian books are the responsibility of the Cultural Affairs sector, which has its own strategic objectives that flow from those of the department.

The Cultural Affairs sector's strategic framework involves five objectives in three priority areas – creation, sustainability and access. These give shape to the department's policies and programs relating to the cultural industries, including the Book Publishing Industry Development Program. The sector's objectives are outlined in the table below.

Table 2. Cultural Affairs Sector Strategic Objectives

Cultural Affairs Sector Strategic Objectives	
Creation	Reflect Ourselves
	Invest in Excellence
Sustainability	Harness the Opportunities of New Technologies
Access	Reach Audiences
	Reach the World

Source: DCH, 2005c

Book Publishing Industry Development Program Objectives

The Book Publishing Industry Development Program (BPIDP), while representing only one of a number of federal policies and programs in support of Canadian books, is certainly the most significant of these. The program's objectives, as outlined in the table below, are useful to

note not only because they articulate the policies that guide the program, but also because they illustrate the alignment between departmental, sectoral and program objectives.

Table 3. Book Publishing Industry Development Program Components and Objectives

Book Publishing Industry Development Program Components and Objectives	
Aid to Publishers	To support the ongoing production and promotion of Canadian-authored books.
Aid to Industry and Associations	To provide the Canadian book industry with the necessary tools to expand the presence and profile of works by Canadian authors.
Supply Chain Initiative	To support the Canadian book industry for projects and activities that seek to strengthen and modernize the supply chain for books in Canada, including the improvement of the quality and accessibility of bibliographic data, the promotion of standards-driven electronic document interchange, and the promotion of access to data on book sales.
International Marketing Assistance	To develop and sustain Canadian publishers' export sales and to increase the distribution and marketing of Canadian titles abroad, with a view to increasing the visibility of Canadian authors around the world.

Source: DCH, 2004

The objectives of the Cultural Affairs sector inform the program design and the objectives of BPIDP. Each of the program's components serves one of the sector's three priority areas except for Aid to Industry and Associations. This component, which has a number of sub-components with a variety of activities, supports more than one priority area. This alignment is illustrated by the following schema.

Table 4. Cultural Affairs Sector Priorities and Book Publishing Industry Development Program Components

Cultural Affairs Sector Priorities and Book Publishing Industry Development Program Components		
Creation	Sustainability	Access
Aid to Publishers	Supply Chain Initiative	International Marketing Assistance
	Aid to Industry and Associations	

When compared to the variety and complexity of the government’s activities, these frameworks may appear overly reductive. They by no means represent the full extent of book policy. However, they do represent an important element of the government’s strategic management practices. With the current focus on improving accountability within the federal government, such practices are becoming increasingly important. For example, in November of 2005, the Office of the Auditor General of Canada released its report on government support to cultural industries. The report highlighted the need for DCH’s Cultural Affairs sector to better define the overall vision for its support to the cultural industries, to set clear targets by which to measure the performance of its programs, and to improve the horizontal collaboration between the various branches within the sector that support the different cultural industries. In this context, it is likely that the sector’s strategic objectives will receive more attention, and that more emphasis will be placed on aligning policy development with these goals.

3. The Federal Book Policy Toolkit

Thus far, the rationale and the objectives for the government's support of Canadian books have been described. This chapter examines current federal book policy and explores the various policy measures – the policy toolkit – that support this policy.

Current Federal Book Policy

Strictly speaking, federal book policy is the responsibility of the Book Publishing Policy and Programs directorate of the Department of Canadian Heritage. The directorate administers the Book Publishing Industry Development Program, oversees the application of relevant federal legislation – the *Investment Canada Act* and the Book Importation Regulations of the *Copyright Act* – and advises the Minister and senior officials on matters pertaining to Canadian books.

However, the various federal support measures for books have evolved independently over time, and their administration is undertaken by a number of governmental partners. As a result, there is in fact no common administrative oversight for the federal book policy toolkit. For example, the programs of the Writing and Publishing Section of the Canada Council for the Arts, a principal component of the federal book policy toolkit, operate independently of DCH. While the CCA is part of the DCH portfolio and reports to Parliament through the Minister of Canadian Heritage, it is a statutory body governed by its own mandate. Nonetheless, Book Publishing Policy and Programs works to create policy consistency and alignment by means of a close relationship with the CCA.

Despite the lack of common administration, there is nonetheless a guiding policy for the federal government's interventions in the book industry. This policy is also the mandate of the Book Publishing Industry Development Program – *To ensure that readers everywhere have access to Canadian books*. The federal book policy toolkit includes legislative and regulatory measures, statutory bodies and targeted funding programs, all of which work toward the accomplishment of this objective.

The Book Policy Toolkit

One of the principles that guides the federal approach to book policy, though it is not articulated as a formal policy, is that appropriate support should be directed toward a number of sectors of the book industry – a principle summed up by the phrase *from writer to reader*. The federal book policy toolkit therefore targets four main areas and activities of book production: nurturing Canadian writers, publishing and distributing Canadian books, building audiences, and preserving Canada’s literary heritage. The following section will introduce the components of the book policy toolkit as they fit into the four elements of the *writer to reader* principle. This approach is meant to reflect the current thinking within Book Publishing Policy and Programs. It also provides an opportunity to explore some of the particular reasoning behind the elements of the toolkit as well as the way in which the toolkit is structured.

Nurturing Canadian Writers

Canadian writers are recognized as some of the world’s finest, as demonstrated amply by the many international literary awards they have won – including the Pulitzer, the Prix Goncourt, the Prix Fémina, and three Man Booker Prizes. However, despite this success, it is a challenge for Canadian writers to make a living in their chosen field. A 2003 study found that Canadian authors earn an average of only \$8,125 from their writing and related activities (DeGros Marsh Consulting, 2003). Writers of certain culturally significant genres, such as poetry and drama, which are traditionally unprofitable, are at an even greater disadvantage.

