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THE CULTURAL ROLE OF THE STATE
IN DOMESTIC AND INTERNATIONAL RELATIONS

By

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A THESIS

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THE CULTURAL ROLE OF THE STATE
IN DOMESTIC AND INTERNATIONAL RELATIONS

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The end of the bipolar Cold War era and the increasing globalization of the last decade have resulted in new questions about the domestic and international role of the state. One effect of an uncertain international environment framed by globalization is that traditional military and economic threat considerations are being joined by cultural threat considerations, as a growing number of cultural products cross borders and are interpreted as influences on national identity. Negative reactions to globalization and the spread of a “global culture” are often based on the belief that it is largely American pop culture that is threatening other national identities, particularly through U.S. “soft power” advantages and its dominance of audiovisual industries. The level of a given state’s support of culture is proposed to be a function of the degree to which foreign cultural products have penetrated the local markets and the state’s propensity to intervene in the economy. By examining how different states promote national culture internally, protect national culture from outside intrusion, and project national culture elsewhere, new insight is gained as to how states are redefining their roles in the new international environment.

INTRODUCTION

The past decade has in many ways been one of increasing complexity and uncertainty in international politics. At the systemic level, the demise of the relatively stable bipolar order of the Cold War has left a system with some elements of both multipolarity and unipolarity. The United States is the sole remaining superpower, but its leadership has been increasingly called into question. In addition, the process of globalization has raised new economic and political issues that affect world stability. One example is the perception that the power of the state has diminished relative to other political actors in international relations, such as non-governmental organizations (NGOs), intergovernmental organizations (IGOs), multinational corporations (MNCs), markets, and even private individuals.

From an idealistic point of view, it is commonly believed that “the sole purpose of the state is the well-being of its citizens” (Stephens, 1988: xi). Traditionally, this is equated with priorities such as the provision of national defense, public safety, or environmental quality. Yet one area that often is overlooked is how the state perceives its role regarding the national culture of its citizens. Lloyd and Thomas (1998) and Huntington (2000) note that “culture” is a term that has acquired many meanings and connotations, varying from discipline to discipline and from context to context. As Huntington (2000) points out, the anthropological point of view is to look at culture in terms of a society’s values, practices, symbols, institutions, and human relationships, in short, its entire way of life. The problem with this approach is that “if culture includes everything, it explains nothing” (Huntington, 2000: xv). A more fruitful approach for

grappling with the importance of culture to society, and in this case to international relations in particular, is to narrow the parameters of the definition somewhat. For example, Klammer (1996: 13) states that “the culture of a group of people...stands for the values and beliefs the people share,” while Huntington (2000: xv) defines culture “in purely subjective terms as the values, attitudes, beliefs, orientations, and underlying assumptions prevalent among people in a society.” A focus on shared values, attitudes, and beliefs helps reveal a common outlook or worldview of a society, an important element of a cohesive nation.

This study looks at the role assumed by the state in shaping and preserving national culture, and with this narrower definition of culture I will focus on the arenas most commonly understood to be “cultural” in nature, and particularly the ones where state activity is most evident: the arts and the audiovisual industries. The state activity in these areas can be further subdivided into three different categories, from most to least common: promotion, protection, and projection. One effect of an uncertain international environment defined by globalization is that traditional military and economic threat considerations are being joined by perceived cultural threats. Globalization means that a growing number of cultural products are crossing borders, products that are often perceived as a threat to national identity. By examining how states promote national culture internally, protect national culture from outside intrusion, and project national culture elsewhere, we will ultimately gain insight into how states are defining their roles in the new international environment.

When focusing on the arts, I refer to the guidelines of studies done by the Arts Council of England (ACE) and the National Endowment for the Arts (NEA) in the U.S.

in defining what constitutes “the arts.” This includes museums and galleries, music, opera, dance, drama, visual arts, community arts, literature, and film production (NEA, 2000). State activity in support of these areas of the arts is not limited to funding the art form itself, but also carries over into activities involving the given medium of distribution. This reinforces the need to include audiovisual and other media—film, television, radio, etc.—as a central component of this study.

Before proceeding, I want to elaborate on why I believe that a study of state involvement in the arts should be of interest to political scientists. It is indisputable that in monetary terms, government spending on cultural issues pales in comparison to spending on national defense or social programs. Even in countries with the largest amount of state resources devoted to culture, all cultural programs combined never account for more than one or two percent of the total national budget (Cummings and Katz, 1987). However, this argument overlooks the fact that in relative terms there are big differences between states in both how much they spend for cultural purposes and how they spend it. The main reason why this issue is worth exploring reduces to one word: power. Assessing a state’s power in the post-Cold War world is an increasingly complex task, involving more than straightforward measurements of military capability and gross domestic product. One additional component that is perceived to increasingly matter is cultural power, and in a world defined by a combination of increasing globalization and America as the sole remaining superpower, the dominance and omnipresence of American pop culture worldwide is a reality that every state faces to some degree.

From a foreign policy perspective, this dominance serves what Kudrle and Bobrow (1990) refer to as the “assertion goals” that every state covets, along with security, autonomy, and prosperity goals. According to the authors, “(a)ssertion involves the psychic rewards for citizens gained by the influence abroad and the pursuit of status relative to other countries. In the past, assertion was often provided by military dominance. Today it more often finds expression through economic and cultural imperialism” (Kudrle and Bobrow, 1990: 148). Cultural power is also a component of Nye’s (1990) concept of “soft power,” to be discussed in the literature review, which can be viewed as leadership through attraction rather than coercion. These examples indicate that studying the role of the state in culture is compatible with the realist emphasis on the importance of power and position in international relations.

The general hypothesis that this thesis will explore is that the more prevalent the influence of foreign cultures in a society, the greater that state’s support of its own national culture will be. It is clear that an overwhelming majority of states have assumed a significant role for themselves in support of their national cultures. Most of these states have institutionalized this role at a very high level of government. Yet notably, while “most nations in the world have a ministry of culture in some form...the United States does not” (Kammen, 1996: 791). Why is this the case? Does this mean that the amount of state support for culture is substantially less in the U.S., or is it simply less conspicuous? With globalization, the suggestion that states are reacting to greater foreign cultural intrusion by becoming more actively involved in culture is becoming more salient for international relations, as some states perceive this outside influence as

reaching an unacceptable level. In many peoples' eyes, globalization is actually little more than "Americanization."

One assumption of this thesis is that the big comparative advantages of American pop culture entertainment industries—economies of scale, massive private investment, degree of establishment, etc.—render government funding for culture in the U.S. relatively unnecessary. America is arguably not only a superpower in military and economic terms, but also in cultural terms, given the degree that American pop culture has penetrated markets around the world. From a non-American standpoint, the power of American pop culture worldwide can be cause for alarm because it is intruding upon the very national identity that would otherwise be able to withstand military or economic inferiorities.

This thesis uses a qualitative comparative case study, a research design that aims to identify the significant factors influencing the reaction of other states to this American cultural "imperialism." What role do these states assume with respect to culture—the arts in particular? In the process, the proposed research should indicate whether state cultural activities reflect the broader economic and political philosophy of the given society, as well as reveal the relative priority placed on domestic versus international concerns. Several cases will be examined that represent different degrees of state involvement in culture: Great Britain, France, Canada, and the United States. I will focus on the last decade in order to remove the influence of the ideological struggle of the Cold War, and will restrict my analysis to these industrialized countries. Finally, I will examine this issue in the context of two important international conditions of this era: the accelerated

pace of globalization and the power of American popular culture that spreads via globalization.

LITERATURE REVIEW

Culture as “Goods”

The arguments surrounding the relative importance of the arts can be assessed from different angles. First, I will address economic arguments. In economic terms, some view the arts as types of public goods, to be made available for public consumption along the same lines as other public goods. From this standpoint, the same argument for the state’s provision of national defense, for example, can be applied to national culture (Buchwalter, 1992). Lingle (1998), in contrast, believes that public support for the arts places limits on private choice but explores the issue by subdividing economic arguments for government spending in support of the arts into several different points. One is the unwillingness or inability of audiences to bear the full costs of the arts, which indicates the arts’ failure of a market test. Proponents of public support also point to the arts as “merit goods” with intrinsic value. This underscores arts as a public good—non-rivalrous and non-excludable—with society suffering in the absence of their provision. Finally, proponents offer equity considerations as an economic rationale for public funding. In this case, government subsidies are a means to increase equality of opportunity to producers and consumers of the arts (Lingle, 1998: 22).

Schuster (1994), who argues for government support of the arts, suggests that the “market failure” focus misses the point. Markets account for private benefits of consumption, not social benefits. He adds to the economic efficiency argument that the

arts provide economic spillover effects to other industries from increased training and employment, increased tourism, and the attraction of new businesses (Schuster, 1994: 47). He also believes that efficiency arguments need to include the benefit to future generations when assessing the value of the arts, and the “option demand”—the idea that people like to maintain the option of choosing a good, even if they do not currently demand it (Schuster, 1994: 48).

Yet other economists dispute the public goods position and instead argue that cultural goods such as the arts are consumed by specific individuals, not society as a whole. Therefore, their value should be determined on the open market where demand, not government subsidies, dictates whether or not they survive (Buchwalter, 1992). Still another oft-mentioned economic argument against public support for culture is Baumol’s “cost disease”: the performing arts are likely to lag behind other economic sectors in productivity because they are inherently labor intensive—a string quartet will always require four people, for example (Baumol and Bowen, 1966). This means that a state that decides to support the performing arts should expect it to be increasingly expensive to do so, relative to other sectors that are able to continually improve productivity.

In political terms, cultural arguments often hinge on perceptions of what is in the public interest. State support for culture is advocated by those who view cultural tools as one of the “principal means by which a society transmits beliefs and values from one generation to another and achieves a sense of common identity” (Buchwalter, 1992: 8). The French variation of this argument identifies this as the significance of “cultural inheritance.” For example, France held up the GATT agreement of the Uruguay Round in 1993 by insisting on an exclusionary clause for cultural products in order to help

sustain French culture (Klamer, 1996: 18). Schuster (1994) also advocates the political benefits of the arts as a means to promote national identity, and adds two further political arguments. One is the “median voter” argument, which refers to the idea that the government will do whatever 50 percent or more of the voters want it to do. Second is the idea that support for the arts can be viewed as a form of revenue sharing—a way to get the public’s money back to them in the form of services (Schuster, 1994: 52)

From a different political standpoint, however, others see no place for public support of culture in a system of limited government. Schuster concedes that “(p)erhaps the most fundamental argument against government support of the arts in the United States is the constitutional argument” (1994: 54). Many argue that the Constitution allows for promoting the progress of the arts, but limits such support to temporarily securing exclusive rights to artists for their works, while others argue that government support for the arts is justified by the “general welfare” clause of the Constitution (Schuster, 1994: 54). The political debate regarding whether the U.S. government is even authorized to involve itself in cultural issues continues.

Culture as Theory and Policy

While there is a significant amount of literature devoted to the cultural policy of individual states, little has been done on a broader theoretical or comparative basis. One French academic (Evrard, 1997) looks at government cultural policy as a philosophical choice between two general paradigms: the “democratization of culture” versus “cultural democracy”:

Government cultural policies, notably in Europe and more specifically in France, are mainly steered toward the democratization of culture. They aim to disseminate major cultural works to an audience that does not have ready access to them...By contrast, a model of 'cultural democracy' may be defined as one founded on free individual choice, in which the role of a cultural policy is not to interfere with the preferences expressed by citizen-consumers but to support the choices made by individuals or social groups...as happens in other types of markets (Evrard, 1997: 167).

The role of the state is fundamentally different in these two alternatives. The mission of the state under cultural democratization is primarily to generate for the general public supply of and access to cultural works, while in a cultural democracy the main role of the state is regulatory, aiming for a minimal amount of outside intrusion into cultural content (Evrard, 1997).

Another argument is that countries have become increasingly alike insofar as they have cultural policies with substantial government support, but vary in the particular types of policies they have adopted. "They differ with regard to the specific goals which are pursued, with regard to the ways in which they are organized, and with regard to the policy tools...which are available" (Cummings and Katz, 1987: 9). These authors suggest that cultural policies evolved from one of two patterns, originating from either "royal absolutist" states, typified by Austria and France, or "plutocratic mercantilist" states with more limited monarchies, such as England and the Netherlands. But the current distinctions these authors make suggest more of a continuum than an either/or situation: "There is great variety—limited only by the number of countries—in cultural policies and in the institutions set up to implement them" (Cummings and Katz, 1987: 4).

The literature cited above suggests that at the most general level one can locate a state's approach to cultural policy within one of several possible general philosophies,

with each having a variety of possible policy options to choose from. The state may choose to be active in working toward equal access to the arts, it may strive to preserve national cultural heritage and promote future cultural achievement, or it may see for itself a regulatory role, viewing the arts as similar to other markets.

Others have offered different variations on these possibilities when classifying such policies. Stephens (1988) posits three major models of state funding of cultural activities. One is the “Ministry of Culture” model, which assumes an active and interested policy-making approach with a relatively high level of government funding. A second option is for the government to set up a “quango” (quasi-autonomous non-governmental organization) to distribute state funding in order to limit direct government influence on how the money is spent. In the third model private investment in culture is encouraged by the government through the use of major tax incentives (Stephens, 1988: viii). One can identify specific examples of the above models, such as France for the first case, England for the second, and the United States for the third, although arguably some combination of these models may be (and indeed are) used in any given state.

It will be necessary to establish some sort of categorization of the state’s role in culture in order to help operationalize this variable for research purposes. Once this is accomplished, the primary goal of this research design can be pursued—to discover what factors are most influential in leading states toward one role or another. One possible motivation for state involvement is the conflicting nature of the globalization of culture. Barber (1996) makes the argument that governments are struggling to respond to the homogenization of cultures around the world brought on by globalization. As mentioned earlier, this homogenization is perceived to actually be Americanization, as American

films, TV, advertising, music, popular culture in general, and the English language have all to one degree or another infiltrated local cultures. Barber identifies the struggle that has developed in response as one of “Jihad vs. McWorld.” “Jihad” encapsulates the struggle of local peoples to sustain their traditions and identity against the commercial imperialism of “McWorld,” which “is a product of popular culture driven by expansionist commerce...it is about culture as commodity” (Barber, 1996: 17, 232). The response of many culture ministries around the world to the onslaught of American cultural products is to view the problem as an “all-out war” (Barber, 1996: 91). However, the protectionist reactions of states are not really what Barber’s Jihad is all about. The forces of Jihad are militant and dogmatic reactions against both McWorld and “the nation-state’s legalistic and pluralistic abstractions” (Barber, 1996: 232). For Barber, both Jihad and McWorld weaken the sovereignty of the nation-state and undermine democracy through their indifference to civil liberty.

Culture as Power

The preceding point indicates another facet of the relationship between the state and culture. This is the idea that the state may perceive a greater cultural role as one that helps counterbalance its relative loss of power in other areas of international relations. Barber (1996: 79) labels the new information sector and those within it who control the mediation of information, communication, and entertainment the “infotainment telesector.” This sector is acquiring increasing autonomy of its own and is widely perceived to not only endanger different cultures but also to undermine individual choice and national sovereignty. For the state, promotion of a civic function for culture helps to

reinforce its own power as mediator and interpreter of cultural disputes. “Through cultural policy, the state defines a national response to such threats (to cultural identity) and reaffirms its own role...as the best means of protecting cultural identity in an increasingly transnational world” (Ingram, 1998: 800). However, literature exploring the connection between diminished state sovereignty and an increased desire by the state to play a role in culture is lacking. This possibility will remain outside the scope of this research design due to lack of data and the difficulty of operationalizing such a relationship.

In addition to concerns about preserving its place as the dominant political actor, a state may also be motivated to assert a cultural role in order to enhance its power relative to other states. This is best articulated in Joseph Nye’s work on “soft power,” defined as “the ability to achieve desired outcomes in international affairs through attraction rather than coercion...(soft power) can rest on the appeal of one’s ideas or the ability to set the agenda in ways that shape the preferences of others” (Nye, 1996: 21). One important set of instruments of soft power is culture, including language, appeal of values and ideology, and aspects of popular culture such as music, films, TV, advertising, and book publishing.

The essence of Nye’s work promoting culture as a source of power in international relations is that soft power can be just as important as traditional hard power, and that gains in the former can offset losses in the latter. If a state’s power is perceived as legitimate in the eyes of others, it will encounter less resistance to its preferences. If its ideology and culture are attractive, others will be more willing to follow. If it is able to establish international norms consistent with its society, it will be

less likely to have to change. If it can use institutions to encourage other states to direct or limit their activities in ways the dominant state prefers, it may not need to exercise costly hard power in bargaining situations (Nye, 1990, 1996). In sum, the universal appeal of a country's culture and its ability to establish a favorable set of rules and institutions that govern areas of international activity are critical sources of power. Clearly this suggests a rationale for states to both nurture national cultures at home and promote these cultures abroad.

Condition 1: Globalization

The current trend of globalization has been occurring on several different fronts. Economically, the expansion of free markets, including capital markets, has increased the interdependence of national economies. Technologically, the explosive growth of the Internet, the information sector, and telecommunications networks has had the effect of shrinking time and distance in communications and interactions between people across the world. And socially, the perceived rise of a "global culture"—assisted by the economic and technological changes listed above—has led to simultaneous patterns of integration of cultures and varying degrees of rejection or backlash to this integrative process, especially when it is perceived as American cultural imperialism. This multi-pronged "attack" by the forces of globalization has put significant pressure on states to formulate a response for economic, social, and political reasons.

The pressure applied on the state by globalization manifests itself in a variety of ways. Dani Rodrik (1997) notes three different sources of tension between globalization and social stability. One is an increased asymmetry between those who can easily cross

international borders and those who cannot, which is brought on by reduced barriers to trade and investment. Second is an increase in conflicts within and between countries over domestic norms and social institutions, as nations with very different values and norms interact and compete in the global marketplace. Third, and perhaps most relevant to this research project, “globalization has made it exceedingly difficult for governments to provide social insurance—one of their central functions and one that has helped maintain social cohesion and domestic political support for ongoing liberalization throughout the postwar period” (Rodrik, 1997: 6). Journalist William Greider also identifies social stability, or an “altered social reality”, as one of three interconnected “realms” of the current globalization phenomenon (Greider, 1997: 16).