The federal book policy toolkit includes legal and regulatory structures designed to ensure that writers in Canada can be fairly compensated for their work. These include the protection of creators’ rights under the *Copyright Act* and the Public Lending Right program, which makes payments to Canadian authors based on the availability of their books catalogued in Canadian libraries.

In addition, the toolkit includes direct funding for writers in the form of grants administered by the Canada Council for the Arts. These grants support the creation of literary works and provide professional development opportunities that help Canadian writers pursue excellence in their field. The Council’s funding for writers is delivered through the Grants for Professional Writers (Creative Writing) program, the Travel Grants for Professional Writers program, and the Literary Readings, Literary Festivals and Author Residencies program. The Council is also focused on promoting diversity in Canada’s literary landscape, particularly in terms of the work of Aboriginal artists. Two programs target their support to Aboriginal authors –

the Aboriginal Emerging Writer Residencies, and the Grants to Aboriginal Writers, Storytellers and Publishers.

Publishing and Distributing Canadian Books

The second area of focus of the federal policy toolkit is the publication and distribution of Canadian books. This aspect of the toolkit is informed by one of the long-standing principles of federal book policy, first established in the report of the Ontario Royal Commission, which is that the best way to ensure that readers everywhere have access to Canadian-authored books is through a strong and viable Canadian-owned publishing industry.

Although many Canadian authors are published by foreign-owned firms, the majority are published by the Canadian-owned sector of the industry; of the Canadian-authored trade books, children's books and textbooks published in 2000-01, foreign firms published only 10%, 7% and 31% respectively (DCH, 2004). While foreign-owned companies publish some of today's most successful Canadian writers, it is the Canadian-owned sector that generally takes the risks associated with first publishing developing writers, and that nurtures their careers. Noteworthy examples among many include Margaret Atwood and Michael Ondaatje, both of whom were first published by small Canadian-owned presses.

The policy toolkit for book publishers aims to create a legislative and regulatory environment in which Canadian publishers can successfully do business. The toolkit also includes direct funding for Canadian-owned publishers as well as specific measures designed to encourage efficient and effective book distribution.

There are two legal and regulatory elements to the toolkit's support of publishing and distributing books. The first is the Revised Foreign Investment Policy in Book Publishing and Distribution, which is derived from the *Investment Canada Act*. This policy limits foreign investment in book publishing and distribution to Canadian-controlled joint ventures, and ensures that foreign investments subject to review are both compatible with national cultural policies and of net benefit to Canada.

The second legal and regulatory element to this portion of the toolkit is the Book Importation Regulations of the *Copyright Act*, which is designed to protect the territorial rights of publishers and distributors, allowing rights holders to derive the full benefits of their distribution contracts. The regulations restrict parallel importation, a process by which books are imported into Canada from a foreign source without the consent of the Canadian company that holds the

rights to distribute those books in Canada. The regulations also lay out performance standards that must be met by the rights holders in order to benefit from the *Act's* protection.

The Book Publishing Industry Development Program (BPIDP) is the principal mechanism by which the federal government delivers direct funding to book publishers in support of their book publishing activities. With a budget of \$38.4 million in 2004-05, BPIDP delivers by far the bulk of the toolkit's funding (DCH 2005 AR). BPIDP is mandated to ensure choice of and access to Canadian-authored books that reflect Canada's cultural diversity and linguistic duality, both in Canada and abroad. The program's four components are designed to foster a strong and viable Canadian book industry that publishes and promotes Canadian-authored books.

The Aid to Publishers (ATP) component, which is the cornerstone of BPIDP, provides operational funding to Canadian-owned and –controlled publishers based on their sales of Canadian-authored titles in the previous fiscal year. The fundamental operating principle of this component is that publishers are in the best position to make decisions on the most effective use of their resources to produce and promote Canadian-authored books. This market-driven approach, through which publishers are rewarded for their success at reaching readers, is designed to strengthen the financial viability of Canadian publishers.

The Aid to Industry and Associations component supports cooperative book industry projects that improve its infrastructure and capacity, including professional development activities, research initiatives, and business planning and internships. The component also includes a marketing and promotion sub-component, which, along with BPIDP's International Marketing Assistance component, fit into the next section of the policy toolkit – building audiences.

BPIDP's Supply Chain Initiative component is targeted toward addressing the industry's distribution challenges. Its project-based funding helps to facilitate the adoption of technologies and practices related to supply chain management in all sectors of the publishing industry – publishing, distribution and retail.

The Canada Council for the Arts also delivers direct funding to book publishers. In contrast to BPIDP's programs, which aim to encourage the creation of Canadian content in general, the CCA's suite of publisher support programs are focused particularly on rewarding excellence in the literary arts. In the context of its mandate to foster the production and enjoyment of the arts in Canada, the Canada Council provides financial assistance to established Canadian publishers through the Block Grants program and to newly established firms through the

Emerging Publishers program. Recipients of the Block Grants program are also eligible for the Translation Grants and Grants for Art Books programs. These two programs, targeted to culturally significant areas of publishing that are traditionally unprofitable, underline the objective of the Canada Council's support for the publishing industry – to offset the costs of publishing Canadian trade books that make a significant contribution to the development of Canadian literature (Frith and Lorimer, 1998).

Building Audiences

As with other cultural products, the path of a great book to a wide audience is neither easy nor guaranteed. Books need public exposure in order to succeed in the marketplace, making effective marketing and promotion key elements of the publishing process.

The promotion of Canadian books and Canadian writers is a central component of federal policy for the book industry. The measures applied to this effect include the funding of literary awards, direct funding to publishers and industry associations for marketing and promotion initiatives, and export support funding. These measures are designed not only to increase the sales of Canadian books, which contributes to the financial viability of the industry, but also to raise the public profile of Canadian books within the country and internationally.