Besides the implications for social stability, globalization also involves a shift in power in the international system, which offers another possible explanation for state involvement in culture. The power shift I am referring to is not among states, but between the state as one actor on the scene and other increasingly influential actors. Greider (1997) suggests breaking the global system down into a group of four competing power blocs, some of which lose under globalization and others that win. The losers in his scheme are labor (unions and wage-earners), and, importantly, national governments, which are less and less able to wield power over commerce and finance. The winners, on the other hand, are multinational corporations (MNCs) and financial capital, which is focused on “maximizing the return on capital without regard to national identity or political and social consequences” (Greider, 1997: 25). Strange (1996: 4) also asserts the “retreat of the state” over the last couple of decades, to the point where state authority over the people and activities within its boundaries has weakened considerably: “the

impersonal forces of world markets, integrated...more by private enterprise in finance, industry, and trade than by cooperative decisions of governments, are now more powerful than the states to whom ultimate political authority over society and economy is supposed to belong.”

What the above arguments suggest is that as states lose power to the forces of globalization, they are becoming increasingly marginalized—possibly even irrelevant—in areas where they previously exercised some control or influence. In this context, an assertion by the state into the realm of culture is a move to reinforce its legitimacy and necessity as a global actor. It would be a great exaggeration to suggest that the state is in danger of extinction any time in the near future, but the power shifts brought on by globalization have arguably led the state to seek to adapt and modify its role to the new reality. “Protector of national culture” is one role where the state may see a niche for itself.

Condition 2: America – A Cultural Monolith

Much of the acrimony and heated debate surrounding the process of globalization is inspired by the fact that so much of the world perceives this process as thinly veiled Americanization. The world has grown accustomed to living with the military and economic might of the United States, but economic power in particular has increasing cultural ramifications. For example, consider that nine out of ten of the top brand names worldwide are American; brands that include pop culture icons such as Coca-Cola (at the top of the list), Disney, and McDonald’s (Cox, 2000). Even in societies where American brands of cultural products are not specifically dominating, locally produced cultural

products are often “corrupted” by the influence of American pop culture in general. It is difficult to imagine that the debate surrounding the effect of globalization on cultures would inspire such passions if it were not for the fact that there is an easily identified Goliath intruding on local cultures around the world—American popular culture.

In many different categories—film, television, music, advertising, magazine and book publishing, fast food, etc.—the dominance around the world of American products may vary somewhat in degree, but is pervasive nonetheless. In the audiovisual markets of film and television, the American share accounts for 40 percent of the world total; it has often been cited as the second largest American export sector, after aerospace. On the other side of the coin, imports of foreign audiovisual products account for barely 2 percent of the huge American domestic market (Dunkley, 1997: 185).

In the case of television programming, the U.S. has a significant advantage due to the size of its home market. Because of the fixed-cost nature of producing television programs, producers can sell shows cheaply overseas once the costs are covered at home (The Economist, 1998a). This has led to a situation where European broadcasters, for example, devote more than half of their spending to American imports. Currently, Europe buys approximately \$2 billion a year of American television programs (The Economist, 1998a). In Latin America, 62 percent of television programming originates in the U.S., while less than a third is regionally produced (U.N. Human Development Report, 1999). On the other hand, in many cases the programs foreign audiences like to watch the most are from their own countries; much of the prime time programming overseas is local content, while American programming occupies less desirable time slots (The Economist, 1998a).

A snapshot of the American film industry is particularly telling. In 1997, U.S. film distributors took in \$5.85 billion at the foreign box office, and that number is expected to grow by 6 to 7 percent annually (Waxman, 1998). During the 1990s as a whole, 85 to 95 percent of all movies shown in Western Europe were American in origin, with even greater percentages in Eastern Europe (Wagnleitner, 1999). In Canada, 96 percent of the films are foreign (primarily American), and in Japan, over half of the films are American (The Economist, 1998b). According to the United Nations 1999 Human Development Report, entertainment is actually now America's largest single export industry, with Hollywood films grossing more than \$30 billion worldwide in 1997. This is backed up by Commerce Department data and industry figures that found that international sales of software and entertainment products totaled \$60.2 billion in 1996, more than any other U.S. industry (Farhi and Rosenfeld, 1998).

One thing these figures suggest is that Hollywood is increasingly relying on foreign markets for profits: "while domestic profits had grown a mere 39 percent between 1985 and 1990, profits from foreign markets exploded by 124 percent in the same period" (Wagnleitner, 1999: 512). Other countries are often very sensitive to this asymmetrical relationship given the fact that the audiovisual industries have been very effective vehicles for the reproduction of American culture throughout the past century. This asymmetry is important for economic reasons as well as cultural ones, a point that recurs throughout the literature on cultural industries. A European Commission study on the film industry (1997) noted that Europe's US \$6 billion dollar trade deficit with the U.S. also accounted for at least 250,000 jobs.

While film and television may provide the most visible examples of American dominance, they are by no means the only ones. American popular music—particularly rock, jazz, pop, and rap—is another entertainment sector that actively exports American culture. Some argue that these forms of music are more than preferences for the music itself, but a reflection of beliefs and values—self-expression, spontaneity, sexuality, and defiance of authority, for example (Berger, 1997). However, it is more difficult to evaluate the role American music plays as an influential cultural export for two reasons. First, citing sales figures of American music overseas provides an incomplete picture, because one should also consider the ways in which this music is actually received and interpreted by the local people (Van Elteren, 1996). Second, when one does look at the radio and record sales charts, the figures suggest that American music is not as dominant as film or television. A sample of international charts of singles and album sales in December 1998 shows that in all fifteen countries listed, more than half of the top twenty artists are not American, and in some cases there are only one or two American artists on the list (Billboard, 1998).

One icon of American pop culture that is a synthesis of music and television and which has spread worldwide is MTV (Music Television). MTV began in the U.S. in 1981, with offshoots springing up all over—Europe in 1987, Asia and Australia in 1989, Brazil in 1990, Japan in 1992, and Latin America in 1993 (Van Elteren, 1996). While MTV is now available in more households abroad than in the U.S., it has found that simply exporting American programming does not work. Instead, it has developed many different versions, with the Mandarin channel having 70 to 80 percent Chinese music, the Indian channel broadcasting Hindi music, and so on, but all packaged MTV-style (Farhi

and Rosenfeld, 1998). This is another indication that “the mass consumption of American popular culture has been integrated to a greater or lesser degree into the ‘national’ cultural identity of many countries” (Van Elteren, 1996: 76).

Besides the audiovisual industries, other sectors that help diffuse American culture include the increasingly global advertising industry, which heavily promotes American culture, and book publishing, in which the U.S. is a major player (Mowlana, 1986; Dunkley, 1997; Golding and Harris, 1997). American professional sports, such as NFL football and NBA basketball, are growing in popularity around the world. Consider that “NBA-Entertainment exports its shows...to more than one hundred countries in an ever growing market (making) the global success of U.S. basketball...just one of the most recent examples of the striking worldwide attraction of many facets of American popular culture” (Wagnleitner, 1999: 502). Computer software and other forms of intellectual property have also become important exports for the U.S.; for example, total U.S. exports of intellectual property have risen nearly 94 percent in dollar terms since the collapse of the Soviet Union in 1991 (Farhi and Rosenfeld, 1998; Lancaster, 1998).

As these various instruments spread American culture around the globe, they have also greatly contributed to the ubiquity of the English language, which has virtually become a global language (Spybey, 1996; Crystal, 1997). To return to the example of films, the global desire for English language films is demonstrated by the fact that such films account for 60 to 65 percent of the global box office, according to the Motion Picture Association of America (Farhi and Rosenfeld, 1998). The worldwide impact of the American-led information/technology/communication revolution has significantly increased the reach of English as well. When reporting on the U.S. Justice Department’s

anti-trust case against Microsoft, the *Asia Times* (May 2, 2000) referred to the universal penetration of the Microsoft Windows operating platform as having enhanced American global power by refocusing cultures around the world and increasing the use of the English language, which is necessary for programming purposes.

The above overview of the broad and significant advantages that American cultural industries hold over the rest of the world suggests that concern on the part of foreign governments is understandable. American cultural power contributes to the overall soft power capabilities of the U.S., which in turn supplements and reinforces American dominance in the global arena. States around the world operate in a reality where America is not only the sole military superpower and an economic power second to none, but which also represents a popular culture that seems unstoppable in its global reach.

Cases: A Preview

While there is a relative lack of literature looking at state cultural policies from a broad comparative perspective, there has been a considerable amount of attention paid to specific individual states. The United States is one such object of research interest—the apparent lack of state support for culture in the U.S. relative to other nations has attracted interest. Some examine the relationship between government and the arts in the U.S. from a historical perspective in order to uncover traditional American views (Buchwalter, 1992; Mulcahy and Wyszomirski, 1995; Kammen, 1996; Levy, 1997).

Another area of research on cultural policy in the U.S. considers the historical role of public diplomacy in the Cold War and post-Cold War periods in advocating American

culture, including the arts, overseas. Public diplomacy is the primary state tool for projecting cultural power abroad, and is defined as “a government’s process of communicating with foreign publics in an attempt to bring about understanding for its nation’s ideas and ideals, its institutions and culture, as well as its national goals and current policies” (Tuch, 1990: 3). In a sense, these efforts are an acknowledgement of the potential benefits of a culture that is attractive to others, such as articulated by Nye. I will examine the promotion of American culture abroad through the United States Information Agency (USIA), Radio Free Europe/Radio Liberty (RFE/RL) and Voice of America (VOA) radio, WORLDNET Television, and other similar programs (see Henderson, 1969; Blackburn, 1992; Carnes, 1998).

In addition to the United States, two other countries that have garnered a lot of attention through aggressive cultural policies are Canada and France. If the U.S. is seen as being on one end of a spectrum among industrialized nations as far as degree of state cultural activism, then Canada and France are at the opposite end of that spectrum. Generally, this literature sees the high level of Canadian and French government involvement as a reaction to fears of American cultural imperialism swallowing up local cultures, endangering national identity, and threatening the economic well being of local cultural industries.

While the above cases are the subjects of the most literature on cultural policy, one can also find analyses of the cultural policies of virtually every other developed nation, as well as many developing countries. Riley (1994: xvi) addresses cultural policy in Great Britain, noting that:

...the government follows the ‘arm’s length’ principle. Funds

are distributed to arts organizations indirectly through bodies such as the Arts Council of Great Britain and the British Film Institute, to protect against undue political influence by ensuring that the allocation of funds is made by those best qualified to do so.

This strategy is consistent with the “quango” model cited earlier by Stephens (1988).

In addition, some comparative case studies are available. Wyszomirski (1998) compares the cultural policies of Japan and the United States, finding many similarities that suggest a convergence in such policies. Ken’ichiro explores the state and culture in East Asia, finding that the modern state has played an active role in the transformation of traditional culture “in order to bring about political integration and economic development” (Ken’ichiro, 1993: 6). Cummings and Katz (1987) edited a volume that examines government and the arts in Europe, North America, and Japan. These authors find that in the last half-century there have been two conflicting tendencies in the relations between states and the arts: enormous variety in specific state policies and broad trends in such policymaking. Their main conclusion is that “government support for the arts is here to stay everywhere in the industrialized world” (Cummings and Katz, 1987: 365). One comparative analysis of cultural policies in Europe (written on behalf of the Council of Europe in order to “provide a ‘grid’ showing the main trends in the European cultural sector”) will be very helpful for this research design (D’Angelo and Vesperini, 1998: 11). This literature provides a sound starting point for determining what factors are most important in helping to determine the degree and type of state support for national culture.

RESEARCH DESIGN

As stated in the introduction, my hypothesis is that the level of state involvement in culture is a function of the degree of foreign intrusion in that state's national culture. As the preceding literature review clearly shows, states do attempt to define for themselves a cultural role—they provide funding, set up government entities, formulate policies, and pass laws to try to achieve cultural goals. I believe that this demonstrates the fact that states continue to harbor realist concerns about relative power and position, but that the scope of these concerns is broadening past the traditional military and economic realms. In this post-Cold War/information/globalization age, cultural power is becoming a more significant factor in the determination of global position. Furthermore, the position of the U.S., with American popular culture disseminated virtually everywhere, is such that the best approach to this research project may be to cast American culture as the source of the potential threat that the rest of the world reacts to. Thus, in one sense, the U.S. is a case like any other, where the government role can be researched and defined; yet in another sense, the U.S. also defines the reality facing other states in determining cultural policy.

This research project seeks to determine whether the degree of foreign cultural influence is a significant factor in determining if the state assumes a substantial, direct role in support of its own arts sectors and audiovisual industries. One way to approach this issue is through a comparative case study that analyzes states that are highly involved in culture as well as ones that seem relatively less involved. By identifying the common characteristics and differences among these cases, I hope to illustrate the causal pathways between these factors and the resulting cultural policies.

The Dependent Variable

The dependent variable in this research is the *degree and type of state support* for national culture. One can broadly categorize the *type of state support* into several different possibilities:

- No cultural support given
- Promote local culture at home
- Protect local culture from foreign influence
- Project local culture abroad

Of these possibilities, the first one is simply not observed in the real world—all modern states offer some degree of support to culture. Therefore, the focus becomes one of analyzing this degree. How much state support and toward what end? The remaining three options tend to build on one another, from more to less common. In other words, it is most common for states to promote their own culture at home, and many of those also protect their national culture from outside intrusion, while some of those also work to project local culture abroad. Thus the four options represent a scale of increasing state activity on behalf of culture.

To properly analyze the degree of state support of culture, we need to specify some form of measurement of this variable. This is complicated by the fact that government spending towards culture is often disseminated through various channels. These include not only different national ministries but also through funding originating in the federal government but distributed by state, local, and non-governmental or quasi-governmental agencies. In some cases, government support takes the form of tax breaks,

which may necessitate consideration of foregone tax revenue opportunities. It would be helpful to capture the full amount of government spending per year through these various channels as accurately as possible.

Initial research on this dependent variable has indeed revealed a variety in degrees of state support among developed countries. As expected, the United States represents the least amount of state support, while France and Canada were two cases of greater state support. The data gathered by the Arts Council of England (ACE) in its 1998 comparative study on government spending on the arts included these cases. By consistently measuring different states' spending on the arts, the ACE was able to present an accurate comparative snapshot of such spending. Importantly, this study included expenditures by state and local governments. The study found a big disparity in per capita spending on the arts, ranging from \$6 a year in the U.S. to \$26 in Great Britain, \$46 in Canada, and \$57 annually in France.

I should note that these figures do not include indirect government support for the arts through tax breaks, which in the case of the U.S. is often a preferred method of support. However, "Schuster's 1985 study found that U.S. public arts spending was still the lowest of the countries he studied, even after he included an estimate of forgone taxes into his computations" (NEA, 2000: 5). The ACE study also seems to have eliminated one possible *independent* variable affecting government spending: per capita GDP. In other words, "high economic output...does not necessarily equate with high public spending on the arts" (NEA, 2000).

In addition to the ACE study, I have also compiled budgetary information for specific government entities that work to support the arts in these four countries. For the

U.S., this includes the NEA, USIA (and post-USIA State Department allocations for public diplomacy), and the International Bureau of Broadcasting (IBB), which includes VOA, RFE/RL, RFA (Radio Free Asia), Worldnet, and Radio and TV Marti. I also have data on state spending through the National Assembly of State Arts Agencies (NASAA). British agencies include the ACE, NESTA (National Endowment for Science, Technology, and the Arts) and the BFI (British Film Institute)—all within the Department for Culture, Media and Sport. I also have data for the British Council, which handles public diplomacy, and local government spending. For France and Canada, I have statistics for the Culture Ministry and the Heritage Ministry, their respective cabinet level ministries for arts support.

Independent variables

The hypothesis that the amount of state resources directed toward cultural policy depends on the level of foreign intrusion requires the identification of independent variables that capture the degree of outside cultural influence. Such variables can include the ratio of foreign to domestically produced cultural products that are consumed in the country—foreign vs. domestic films, television programs, books, magazines, music, sports, and other such entertainment commodities. One way to manage these ratios for the purpose of an independent variable would be to rate them as low, medium, or high. Film statistics appear to be most promising for comparison due to availability of data and the focus on the film industry in recent cultural debates. A source for such statistics is *The European Film Industry Under Analysis* (1997), a report released by the European Commission that gives European data and addresses American dominance of European

markets. In addition to cultural products, language, or the degree that other languages pervade the local culture, could act as a second “foreign cultural influence” variable.

Another variable that should be taken into consideration is the importance of the public sector in the given economy. One way of looking at this is to view the size and behavior of the public sector as a “condition” variable between foreign cultural influence (the independent variable) and state support of culture (the dependent variable).

According to Van Evera (1997), the value of the condition variable affects the impact that an independent variable has on a dependent variable. The condition variable in this particular model refers to the type of capitalist system in place in the given country—a free market/*laissez-faire* system versus a welfare state system, for example. Specifically, the condition variable that influences the relationship between the independent and dependent variable is the state’s *propensity to intervene* in the workings of the free market via a larger, more active public sector. The expectation here is that a state that is less inclined to intervene—a state that follows a *laissez-faire* philosophy—will react less strongly to an increase in outside cultural influence than would a state following a social welfare model of capitalism. In other words, the given state’s cultural role in support of the arts would largely coincide with its overall economic philosophy, reflected by the characteristics of its public sector. The strength of the relationship between the independent and dependent variables depends on this condition variable.

The 2000 report issued by the NEA addressing the 1998 ACE study gives credence to the assertion that a propensity to intervene variable should be included in this model. Schuster (1985) originally suggested that differences between countries on public arts spending may partially depend on whether the given country has a relatively large or

small public sector. The ACE study largely supports this relationship—high per capita public arts spending to some degree seems to be correlated with an economic preference for a larger public sector and more public spending (NEA, 2000).