Through the Canada Council for the Arts' literary awards, the federal government provides a forum to celebrate and promote the accomplishments of Canadian writers. The Council administers three literary award programs as well as a number of other interdisciplinary awards open to Canadian writers. The best known of the CCA book awards are the Governor General's Literary Awards, given annually to the best English-language and French-language books in seven literary categories.

The Book Publishing Industry Development Program's Aid to Industry and Associations (AIA) component offers a funding stream dedicated specifically to the promotion of Canadian books and writers. By means of project-based funding, the Marketing and Promotion sub-component of AIA helps the book industry to develop market opportunities for Canadian books to raise the profile of Canadian authors.

BPIDP's International Marketing Assistance (IMA) component, administered by the Association for the Export of Canadian Books, helps facilitate the Canadian publishing industry's ability to promote their works to the international publishing community, and thus to audiences abroad. The component's objective is to develop and sustain Canadian publishers' export sales

and to increase the distribution and marketing of Canadian titles abroad, with a view to increasing the visibility of Canadian books and publishers around the world. IMA provides direct funding to publishers to help offset the costs of pursuing export sales. It also offers a number of auxiliary support services such as market intelligence resources and professional development seminars.

While the International Marketing Assistance component of BPIDP targets its export assistance primarily to publishers, authors also play an important role in promoting Canadian books abroad. Foreign Affairs Canada, through its Literature and Publishing program, provides funding to help Canadian writers travel to international literary festivals, readings, or book launches in order to raise the profile Canadian literature around the world. The Canada Council for the Arts offers a similar program – the Travel Grants for Professional Writers, mentioned above – that is focused on the career development of Canadian writers, helping them to attend events abroad that will have a significant impact on their career, while also expanding their international audience.

The Canada Council also offers two additional international programs – the International Translation Grants for foreign publishers wishing to translate Canadian-authored works, and the Audience and Market Development Travel Grants, designed to facilitate opportunities for Canadian at events abroad. Together, these export support tools create opportunities to promote Canadian writers and books to the international publishing community and to readers around the globe.

Preserving Canada’s Literary Heritage

The final element of the federal book policy toolkit is aimed at preserving Canada’s literary heritage, a role undertaken by Library and Archives Canada. This aspect of the toolkit underlines the fact that although publishers are the primary clients of the programs in support of the book industry, Canadian readers are the ultimate stakeholders in federal book policy.

Library and Archives Canada (LAC) maintains a comprehensive national collection of books and other documents. Contemporary books are added to the collection through the stipulations of the *Legal Deposit Act*, which requires Canadian publishers to provide two copies of each new work they publish. LAC also works to facilitate public access to Canadian books. It maintains a national bibliographic database, called AMICUS, containing its own holdings as well as those of 1,300 other Canadian libraries. AMICUS is a free online service that helps Canadians across the country locate and gain access to Canadian documents of all kinds.

Measuring Results

Between the Canada Council for the Arts, the Book Publishing Industry Development Program, and other funding mechanisms in the book policy toolkit, the federal government delivers more than \$60 million dollars a year in support to the Canadian book industry. With this significant public investment as well as the non-spending elements to the policy toolkit, how successful has the government been in achieving its policy goal of ensuring that readers everywhere have access to Canadian-authored titles?

Despite the government's increasing focus on delivering tangible results on behalf of Canadians, it remains difficult to measure the success of cultural support programs. Certainly, federal book policy can point to several clear success stories. Since the establishment of BPIDP's precursor in 1979, the population of Canadian-owned and –controlled firms in the program has grown from 90 to 218, and while these publishers were once located primarily in Toronto and Montreal, there are now publishers in every province of the country (DCH 2004). The sales of Canadian-authored titles have also grown, increasing from \$186 million in 1993-94 to \$288 million in 2002-03 (DCH 2003a). However, there remain areas where no progress appears to be being made, such as the ongoing low profitability of Canadian publishers.

Responding to calls for better results measurement, such as those contained in the Auditor General's report mentioned in Chapter Two, the staff of Book Publishing Policy and Programs at DCH is working to set clear targets for the industry and to improve results measurement capacity. The Book Publishing Industry Development Program is collecting more thorough data from its recipients, and external sources of data on the book industry, such as BookNet Canada's sales data analysis system, are being explored. These will help policy-makers track the evolution of the industry and better monitor the impacts of public investment.

However, even with an improved ability to measure outcomes, evaluating the success of a given policy requires that there be agreed-upon measures of that success. As governments change, so do the perceptions of what constitutes acceptable or desirable outcomes. In fact, all the various stakeholders in book policy – writers, publishers, retailers, readers, government and others – may perceive success in different ways, according to their own interests. The following chapter will take a closer look at the role of stakeholders, both within government and without, in shaping policy.

4. Book Policy Development

There is unfortunately no tidy model for the way in which policies are created within the federal government. The process is complex and varies greatly according to context. It is also unpredictable – months of careful policy research and planning can be scuttled by a sudden change of government or any number of unforeseen events.

When academics first began to study public administration in the 1960s, the favoured model for policy-making was a rational one (Johnson, 2002). Policy development was envisioned as a largely scientific process characterized by the measurement and evaluation of each possible approach to a problem, and the choosing of the most advantageous solution. The rationalist model encountered difficulties both in theory and in practice, as it became evident that much of policy-making defied objective quantification. By nature, and particularly through its connection to the field of politics, policy-making is value-laden and shaped by a wide range of interests. Today, there is a recognition that making policy involves not only the objective evaluation of potential outcomes and the related costs to the public purse, but also the reconciliation of the often-competing interests of bureaucracies, political parties, institutions, stakeholder groups, and the general public. The various models of policy development and the extent to which they have influenced public administration in Canada are described by David Johnson in his evaluation of Canadian public-sector management, *Thinking Government* (2002).