In order to capture the propensity for government intervention, I will utilize the Fraser Institute's "The Economic Freedom of the World: 1998/1999 Interim Report." This report includes an Index of Economic Freedom that consists of seventeen different indicators, including several components under the heading of Government Operations. These include government consumption as a percent of total consumption, state government enterprises as a share of the economy, price control ratings, freedom for businesses to compete, and freedom to engage in capital transactions with foreigners. According to the Fraser Institute, the primary elements of economic freedom include personal choice, freedom of exchange, and protection of private property (Fraser Institute website, 2000). These 1995 ratings were assigned, on a scale of 0 to 10, for the four cases in this study (higher numbers = less government involvement, i.e., a better economic freedom rating).

[Table I]

These particular components of economic freedom are intended to demonstrate to what extent resources are directed by markets and personal choices, rather than political planning. The more government consumption, the less influence private consumers have on what is produced and consumed; the more state-operated enterprises, the less relationship between what is produced and what consumers want; the more price controls, the more restraint on free exchange; the greater the freedom of businesses to compete, the greater the emphasis on property rights. Through these components we

learn more about the characteristics of the relationship between the state and the economy, and since cultural goods are also economic goods, we also learn more about the relationship between the state and culture.

Using Van Evera's (1997) illustration for incorporating condition variables into one's model, the relationship I am suggesting looks like this:

$$\begin{array}{c} A \rightarrow C \\ \times \\ B \end{array}$$

Here the influence of "A" (foreign cultural influence) on "C" (state support of culture) is mediated, i.e., magnified or dampened, by "B" (state propensity to intervene / size of public sector).

To adequately investigate the similarities and differences between states highly involved in supporting culture and those less involved, I have selected four cases for study. Based on expectations derived from preliminary research, the United States and Great Britain represent less state involvement; France and Canada represent greater state involvement. Well-publicized controversies involving these states over the threat of American pop culture have led to substantial literature on this issue, publicity that has made necessary cultural data relatively accessible. Choosing cases that are all industrialized countries means that variation across cases on the dependent variable cannot be attributed to differences in level of economic development.

There are several sources for acquisition of statistical data on culture, including government expenditures. For Great Britain and France, the *Source Index of Cultural Statistics in Europe* (1999) offers a wide variety of sources for cultural data. This index categorizes its sources into areas such as printed matter and literature, music and

performing arts, audio and audiovisual, and visual arts. A newly revised edition of *Cultural Statistics in Europe—First Elements* (2000) has worked to improve the availability of comparable data and indicators, including for cultural funding. The Internet is a valuable tool for accessing cultural data, especially the websites of the government agencies themselves. For the U.S., useful websites include the National Endowment of the Arts, the National Endowment of the Humanities, and the Office of Management and Budget. For Great Britain, they include the Department for Culture, Media and Sport, the British Film Institute, and the British Council. Canada's Heritage Ministry and Canada Council for the Arts have helpful websites as well. France proves to be a little more difficult than the other three cases due to its lack of English-language sites. However, D'Angelo and Vesperini's (1998) comparative study on state cultural policies in eight European countries may be of assistance. Other sources of cultural data on the Internet include UNESCO, the Council of Europe, and the Organization of Economic Cooperation and Development (OECD).

In sum, this paper will help provide an explanation for the importance that many states attribute to the preservation of their national culture. The evidence should show that a state's financial and legal support for its national culture is a response to the amount of foreign cultural influence that is being experienced by that society. This is because the government of that state perceives increases in such outside influence as an economic threat to its own cultural industries and a social threat to its national identity.

Many social scientists avoid or dismiss culture as relatively unimportant or immeasurable, but the fact that many states take culture very seriously, and consequently assume a significant role for themselves, should not be ignored. The results of this

research may help provide insight into how states are modifying their economic and social institutions in order to adapt to such challenges as globalization. The relationship between culture and the state should be of interest to those who study the role of the state in international relations, the different variations of capitalism that states adapt, or international political economy in general.

ANALYSIS OF THE CASES

The first step toward better understanding the motivations for state support of culture is to describe the international environment within which culture is transmitted across national borders on an unprecedented scale and velocity. For the post-Cold War era this includes the twin pressures of increasing globalization and the force of American popular culture that is more easily diffused worldwide via this globalization. In such a context, the United States poses itself as a unique case—like other states it does devote resources to cultural purposes, but under conditions where it is host to a cultural monolith. Furthermore, the huge amount of domestic private investment in American cultural industries makes government support less necessary. This reality dictates the situation to which all other states react; when examining state responses to foreign cultural intrusion, we are largely referring to *American* cultural intrusion.

Case 1: The United States

As discussed in the literature review, I am placing this thesis in the context of every state facing pressure from American pop culture in an increasingly globalized world. While this decreases the usefulness of the U.S. as a case when looking at

perceived threat solely in American terms, it is enlightening to examine the U.S. for other reasons. The U.S. may not feel threatened by itself, but it could certainly feel threatened by the outside cultural influence of others. In actuality this outside cultural influence often proves to be minimal, but it is also productive to analyze what state cultural activity looks like without such threat considerations.

Given America's unparalleled position as an exporter of cultural goods, the assumption is that one would find less evidence of state support for culture in the United States than elsewhere. This assumption is reinforced by the fact that the U.S. scores highest of these four cases on the Fraser Institute's Index of Economic Freedom, with an 8.2 rating (on a 10-scale) for the Government Operations category discussed earlier and a 7.9 rating overall (a "B"). While there is indeed a strong argument that there is less state support of culture in the U.S., it is well worth exploring in detail before moving on to other cases. First, I will offer a more specific outline of government support for culture in the United States, and in particular how it has changed in the decade since the end of the Cold War.

The U.S. does have a history, particularly since World War II, of actively working to promote American culture abroad. Much of this effort has fallen within the realm of "public diplomacy," which can be defined as "a government's process of communicating with foreign publics in an attempt to bring about understanding for its nation's ideas and ideals, its institutions and culture, as well as its national goals and current policies" (Tuch, 1990: 3). The U.S. government became consistently involved in cultural relations as early as 1938, first with the creation of the Division of Cultural Relations and later

with the Bureau of Cultural and Educational Affairs, both within the State Department (Schuster, 1968; Henderson, 1969).

One of the most prominent and effective programs established by the U.S. government for purposes of public diplomacy and the projection of news, culture, and values has been Voice of America radio. VOA began broadcasting in 1942 in five languages but grew to forty languages by the end of the war (Henderson, 1969). Eventually, VOA was transferred from the State Department to a new agency, the United States Information Agency (USIA), created by President Eisenhower as an independent organization designed to accommodate the growth of public diplomacy (Henderson, 1969). USIA became the preeminent resource for American public diplomacy throughout the Cold War; by the end of the 1950s, USIA was the largest such agency in the world, with a global reach of more than 200 branch posts (White, 1996). With the communication revolution, VOA has continued to play a significant role in international broadcasting. According to the organization's website, VOA currently employs 1,114 people and broadcasts in 53 languages to an estimated weekly audience of 91 million listeners around the world.

In addition to USIA's radio broadcasts on VOA, the U.S. government has created several other overseas broadcasting entities, including Radio Free Europe (RFE) and Radio Liberty (RL), Radio Free Asia, Radio and TV Marti (which broadcasts to Cuba), and WORLDNET Television. RFE/RL—now one network—was originally sponsored by the CIA as “surrogate” domestic radio services for the Soviet bloc countries (Lord, 1998). After 1973, RFE/RL was operated openly by the government's Board for International Broadcasting and was specifically financed by Congress. Throughout the

Cold War, RFE/RL served as an effective conduit for the projection of American culture and alternative sources of free news and information for the audiences of Eastern Europe (Tuch, 1990). WORLDNET Television was established overseas, particularly in Europe, in the early 1980s and included cultural programming (Tuch, 1990). Radio Marti was conceived in the early years of the Reagan administration, beginning broadcasts to Cuba in 1985; TV Marti followed in 1990 during the Bush administration, and both have remained controversial due to questions of cost effectiveness (Blackburn, 1992; Lord, 1998). Radio Free Asia, established in 1994, now joins RFE/RL as a private, non-profit corporation that receives annual congressionally appropriated grants from the Broadcasting Board of Governors, which holds authority over all non-military U.S. government international broadcasting (VOA website, 2000).

The demise of the Cold War removed much of the rationale for these radio networks—and USIA in general—considering that one of the primary missions of U.S. public diplomacy was to counter Soviet propaganda (Henderson, 1969). Without an ideological enemy, one would assume that U.S. budgets toward public diplomacy would be reduced. The struggle to redefine the purpose of public diplomacy operations such as America's international broadcasting system has indeed resulted in decreased funding and substantial restructuring. In the case of Radio Free Europe/Radio Liberty, for example, the budget was cut from more than \$200 million annually during the Cold War to \$68 million in 1998, and the staff cut from 2,000 to 800 (Barber, 1998). In 1990, the U.S. government began the process of consolidating the various broadcast services—VOA, WORLDNET Television, and Radio and TV Marti—into one cohesive unit, by way of a new Bureau of Broadcasting. This process continued in 1994 with the

International Broadcasting Act, which created the International Broadcasting Bureau (IBB) within USIA and created the Broadcasting Board of Governors (BBG) with oversight authority. Finally, 1998 yielded the Foreign Affairs Reform and Restructuring Act, which conferred independent status and supervisory authority to the Broadcasting Board of Governors while also abolishing USIA, whose functions were merged into the State Department (International Broadcasting Bureau website, 2000).