Just as policy is a challenging concept to define, it is difficult to describe the process by which it gets made. Policy-making cannot be easily isolated from the rest of the government's activities. It takes place on both the small and the large scale, and at almost every level of government. Policy development is also an iterative and incremental process, in which new initiatives are most often built upon pre-existing ones. Established processes such as the government's planning cycle, program evaluations, and departmental audits move policy development forward, hopefully toward more effective and efficient policies, but the status quo of existing policies and the precedent set by previous decisions usually provide the basis on which their work is built.

Within Book Publishing Policy and Programs at Canadian Heritage, book policy development tends to be a process of evaluating a range of solutions to a given problem, with a

focus on striking the best possible balance between departmental and program objectives, the interests of industry stakeholders, the available resources, and existing policies and programs. The following chapter outlines the key factors influencing book policy. Subsequently, in Chapter Five, the dynamics of these various interests in policy development will be examined by means of a case study.

Factors that Shape Book Policy

Much of policy development in the federal government follows a top-down, hierarchical pattern in which the government's agenda and priorities are set by the prime minister and the cabinet – the government's executive authority. These directives create a high-level framework that guides and shapes the whole of government policy. The directives set by the executive are followed out on the departmental level by deputy ministers and senior managers and are reinforced by central agencies such as the Privy Council Office, Treasury Board Secretariat and the Department of Finance, whose approval is required for new policy initiatives and new spending.

The top-down flow of influence in policy development is complemented and complicated by a number of factors external to government, such as input from direct stakeholders, from the public – the ultimate stakeholder – and from the media. Some other notable external factors that come into play include changes in the particular industry or policy field, new research and analysis, and the personalities, opinions and leadership styles of the various individuals involved, both within government and without.

The factors affecting federal policy development are numerous, and their interactions are complex. The particular environment for book publishing policy development is simpler by comparison. As a relatively low political priority both for the federal parties and for the public, book policy does not receive much upper-level political attention. This results in less policy direction from the government's executive; on the other hand, this also translates into fewer resources and, ultimately, the risk of not being deemed an area of sufficient importance to justify public expenditures. Furthermore, the book industry is relatively small both in terms of revenue and in terms of numbers of direct stakeholders.

One has only to think of other public policy areas such as health, defence, or even broadcasting policy, to appreciate that the dynamics of book policy are relatively clear and comprehensible. Nonetheless, much simplification is present in the following section, which

outlines the principal factors that influence the development of book policy in the federal government.

The Political Executive

Canada's principal policy-maker is the prime minister. Not only is he or she the key thinker behind the government's agenda and objectives, the prime minister also decides how the government is to be organized. The prime minister has the power to determine what cabinet committees, departments and agencies will make up the government, and the authority to appoint the individuals who fill the government's senior roles. The PM's influence on policy is therefore vast, in keeping with the enormous overall authority of the PM in all matters related to government. As David Johnson puts it, "any PM is the heart and soul, intellect and muscle, of any government" (2002).

Upon being elected, one of the first actions taken by the prime minister is to select a cabinet. As mentioned above, the prime minister and the cabinet form the government's executive, responsible among other things for determining their government's agenda and long-term priorities. These are formally articulated in the Speech from the Throne at the beginning of a new parliament, usually building on policies laid out in election platforms and political documents – for example, the Liberal's 1993 "Red Book" (officially titled *Creating Opportunity: The Liberal Plan for Canada*) or the Conservative Party's recent *Stand up for Canada* election platform. Each year, cabinet also sets out shorter-term priorities, in the context of the government's overall agenda. These executive-level decisions provide the framework within which all federal policy development takes place.

Cabinet ministers have a unique position in policy-making, as they occupy the intersection between the elected government and the bureaucracy. Ministers help move policy initiatives originating in the executive "down," into their department, and bring initiatives from within the department "up" for cabinet approval. They must balance their own views and opinions with their party's agenda and with the established policies and programs of their department.

Newly appointed ministers often introduce a set of fresh policy initiatives that distinguishes their leadership from that of their predecessor. If these initiatives exceed the mandate or resources of the department, the Minister is required to seek the approval of cabinet. However, Milne (2002) notes that ministers do not readily seek new money from cabinet, unless a

clear connection can be made with the government's overall priorities, because making such requests too frequently can weaken a minister's credibility and support within cabinet.

As one might expect, the role of the political executive in policy development is particularly influential during the period immediately following a federal election, when new agendas are being set. In early 2006, with a new government in power in Ottawa for the first time in over twelve years, the impact this change will have on book policy remains to be seen. Part of the uncertainty rests on the fact that the current Conservative Party, though composed of both former Progressive Conservative and Reform/Alliance members, is an entirely new party that has never held the reins of government. Furthermore, the party's election platform contained very little detail on cultural policy. With only a minority in Parliament, it is even more difficult to predict what approach the Conservatives will take to cultural issues such as the support of the book industry.

Historically, changes in government have brought about new approaches in book policy, although these were rarely drastic. For example, BPIDP's precursor, the Canadian Book Publishing Development Program (BPDP), was established during a time of two successive government changes. Leading up to their defeat in the 1979 election, the Liberals had developed a support program for book publishers based on tax credits to offset their development and marketing costs. Before the program could be implemented, however, the Conservatives came to power. The new government agreed with program in principle, but chose a different policy approach, creating a program of direct subsidy rather than of tax credits. Although the Conservatives had lost power by the end of the year, the new Liberal government confirmed the program would be maintained. These events are described in *MacSkimming* (2002).

In the case of the genesis of BPDP, both political parties were committed to the overall objective of delivering some level of support to Canada's book publishers, though they differed in their views of how this support could best be delivered. In very general terms, this pattern has been characteristic of the influence of the governing party on book publishing policy for the last three and a half decades. Despite the powerful guiding influence of the political executive on all policy matters, no political party to date has made significant alteration to the Canadian government's overall commitment to supporting arts and culture, including the book publishing industry.

The Department of Canadian Heritage

David Johnson describes the federal departments as “the workhorses of government” (2002). As the prime minister and cabinet set the government’s policy directives, the departments are responsible for implementing them. Each has four basic functions: program administration; policy development; research, analysis and record-keeping; and general liaison and communication with both the public and the rest of government (Milne, 2002). Federal departments are also the guardians of the governmental status quo, of the sum of existing policies and programs that each successive government inherits from its predecessor and upon which their work will be built. Departments play a vital role in policy development, particularly in terms of ironing out the practical details of new policies and refining existing ones.

Over the years, a department such as Canadian Heritage accumulates significant knowledge and expertise in its field of operation, both in terms of the strengths and weaknesses of its programs and policies as well as the status and needs of its clients and stakeholders. Some of this information is accumulated anecdotally by program officers working in front-line delivery, and much of it is gathered systematically, either by means of formal studies or through the management of program data. For example, the Book Publishing Industry Development Program maintains a database of financial information about program recipients that dates back to 1993. This allows the program to monitor the health of the industry and to track the impact of its funding, and therefore serves as an important tool in policy development.

As this information is gathered, it is communicated up the departmental hierarchy to senior management and senior policy advisers, who draw on this information when advising the minister. This process ensures that the flow of information and the policy ideas that come with it travel up from the department to the level of the political executive.

As mentioned above, one of the department’s central roles is to maintain open communication with the public and with government. This communication flows in two directions. The department is responsible for communicating most of its activities to the public, and particularly to stakeholders who are directly affected. It must also ensure that it maintains adequate information-gathering and feedback channels from its stakeholders and other groups. This plays an important role in policy development, especially since departments are increasingly being encouraged to engage Canadians in public policy decisions (Milne, 2002). The following sections will take a closer look at the role of external factors such as the general public, industry stakeholders and the media on book publishing policy development.

Public Input

A great deal of public input reaches policy makers either in the form of letters to members of parliament and cabinet ministers, or as public outcry in response to a certain issue or decision – in other words, spontaneously and unsolicited. Public input is also sought formally, through consultations or public opinion research. Either way, there is a certain political and administrative responsibility to respond to public input, regardless of whether the views expressed translate into any change in policy or program delivery.

Formal consultation processes take place at the executive level – for example, the yearly pre-budget consultations in which the Minister of Finance seeks input from a range of selected national organizations – as well as at the departmental level. Government consultations tend to be clearly focused and structured around pre-determined options that fall within the government’s objectives (Milne, 2002).

The Department of Canadian Heritage also engages in ongoing public opinion research, as alluded to in Chapter Two. The role of this research is to gauge the views of Canadians with respect to major public policy questions. Feedback on specific policies and program is not generally sought. Usually, questions that relate to book policy – such as readership levels of Canadian-authored titles – are integrated with questions relating to other areas under the Department’s responsibility.

Although book policy is hardly a politically-charged area for most Canadians, it does receive its fair share of letters from the general public. One area that has received a fair amount of public criticism in the past is the fact that a number of controversial books have been published with BPIDP support. As discussed in Chapter Three, BPIDP’s market-driven funding system rewards publishers for their sales of Canadian-authored titles, allowing them to decide which titles to publish. The program does, however, maintain eligibility criteria that specifically exclude books which “contain material which is degrading, dehumanizing, or which otherwise diminished the dignity of a participant represented therein” (DCH, 2005b). Sufficient public outcry against a particular title, backed by visible media coverage, could very likely set the wheels in motion for a change to this policy or to the way in which it is enforced.

The role of the media in the context of policy development is complex. More than simply a means of bringing public opinion to the attention of policy makers, the media play an influential role in galvanizing public support for certain views. Media coverage of a policy issue, particularly in the mass media, also guarantees that the antenna of the political branch of government will be

raised, often with consequences for policy development. The power of the media to influence policy is not often felt in the area of book publishing, though the potential for this influence is certainly there.

Departments are careful to keep abreast of developments in the media that affect their area of operation. Every department uses a daily clipping service that collates relevant articles from print media across the country and circulates them internally (Milne, 2002). Departments also pay close attention to trade and academic publications in their areas of operation.

However, in book publishing policy, which is a fairly low profile and specialized area of public policy, the input of direct stakeholders in the book industry overshadows that of the general public.

Industry Stakeholders

Industry stakeholders have a long history of contributing to book policy development in Canada. The first federal support measures for the publishing industry came about in 1972 largely due to the lobbying efforts of the Independent Publishers Association, a precursor to today's Association of Canadian Publishers (ACP). In *Making Policy for Canadian Publishing*, a study conducted for the ACP in 2002, Roy MacSkimming traces the history of ACP policy proposals to the federal government and the influence these have had on book publishing policy. His claim that "federal policy for Canada's book publishing industry has largely been the product of interaction between the Association of Canadian Publishers (ACP) or its predecessor, the Independent Publishers Association (IPA) and government" may underestimate the role of French-language publishers associations. Nonetheless, it is fair to say that industry stakeholders, particularly the national publishing industry associations, have been the single most important driving factor, outside of government, in the development of federal book policy.

In consulting with industry associations – and, to a lesser extent, with individual businesses – the government seeks to inform itself of the needs of its stakeholders. Ideally, this information-sharing and consensus-building leads to more effective policies that meet the needs of the greatest number of stakeholders. This process allows the government to further its objectives for the policy field in question.

The industry groups with the greatest influence on policy are generally those whose activities overlap most closely with government objectives, making it in the interest of government to create policies that are informed by their perspective. In the cultural sector, these

are usually also the groups who receive the greatest amount of government funding. These groups have more at stake in government policies and programs, and tend to be the most vocal.