It is the fate of USIA and the money earmarked by the government for public diplomacy that is perhaps most telling. According to USIA's website (in 1998, before the agency was dissolved), its budget grew from \$837 million in 1986 to \$1.125 billion in 1998. This suggests that, as in many other aspects of foreign policy, the U.S. government has been slow to adapt to the changed international environment of the post-Cold War period. However, this adaptation appears finally to be occurring: U.S. public diplomacy was radically reorganized in 1999, with USIA merged into the U.S. Department of State. Budget figures obtained from the State Department's website shows that the amount of funds allocated for public diplomacy have been significantly reduced: about \$465 million for 1999, and down to a projected \$246.6 million for 2001. This is evidence that U.S. public diplomacy was largely aimed at projecting U.S. culture and values during the ideological struggle of the Cold War, the end of which reduced justification for big budgets in this area. It also may suggest that the advantages of American popular culture disseminated privately in a globalizing world make it difficult for the U.S. to justify spending public money when it seems increasingly unnecessary.

The significantly lower budget figures cited above undoubtedly include savings from the merger of USIA into the State Department, but they also underscore the

differences between the U.S. and other countries and indicate that the level of U.S. support is decreasing. For some, this support is moving in the wrong direction. Lewis (1999) uses Nye's soft power concept to argue that the lack of interest on the part of the U.S. government in supporting arts-related cultural diplomacy is a wasted opportunity. His rationale is that the post-Cold War era is one where foreign publics have more influence over their governments, so "it is in our interest to increase the understanding of these publics about our foreign policies and our culture, reducing reliance on...government-to-government relations" (Lewis, 1999: 6). This would also place a higher priority on long-term relations over short-term foreign policy objectives, and would help counter the frequently skewed portrayals of American society offered by mass-produced American pop culture.

The U.S. government's historical effort to help promote American culture overseas is not repeated to the same degree domestically. The primary vehicle for domestic state support for the arts since 1965 has been the National Endowment for the Arts (NEA). The NEA is an independent agency that currently employs approximately 270 and whose head reports directly to the President. The NEA and its sister organization, the National Endowment for the Humanities (NEH), provide funding on a competitive basis to help underwrite costs of projects undertaken by private or locally supported cultural institutions (Wyszomirski and Mulcahy, 1995). According to Buchwalter (1992: 1), the establishment of the NEA marked a significant change in the U.S. approach to cultural policy: "Though the amount of funds approved was small compared to other countries, the enabling legislation formally expressed an American acknowledgement that support for culture is a legitimate government responsibility."

Even if the American government views this responsibility as legitimate, it also appears to perceive its role as a passive one. The government's approach to supporting the arts has included the idea that as much of this support as possible should come from private and local sources; therefore, "the NEA has not functioned as a national 'ministry of culture' responsible for comprehensive cultural planning or managing the nation's artistic activities. Rather it has promoted the arts in limited and collaborative ways" (Wyszomirski and Mulcahy, 1995: 122-123). Whether the issue at hand is promoting the arts at home or protecting one's notion of American culture from outside intrusion, there is little agreement among Americans on a legitimate role for government in such an endeavor. In fact, the very notion of protecting American culture from foreign influence flies in the face of America's identity as a cultural melting pot. Ultimately, the historical tradition of limited government and First Amendment protections reinforces the American belief that the government's role in cultural affairs should be distinctively limited (Buchwalter, 1992; Wyszomirski, 1998).

A look at the budget of the NEA for the past decade shows a similar budget pattern to that of U.S. public diplomacy. Throughout the 1980s, the NEA's budget ran between \$143 million and \$169 million annually; in the early 1990s, this number rose to as high as almost \$176 million. However, between 1995 and 1996 the budget dropped dramatically, from about \$162 million to \$99 million, where it has since remained (NEA website, 2000). This may be partially attributed to the Republican revolution in Congress. Newt Gingrich, for example, argued that removing state funding would improve the arts (Kammen, 1996). Of course this drop in funding is only dramatic in

relative terms; the difference between \$176 million and \$96 million in a federal budget of trillions is miniscule.

The drop in federal funding for the NEA does not tell the whole story of state support for the arts in the U.S., however. First, while the NEA is the central and most visible body for federal arts support, the cultural programs of the U.S. government are in reality fragmented, located in a variety of agencies. There are between 200 and 300 federal programs that provide resources or sponsor activities in the arts (Wyszomirski and Mulcahy, 1995). This increases the difficulty of the task of fully analyzing federal support and also suggests a lack of coordination or direction for this support.

Second, throughout the history of the NEA another type of player has come on to the scene of public support for the arts: state and local art agencies. Before the NEA was founded there were seven state art agencies in the U.S. and less than a hundred local art agencies. Currently, there are arts agencies in every state, six regional arts organizations, and 3,800 local arts agencies (Wyszomirski and Mulcahy, 1995). In Mulcahy and Wyszomirski's (1995) view, the most significant development for culture in the U.S. may be this growth of regional, local, and especially state arts agencies that work with the federal government to support the arts. Kammen (1996: 794) shares this opinion, seeing this trend as a "gradual, almost evolutionary...departure from the long-standing preference for leaving to private and local groups decisions affecting the creation and conduct of cultural institutions".

This trend demonstrates the federal government's wishes for an emphasis on local support. In fact, the NEA has acted as a financial catalyst of sorts by devoting 40 percent of its budget to partnerships with state and regional arts agencies (NEA website, 2000).

The National Assembly of State Arts Agencies (NASAA) reported that for the fiscal year 2000, aggregate legislative appropriations to state arts agencies reached a record high of \$396.5 million, an increase of 7.2 percent over the previous year. Even more striking is the fact that since 1997, state arts agency appropriations have grown by 46 percent (NASAA website, 2000). This suggests that overall government funding in support of the arts has not significantly shrunk, but rather has shifted from the federal to the state and local levels.

Finally, some do not see the low level of federal spending devoted to the NEA or other cultural bodies as a true indicator of state involvement in culture in the U.S. There may be significant differences in type and degree of state involvement, but essentially it has its place in public policy in the U.S. just as it does elsewhere. American cultural policy was viewed as an important issue during the Cold War, and the establishment of the NEA was a result of public policy. "The dominance of private patronage through corporations, foundations, and individual giving is possible only because public policy encourages it. It is government patronage in that it is exercised in the form of federal and state taxes forgone" (Hewison, 1994: 27). The government incentive to encourage private funding of culture through tax breaks is one example of the idea that the U.S. merely finds other ways to support culture than direct spending.

The case of the United States suggests that government promotion of culture is more complex than a reaction to foreign cultural intrusion, but it does not refute the hypothesis outright. U.S. federal support for promoting culture at home through the NEA has remained relatively unchanged over the last decade, while state efforts to project culture abroad through public diplomacy have dropped significantly, perhaps in part as a

delayed reaction to the end of the Cold War. Also to be taken into consideration is the growth of cultural support at the local, state, and regional levels, which often serves the same purpose as federal support but does not necessarily fit into any national strategy. Such a decentralized process is difficult to interpret, but one possibility is that it represents a broad shifting of resources from projection abroad to promotion at home, perhaps recognition of the strength of American pop culture via globalization.

Case 2: Canada

A substantially different approach to government's role in culture and the arts can be found just north of the border, in Canada. This difference extends to economic freedom as well, with Canada receiving a Fraser Institute rating of 6.4 for Government Operations and a 6.9 overall rating (a "C"). In Canada, the debate over the need to protect its culture from the U.S. has been consistently covered by the Canadian news magazine *Maclean's* (1996; 1997; 1998; 1999) and elsewhere (Wildavsky, 1996; Wilson, 1996). *Maclean's* (1999) frames the argument as between those, on the one hand, who see the power and scope of American culture and fear for the survival of Canadian culture, and those on the other who see little difference and do not really care whether or not Canadian culture survives. Most Canadians seem to be somewhere in the middle, concerned but preferring American cultural products nonetheless.

Before addressing the dynamics of the frequently tense Canadian-American cultural relationship or the degree of American penetration into the Canadian cultural markets, I will elaborate on Canada's government entities that play a significant role in

culture and explore their budgets and spending, drawing from the literature and Canadian government websites.

According to the Department of Canadian Heritage website (2000), major government entities that deal with culture are grouped under the Canadian Heritage Portfolio, created in 1993 “to consolidate national policies and programs that maintain Canada’s cultural sovereignty and promote Canadian identity.” The major components of this portfolio include first and foremost the Department of Canadian Heritage, plus seven departmental agencies, ten “Crown corporations” and several other culture-oriented entities. The Canadian Heritage Ministry has been very active in attempting to protect Canadian culture in the film, music, television, and magazine publishing industries. In 1998, it even hosted a meeting of twenty culture ministers from around the world who “pledged to form a permanent network to try to prevent their national cultures from being steamrolled by global trade and economic forces” (*Maclean's*, 1998: 26).