A variety of industry groups can be considered stakeholders in book policy, especially when one considers that the federal book policy toolkit is involved to some degree in every sector of the book industry. Writers, publishers, distributors, wholesalers, retailers and others all have a stake in the matter. However, just as the toolkit is more heavily involved in certain sectors than in others, not all industry groups have the same impact on book policy development.

The industry stakeholders with the greatest influence on book policy at DCH are the three main national publishers associations: the ACP; its French-language counterpart, the *Association nationale des éditeurs de livres*; and the Literary Press Group, an English-language national association representing literary publishers. Book Publishing Policy and Programs holds three regular annual consultation meetings with these national publishers organizations. These meetings are also attended by the *Regroupement des éditeurs canadiens-français* (RECF), a group representing French-language publishers outside Quebec.

Other publishers associations that play a role in policy development include sectoral associations such as the Association of Canadian University Presses and regional associations such as the Book Publishers Association of Alberta. Staff from Book Publishing Policy and Programs usually meet with representatives of these groups throughout the year on an as-needed basis.

Writers groups such as the Writers Union of Canada and *Union des écrivaines et écrivains québécois* are also key stakeholder groups in book policy. However, their relationship with Book Publishing Policy and Programs is less direct, since the directorate's focus is on publishers rather than writers.

Within the book industry, there are a number of stakeholders who exert a less prominent influence on book policy than publishers or writers, but who are significant nonetheless. These are groups representing the sectors of the industry where policy involvement is less direct – namely, distribution, wholesale and retail. Although these sectors are affected by the legislative and regulatory elements of the book policy toolkit, they are not the recipients of direct policy interventions such as funding programs.⁵ Groups in this category include the Canadian Booksellers Association, the Association of Canadian Book Wholesalers, and the *Association des distributeurs exclusifs de livres en langue française*, an association for French-language book

⁵ The exception to this rule is that distributors, wholesalers and retailers are eligible for certain projects under the Aid to Industry and Associations and Supply Chain Initiative components of BPIDP.

distributors. These groups can be vocal participants in policy development. For example, all three gave submissions to the Standing Committee on Canadian Heritage's report on the book industry in 2000.

The most peripheral stakeholder groups in book policy development are those such as the Canadian Printing Industries Association (CPIA), whose activities do not fall within the mandate of book policy, but who are implicated by virtue of the effects book policies may have on their business. These peripheral groups can nonetheless exert influence on policy development.

As the case study in Chapter Five will explore, the interests of the various stakeholder groups in book policy are not always compatible with each other and with the interests of government.

Changes in the Book Industry

The last of the factors influencing book policy discussed here is nonetheless one of the most significant. Policy-making aims to respond not only to the interests expressed by various groups, but also to the changing conditions of the policy field. This is true, too, of book policy.

In the past, changes to book policy have often come about as a response to a crisis in the industry – a pattern established with the creation of the Canada Council's Block Grants program in 1972, at a time when many Canadian-owned firms were threatened with bankruptcy. A more recent example of how crises can create policy responses is the case of the Book Publishing Industry Development Program's special assistance to clients of General Distribution Services, a key English-language book distributor that dissolved in 2002. This collapse seriously disrupted business for Canadian publishers and threatened royalty payments to authors. In response, the Book Publishing Industry Development Program provided one-time financial assistance to 25 affected publishers through repayable advances on their contributions. The program also provided a special emergency fund for authors through the Writer's Union of Canada. Though these measures did not result in any permanent change in policy, they demonstrate that given the right conditions, the state of the industry can be a powerful driver in policy development.

What about responses to more moderate change, rather than crisis? Regardless of the policy field, adapting policies to changing conditions can often be frustratingly slow. In book policy, where many of the significant industry changes in recent years have taken place in the realm of technology, efforts are being made to address the new challenges that have arisen. Technology, as discussed in Chapter Three, is a priority policy area under the strategic objectives

of the Cultural Affairs Sector. It was also one of the areas of focus in the Standing Committee on Canadian Heritage's report on the book industry, *The Challenge of Change*, in 2000. These factors serve to keep technology on the policy-makers' agenda.

Nonetheless, new or adapted policies surrounding technology are shaped by a number of other factors as well, many of which limit the scale and design of the chosen approach. These include the precedent set by previous policies and programs, since preference and expediency call for new initiatives to operate within the parameters of existing ones. For example, BPIDP's Supply Chain Initiative, created in 2001, represents DCH's principal method of addressing technological change. The Supply Chain Initiative (SCI), which provides funding for projects designed to improve supply chain management in the book industry, operates roughly within the parameters of the Book Publishing Industry Development Program that existed when SCI was created.

On the other hand, if the program wanted to take a more direct approach to technological change, or was encouraged to do so by the industry, this would likely involve a greater departure from existing policies and programs. There would need to be a very strong alignment of the various interests influencing policy in order for such a change to take place. This notion of aligned interests, and the role it plays in policy development, is one of the ideas that will be developed further in the following chapter.

5. Case Study: Foreign-authored Title Eligibility⁶

In 2003, as described in the Preface to this paper, the Book Publishing Industry Development Program changed its eligibility criteria in order to exclude foreign-authored titles from Aid to Publishers funding. In the present chapter, this decision will serve to illustrate some of the ways in which the various factors shaping policy interact in the policy development process.

In the development of each new or adapted policy, the dynamics among the participating interests are unique. In the case of the foreign-authored title decision, the principal influences were the objectives and resources of the Book Publishing Industry Development Program (BPIDP) and the interests of the three major national publishers associations – the Association of Canadian Publishers, the *Association nationale des éditeurs de livres*, and the Literary Press Group. This chapter will describe the development of the foreign-authored title decision, and then use the case as the basis for some general conclusions about book policy development at the Department of Canadian Heritage.

Background

BPIDP's Aid to Publishers component delivers by far the largest portion of the program's support to publishers. For example, in 2004-05, Aid to Publishers accounted for \$26.5 million of the \$38.4 million in contributions to the book industry delivered by BPIDP (DCH, 2005c). The component allocates its funding based on a formula tied to recipients' sales of eligible titles in the previous fiscal year. With a fixed amount of total contributions, changes to the ATP formula or to the component's eligibility criteria reallocate resources in new ways, with potential impacts for all recipients, not only for those directly affected by the change. As a result, the ATP funding formula is of keen interest to publishing industry stakeholders.

Under the ATP formula, the sales of various categories of eligible books are rewarded with funding at differing rates – a process referred to as factoring. For example, a recipient's first \$400,000 of Canadian-authored titles are multiplied by a factor of three, an aspect of the formula

⁶ Unless otherwise noted, the data in this chapter was provided to the author by the Book Publishing Industry Development Program.

designed to increase funding to the program's smaller recipients.⁷ Until 2003, books written by a foreign author but originated by a Canadian publisher – meaning the original publication of the book would be in Canada – were eligible for funding, but only multiplied by a factor of one. Thus the program provided support for FAT, though at a lower level than Canadian-authored titles.

The policy of providing at least some support to foreign-authored titles (FAT) dates back to the creation of BPIDP's precursor in 1979, a time when foreign-authored sales were seen as a necessary part of revenue generation for Canadian publishers and a means of subsidizing the costs of publishing lesser-known Canadian authors. The program's support of FAT was justified by the importance of FAT sales to publishers' bottom lines. The policy was informed by one of the longstanding principles of BPIDP, which is that the continued availability of Canadian books for Canadian readers depends on a strong and viable Canadian-owned publishing industry.

Over time, however, the dependence of BPIDP publishers on FAT sales decreased. By 2002-03 less than three per cent of sales of BPIDP publishers came from foreign-authored titles. This activity was concentrated amongst a small number of publishers – the ten publishers reporting the most foreign-authored title sales accounted for three-quarters of all FAT sales in the program.

This situation called into question the importance of foreign-authored sales to the overall health of the Canadian-owned publishing industry, giving the program cause to re-evaluate its policy of supporting FAT through ATP. The program saw an opportunity to bring the component's eligibility criteria more closely in line with its objective of promoting the publication and promotion of Canadian-authored titles by excluding FAT from ATP support. However, it needed to satisfy itself that in doing so, it wouldn't compromise another key element of BPIDP policy – namely, the principle that the best way to deliver Canadian books to readers is through a strong and viable Canadian-owned publishing industry.

The program considered the advantages and disadvantages of excluding FAT from ATP funding and evaluated the potential impact of such a change on the component's recipients. Using projections based on the previous year's data, the program estimated that 34 of the 217 eligible publishers would be negatively affected by such a change, while the remaining publishers would

⁷ BPIDP's policy of providing heightened support for smaller publishers through the ATP formula dates back to 1979. This measure was created in response to requests by the Association of Canadian Publishers (MacSkimming, 2002). It also makes sense from a public policy perspective, in that it allocates funding where the need is greatest. It therefore provides a good example of a policy measure resulting from clearly aligned interests between government and stakeholders.

receive an increase to their contribution. Some of the negatively affected publishers would receive significantly reduced contributions. However, these reductions would be small compared to their overall income – for the five most affected publishers, the reduction in funding would amount be equivalent to 1.2 per cent of their revenues from sales of books.

The program concluded that excluding FAT from ATP would have an overall net benefit to recipients. It would also make more money available in the formula to reward the publication of Canadian-authored titles, increasing the component's ability to meet its objective. The decision to proceed with this new policy was announced to the industry in March, 2003, and implemented in time for the 2003-04 ATP contributions, which were mailed out the following October.

Consultations with Industry Stakeholders

The industry's responses to the new foreign-authored title policy were mixed. Of the three principal stakeholder groups, one came out in favour of the decision and one against. The third initially adopted a position against the change, which it later altered to a supportive stance. Most individual publishers were pleased with the decision, though a small but vocal minority were not. The change was welcomed by writer's groups, for whom it was clearly beneficial.

Among those in the industry who opposed the change, a number of reasons were given why ATP should continue to support foreign-authored titles. The central argument presented was that foreign-authored titles continued to be an important part of the publishing program of Canadian-owned publishers, and one that contributed to their ability to deliver Canadian content to Canadian readers. This argument appealed to the rationale behind BPIDP's original FAT policy.

Another reason offered in support of FAT was the role these titles were seen to play in helping Canadian publishers to develop export markets for their books. Foreign-authored titles are often easier to sell abroad than Canadian-authored titles. Publishers argued that having foreign-authored titles on their lists helped to attract the initial interest of foreign buyers, who might then also be convinced to consider the list's Canadian offerings. Given that one of BPIDP's objectives is to help expand the export sales of Canadian books, this argument highlighted one way in which supporting foreign-authored titles was consistent with the program's objectives.

These arguments were raised by industry stakeholders at consultation meetings over the next two years. They were also voiced in correspondence written to officials at Canadian Heritage. In responding, the program upheld the rationale for the original decision, namely the

need to bring the ATP eligibility requirements more closely in line with the program's objectives. BPIDP also argued that it was already providing export-based support for foreign-authored titles through the Export Marketing Assistance Program, part of the International Marketing Assistance component. In subsequent years, using program statistics, DCH was able to demonstrate that the new policy was of clear net benefit to BPIDP recipients overall.

In 2005, the program provided industry stakeholders with a study of the impacts of the FAT decision. According to BPIDP, in the fiscal year 2004-05, 30 publishers (14 per cent of total ATP recipients) received lower contributions than they would have if foreign-authored titles had still been eligible for funding. These publishers were, by and large, recipients with larger revenues. On the other hand, of the 188 (86 per cent) recipients whose contributions increased, those who received the highest percentage benefit were companies in the program's lowest revenue bracket (DCH 2005a). The following two tables illustrate the extent of the impact of the FAT decision on program recipients of various revenue sizes.