[Table II]

Total appropriations for the Canadian Heritage Portfolio in 1999-2000 was \$2.76 billion Canadian dollars, or US \$1.84 billion, up slightly from the 1998-99 fiscal year (Department of Canadian Heritage, 2000). However, this number only represents federal spending for culture; once funding at the province and city level is included, the total government spending on culture in Canada more than doubles. For example, in 1996 spending on culture (excluding sport) by all levels of government totaled \$5.8 billion (US \$3.87 billion), with US \$1.2 billion coming from the provinces and territories and US \$930 million from the municipal level. One important caveat, however, is that about one-

third of provincial funding and three-fourths of municipal funding for culture is directed to libraries (Statistics Canada, 1997).

The head of the Canadian Heritage Portfolio is considered to be the Minister of Canadian Heritage, who is responsible “for policies and programs relating to arts and heritage, cultural development, Canadian identity, multi-culturalism, official languages, and sport as well as policies governing national parks and national historic sites” (Department of Canadian Heritage, 2000a: 3). The stated long-term goals of the Department of Canadian Heritage, which is a flagship of sorts for the various culture-oriented agencies, are grouped into several categories, including enhancing pride in Canada, contributing to economic growth and prosperity, and protecting Canada’s heritage (Department of Canadian Heritage, 2000).

The relationship between Canada and the U.S. in terms of cultural identity can rather easily be described as a love/hate affair: on the one hand, it is two nations with important economic ties, very good relations, and many similarities; but in many respects it is an asymmetrical relationship where Canada is faced with a military, economic, and cultural giant on its doorstep. With respect to culture, it is this dominance and the very similarities between the two nations that spark Canadian fears of cultural assimilation—American culture is perceived as too easily substituted for Canadian culture, which gives the cultural industries of the U.S. all the more advantage in Canadian markets.

This is clearly more than a cultural or social issue—it is economic. Since the 1960s, Canadian cultural industries have grown to become the country’s fourth-largest employer (Wilson, 1996). The Department of Canadian Heritage cited Statistics Canada reports that found the direct economic impact of the cultural sector in 1996-97 to equal

\$24 billion (US \$16 billion) and 710,000 jobs. The cultural sector itself comprises over 3,000 companies, accounting for over 200,000 jobs and contributing US \$8.2 billion to Canadian GDP and US \$4.3 billion in wages in 1994-95 (Department of Canadian Heritage, 2000a: 15). Thus, while Canadians fear for loss of their own identity, they also consider their collective pocketbook and fear for a loss of jobs.

The statistics show the fragile position of Canadian culture: the foreign share of Canadian markets includes over 90 percent of English-language television, 81 percent of magazines, 79 percent of recorded music revenue, and almost 95 percent of annual screen time at Canadian movie theaters (Magder, 1999). In each of these areas, the majority of the foreign share is in fact American. From a Canadian perspective, these statistics justify government intervention: “We need the help of government because so far the ‘invisible hand’ of the marketplace has proven itself unable to guarantee diversity” (Magder, 1999: 15).

Examples of the Canadian struggle against the American pop culture juggernaut can be found in many cultural media. Canada has been a close ally of France in the fight for cultural protection in the film and television markets, and has been concerned with the fact that three-fourths of the music on Canadian radio is not Canadian (The Economist, 1998b). Canada has been able to revive its music industry to some extent with local content quotas on radio airtime. One example is the 1997 decision by the Canadian Radio-Television and Telecommunications Commission (CRTC) to boost the required Canadian music content on radio to 35 percent from a previous 30 percent (Dunkley, 1997, Maclean's, 1998).

In bargaining with Canada on questions of cultural protection, the U.S. has given some ground, but a perception exists in the U.S. government that Canada has in some places crossed the line from concerns dealing with protection of legitimate aspects of Canadian culture to ones that suggest outright protectionism. For example, the Canadian government has forced Country Music Television out of Canada in order to assist the creation of a similar domestic music network (DeMont, 1997b). One could argue that in cases such as this, it is not the cultural product itself that is objectionable but rather who controls the medium through which it is disseminated.

It is also questionable to some whether or not Canada's musical culture is actually threatened. One Canadian source claims that "...the Canadian music industry, which exports Canadian sound to the world, is thriving, part of the \$3 billion in export sales of Canadian culture in 1995 alone" (Lewis, 1997: 4). The suggestion that the Canadian music industry is relatively healthy is reinforced by other statistics: in 1993-94, there were 210 sound recording companies in Canada, which earned US \$574 million; and while foreign-controlled record companies accounted for 84 percent of Canadian sales, that same year Canadian-controlled companies accounted for 34 percent of releases, compared with 22 percent in 1989-90 (Statistics Canada, 1997).

Another contentious debate between Canada and the U.S. focuses on magazine publishing. American dominance of this industry is evident from the fact that four out of five magazines in Canada are foreign, and primarily American (The Economist, 1998b). The Canadian government has made strenuous attempts to protect its magazine industry from being overwhelmed by American competition, prompting the United States to take its case before the World Trade Organization. The WTO ruled in favor of the U.S.,

forbidding Canada from charging punitive taxes against “split-run” magazines, which have their editorial content prepared in the U.S. but are printed in Canada (Wilson-Smith, 1997). For its part, Canada appears to resent that the U.S. is using the WTO to attack policies Canadians see as legitimately designed to protect Canadian culture. They also interpret this ruling as a potential foot in the door for outsiders, which may lead to further invasion of the Canadian periodical industry by foreign-owned publications (Lewis, 1997). For those in favor of a government role for the protection of culture, the WTO ruling has serious ramifications:

...the ruling laid the foundation for a fundamental realignment of the ground rules governing the global production, distribution and consumption of culture...the increasing intrusive nature of international trade regimes will place substantial limits on the ability of particular states to influence the production and distribution of cultural goods and services within their borders (Magder, 1999: 12).

In this case, however, Canada and the United States were eventually able to reach an agreement on one of the primary points of contention—the access of foreign periodicals to the Canadian advertising services market. The compromise includes plans for passage of a Foreign Publishers Advertising Services Act in Canada, which will replace the prohibition on foreign publishers from selling advertising services aimed primarily at the Canadian market to a situation of limited forms of access, including allowing foreign publishers to publish 12 to 18 percent of ads aimed at the Canadian market and potential greater access if majority Canadian content is created and a new periodicals business is established in Canada (Department of Canadian Heritage News Release, 1999). Canada views this as a victory of sorts, with the U.S. recognizing the right of another country to protect its own culture.

As in many countries, the government in Canada has been particularly sensitive to the American dominance in the film industry. This concern was reflected in 1968 with the Canadian government's financial support to the Canadian Film Development Corporation (now known as Telefilm Canada, the federal film financing agency), which originally received \$10 million to help create a private film industry in Canada—a number that has grown to over \$50 million annually (Magder, 1999; Department of Canadian Heritage, 2000). Dorland (1998) affirms the \$10 million startup funding, and adds that by 1989-90 Telefilm Canada had become the second largest cultural institution after the CBC (Canadian Broadcasting Corporation). Yet the return on money directed toward promoting the domestic film industry in Canada is a matter of debate: according to Maclean's (1998), no Canadian films turned a profit from 1987 to 1997, with blame placed on inadequate budgets. The film industry in particular is strongly dominated by foreign products, a dominance that has been relatively constant throughout the last decade, and has actually grown in specific sectors. The most impressive example of this dominance is the theatrical market, where foreign movies accounted for 98 percent of the US \$184.5 million in distributors' revenue in 1997-98, up one percent since 1994-95 (Statistics Canada, 2000a).

Regardless of profits—or lack thereof—the numbers suggest that the Canadian audiovisual industry as a whole continues to grow. Statistics Canada (1997) reports that in 1994-95 there were 14,000 films and videos produced in Canada, with 70 percent for television, 21 percent for corporations, and 9 percent for other markets. Revenues for 1994-95 were almost US \$700 million, with export revenues doubling from the previous year to US \$109 million. More recent statistics (Statistics Canada, 2000b) show that

export revenues had jumped to US \$285.9 million by 1997-98, or 38 percent of all production revenue (compared to only 23 percent five years earlier). Total revenues for 1997-98 climbed to US \$933 million, up 11 percent from the year before and approximately 25 percent from the 1994-95 figures. According to Statistics Canada (2000b), this indicates five straight years of strong growth in revenues.

The television industry is another audiovisual sector that has been a beneficiary of government support: "In 1980, the federal government began to underwrite private-sector Canadian television programs with an annual fund now worth close to \$200 million" (Magder, 1999: 14). Once again, results have been questionable. In 1960, Canadians watched Canadian shows 32 percent of the time; in 1997, the Canadian share was 34 percent (Maclean's, 1998). Yet another source points out that the Canadian television industry has grown significantly, reaching \$923 million by 1994, and attributes this in part to Telefilm Canada's existence (Dorland, 1998). It is interesting but perhaps not surprising to note that in Canada the foreign share vs. domestic share of the market is very different for English-language audiences and French-language audiences. "In 1995, English-language television audiences spent 72% of their time watching foreign-made (mostly American) programs and 28% of their time watching Canadian made ones...(while) French-language TV audiences spent one-third of their time watching foreign-made shows and 67% of their viewing time on Canadian-made programs" (Statistics Canada, 1997: 2). Clearly, Canadian television's domestic content has been relatively stable, despite (or because of) the government money and content rules, but the question then becomes, what would the percentages look like without government support, and are the results of such support worth the cost?