Table 5. Number of Aid to Publishers Recipients with Increased or Decreased Contributions as a Result of the FAT Decision, 2004-05

Number of Aid to Publishers Recipients with Increased or Decreased Contributions as a Result of the FAT Decision, 2004-05			
Publisher Size by Total Net Revenue	Total Net Revenue	Publishers with Increased Contributions	Publishers with Decreased Contributions
Very Large	\$3,000,000 and above	34	13
Large	\$1,000,000 - \$2,999,999	48	8
Medium	\$500,000 - \$999,999	28	6
Small	\$150,000 - \$499,999	68	3
Very Small	\$0 - \$149,999	10	0
		168	30

Source: DCH, 2005a

Table 6. Average Change in Aid to Publishers Contributions as a Result of the FAT Decision, 2004-05

Average Change in Aid to Publishers Contributions as a Result of the FAT Decision, 2004-05				
Publisher Size by Total Net Revenue	Average Actual Contribution	Average Change when Excluding FAT	Percent Change in Contribution	Change as Percent of Total Net Revenue
Very Large	\$326,974	-\$8,333	-2.6%	0.0
Large	\$112,915	\$3,622	3.2%	0.2%
Medium	\$71,115	\$1,885	2.7%	0.3%
Small	\$32,225	\$1,651	5.1%	0.5%
Very Small	\$13,031	\$753	5.8%	0.7%

Source: DCH, 2005a

While this information about the impact of the new FAT policy served to increase its support amongst industry stakeholders, some opposition to the policy remained. In 2005, some of those who still supported the inclusion of FAT brought forward a new proposal asking the program to support foreign-authored titles up to 25 per cent of a recipient's eligible sales. Other stakeholder groups, before lending their support to this proposal, asked that the program provide them with a study of the potential impacts of such a change.

When this study was undertaken, BPIDP found that the new proposal would eliminate many of the benefits brought about by the 2003 FAT decision. At the BPIDP-industry consultation meeting held in early 2006, the program reaffirmed its intention to continue with the policy of excluding foreign-authored titles from the ATP component. While it is too early to tell whether or not the FAT policy will continue to be a subject of discussion between BPIDP and industry stakeholders, it appears that some degree of resolution on the question has been achieved.

Assessment

At the beginning of Chapter Four, book policy development was described a process of evaluating a range of solutions to a given problem, with a focus on finding the best possible balance between departmental and program objectives, the interests of industry stakeholders, the available resources, and existing policies and programs. In the case of the foreign-authored title

decision, we can clearly see the application of this problem-solving approach. In 2003, the department perceived that excluding FAT would serve the program's objectives and make the best possible use of existing resources. This alignment of factors created strong momentum behind the new policy, a force that increased as more and more industry stakeholders came to support the decision, leading to what appears to be a final resolution in the form of near consensus among the stakeholders.

The case of the FAT decision highlights a number of characteristics about the book policy development process, beginning with the role that BPIDP-industry consultation meetings serve in allowing industry associations to advance their views. Those in the publishing industry who opposed the FAT decision succeeded in keeping the issue on the consultation agenda for three years following the initial decision. During this time, the program continued to evaluate the impact of the decision and to consider stakeholder views. It would seem reasonable to suggest that, had certain factors been otherwise, the final outcome could have been different.

One of the factors that worked against those stakeholders who opposed the FAT decision was that they increasingly represented a minority voice amongst publishers. This highlights the importance of industry stakeholders presenting a united front, both between and within their associations, when moving a policy proposal forward. Furthermore, their interests did not overlap with the program's objectives, which could arguably be the most influential of the factors affecting book policy development.

On the other hand, a significant number of the factors influencing policy lined up in support of the FAT decision. Excluding foreign-authored titles from ATP not only brought a net benefit to recipients, but also brought particular gains to smaller publishers, which are a priority area for the program. By aligning the component's eligibility criteria more clearly with its objective, the program not only increased the amount of money flowing to the support of Canadian-authored titles, but also made it easier to demonstrate that the program is achieving its intended results. These factors make it likely that the FAT decision will remain in place.

6. Conclusions

Taking a broader look at the implications of the foreign-authored title case study, this particular policy decision brings to light a certain distinction between the goals of BPIDP as perceived by the publishing industry, and the goals of BPIDP as determined by the program's own objectives. Too much weight may be given, amongst industry stakeholders, to the program's objective of contributing to the health and viability of the Canadian publishing industry. BPIDP's primary objective is to support the creation of Canadian-authored titles; the ongoing financial well-being of the Canadian publishing industry, while an important element in delivering this objective, is of secondary concern. Furthermore, the decision shows the extent to which the program's focus is on the overall health of the industry, rather than that of individual publishers.

This orientation toward authorship rather than ownership is consistent with the fact that although BPIDP employs industrial policy tools, such as market-driven funding and assistance for supply chain improvements, it is first and foremost a cultural program with the mandate of fostering Canadian content. As the FAT decision shows, there are cases where the program's cultural mandate conflicts with the economic interests of publishers. While the program's challenge is to find the correct balance between its cultural and industrial goals, there exists nonetheless a clear hierarchy between these two objectives – one that clearly influences the program's policy decisions.

Over the course of this paper, various aspects of federal book policy have been examined, including the government's policy rationale and objectives, the measures in the policy toolkit, the range of interests that contribute to new or adapted policies, and the way that these interests play out in policy development. Of all of these, the final aspect is the least predictable, the most interesting, and the one where a greater insight could be the most fruitful for members of the book industry wishing to influence policy. This paper will hopefully have served not only to elucidate some of the dynamics of policy development, but also to pique the interest of those who might wish to explore this topic further.

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