The answer to the above questions may be forthcoming, given that government funding of public broadcasting has generally decreased in recent years. Yet while funding levels for broadcasting have decreased somewhat, they are also being shifted to reflect the revolutionary changes in global communications. For example, the Canadian Heritage Ministry has formulated an “Innovation Directorate, which will develop policies and programs to support the emerging new media industry” (Department of Canadian Heritage, 2000a: 13). This included the 1998-99 creation of a US \$20 million Multimedia Fund to help support Canadian multimedia works over five years, as well as a US \$130 million per year Canadian Television Fund to support producers of Canadian television programs (Department of Canadian Heritage, 2000).

In Canada, feelings of vulnerability to the power of American media industries has led to strong public support for cultural protectionism. On the U.S. side, however, these actions are viewed with some suspicion. Charlene Barshefsky, the U.S. Trade Representative, stated that:

We have no objection to the promotion by Canada, or other countries, of national identity through cultural development...but we do object to the use of culture as an excuse to take commercial advantage of the United States, or as an excuse to evict American companies from the Canadian market (DeMont, 1997b: 17).

The doubts expressed by the U.S. government on Canadian cultural policy have not deterred Canada from seeking out more allies in its cultural crusade. In 1999, the Department of Canadian Heritage spearheaded an effort to bring together culture ministers from twenty different countries to further develop a cultural dialogue that could work to shore up the position of national cultures in an increasingly globalized world (Magder, 1999). This is part of the effort of the Canadian Heritage ministry to build on

the momentum of previous culture-oriented conferences or meetings, such as the Intergovernmental Conference on Cultural Development, which took place in Stockholm in 1998, under the auspices of the United Nations Educational, Scientific, and Cultural Organization (UNESCO). A similar conference in Ottawa that same year gave birth to the International Network on Cultural Policy, which included representatives from many different countries and whose common denominator was “shared misgivings about the seductive onslaught of U.S. movies, television and music” (Maclean’s, 1998: 26). Canada is continually at the forefront of these attempts to organize resistance to threats to national culture, and not surprisingly, the U.S. is seldom invited to these conferences.

Despite Canadian government activism on behalf of culture, budget amounts directed towards culture has not been impervious to cuts. One example was the inability of Canadian Heritage Minister Sheila Copps to ward off more than \$400 million in budget cuts at the Canadian Broadcasting Corporation (CBC) in 1996 (DeMont, 1997). The previous table also shows that Canadian Heritage Portfolio appropriations are scheduled for further cuts of at least another US \$100 million in 2001-02. This trend is compatible with the assertion that government spending in support of culture is a function of perceived threat, in the form of foreign cultural intrusion. As Canadian cultural industries continue to survive and in some cases even grow, the government becomes inclined to scale back its support.

Case 3: France

The country that is most often allied with Canada and which takes the lead just as often in the fight against the onslaught of American popular culture is France. It is also

interesting to note that in economic freedom terms, France and Canada are rated virtually identical by the Fraser Institute in each Government Operations component, with a 6.6 rating in that category and a 6.1 overall (also a “C”). As for the prevalent attitude in the French government regarding its role in protecting national culture, the literature on France seems to concur that no matter where you look on the political spectrum—right or left—the French view state support for culture as essential (Andrault and Dressayre, 1987; Marmer, 1996; Ingram, 1998). This is apparent in the fact that even when compared to other European countries, “the French state has an especially elaborate set of agencies devoted to the administration of ‘culture’ and it has assumed a highly directive role in this administration” (Ingram, 1998: 798).

The French Ministry of Cultural Affairs was created in 1959 as part of an expansion of the state ushered in with the Fifth Republic. By the early 1980s it received one percent of the national budget; some cuts were made in the early nineties, but the current government is committed to cultural funding at the one percent mark (Ingram, 1998). France’s economic woes in the 1990s—low growth, high unemployment, the need to reduce France’s deficit to meet the European Union’s Maastricht Treaty criteria, etc.—required budgetary cutbacks late in the decade that notably did not seriously effect spending on culture. For example, the culture ministry’s funding remained slightly over \$3 billion in 1997, just two percent less than 1996 and still close to the symbolic one percent of the total budget (Marmer, 1996).

French state activism on behalf of culture is as prevalent in the case of the film and other audiovisual industries as anywhere: “France has the most articulated state policy on the question of cultural defence in Europe and the greatest resistance to

American domination of films shown in cinemas” (Van Elteren, 1996: 47). One of the most publicized examples of this is was the French-led movement in 1993-94 to have protectionist loopholes added to the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) for film and television. Specifically, Article IV of the agreement allows European Union countries to continue local content quotas for film and television, such as was originally authorized in the European Broadcast Directive, which had set a minimum percentage of European content (Dunkley, 1997). Under pressure from Hollywood—Europe now provides half the export revenues of Hollywood studios—the U.S. government did fight against this provision, but the France-led European Union held firm and ultimately prevailed (Jones, 1998).

While France was able to preserve its quotas and government film subsidies of \$350 million a year, the strength of American pop culture in France does not appear to be diminishing. The presence of EuroDisney outside Paris and the surprising success of the Disney Channel in France (with twice as many subscribers in 1997 as predicted), as well as the American dominance of movies on the powerful, new pay-per-view networks in France, are all indicators of the unlikelihood that French filmmakers can roll back the tide (Barber, 1996; European Commission, 1997). All the more striking is the more recent news from Paris on French movie-going habits: in the summer of 2000, seven of the eight most popular films in France are from Hollywood. In one week in August, only seven percent of the total tickets sold were for French films, as opposed to 91 percent for American movies (Knight-Ridder/Tribune News Service, 2000).

As in the case of Canada, one has to ask whether continued French government support of the film industry is having the desired effect (the instinctive answer is “no”,

but one must consider the possibility of complete collapse without such state support). Consider, for example, that “as recently as 1986 French films outperformed American films in the French market, (but) the American share of that market has continued to grow despite intense protective measures” (Cowen, 1998: 41). This trend is illustrated by some telling statistics: in 1980, indigenous films held a 47 percent market share in France, while the U.S. share was 35 percent; by 1994, the French share had dropped to 32 percent, while the American share was up to 58 percent (Nowell-Smith, 1998).

Some would argue that the French government’s protectionist policies are having the *opposite* effect, indirectly hurting the French film industry by limiting France’s ability to compete internationally (Cowen, 1998). History shows that the French film industry thrived in the first half of the twentieth century, despite the presence of Hollywood, and even dominated world cinema early in the century. According to Cowen (1998), the French then made the strategic mistake of tailoring movies to the specific tastes of Paris, limiting their attractiveness to the rest of the world and allowing Hollywood to gain a better foothold in world markets. Hollywood apparently learned from France’s mistake, as is evident from the success of American action films in particular, which require less tailoring to specific cultures and are thus capable of success in many different overseas markets.

The inability of French films to compete with Hollywood may also be affected by how the film’s budget is distributed, regardless of its size. A big difference between European films and American films is the money devoted to marketing: one study reveals that 50 percent of the total budget of an American film goes towards marketing, compared to a meager three to six percent of the average European film budget

(European Commission, 1997). One may conclude with Cowen (1998: 47) that “French films are not uncompetitive because they lack the financial resources of Hollywood; rather, they lack financial resources because they are uncompetitive.”

State support of cultural industries in France is not limited to the film industry. In the case of music, one example is the fact that the French government requires pop radio stations to play a minimum of 40 percent French music (Cowen, 1998). A couple of decades ago, the music industry was a relatively low priority for cultural protection, since the consumption of music was a fairly small proportion of cultural spending by the French. However, a recent survey by the French Ministry of Culture and Communication (Donnat, 1997) shows that the proportion of French that regularly listen to music they have purchased (records, cassettes, etc.) has almost tripled since 1973, from 15 percent to 40 percent. This substantial increase in consumption means more money is at stake for the music industry, bringing music onto the political agenda of cultural protectionists.

Another aspect of culture where the French government is particularly active is language. France is sensitive to the fact that even if French has traditionally been considered the language of diplomacy, English is “the first or second language of choice for almost all of the developed world and much of the developing world” (Farhi and Rosenfeld, 1998: 1). Furthermore, in this era of globalization English has become the language of global business, international science and academia, and now the Internet. This globalization trend has prompted the French government to spend \$100 million annually on promoting French language as an aspect of culture (Jones, 1998). The French have also erected protective linguistic barriers against the intrusion of English, causing a certain amount of internal debate.

The information revolution that is accompanying the new era of globalization has translated into the Internet becoming a battleground of cultural debate, and the dominance of the English language on the Internet is one important aspect of this debate for the French. The fact that worldwide Internet communication is conducted 90 percent in English and about five percent in French has caused some French government officials to view this asymmetry as “a new form of colonialism” (Coleman, 1997: 57). The government has put up a seemingly futile fight against the prevalence of English on the Internet, insisting that French terms be created for the array of information-technology goods previously known only by English names and that information on the Internet from websites in France also be in French (Coleman, 1997). This government intrusion may end up doing more harm than good from a business perspective, considering that “a number of French companies have found it profitable to conduct Internet business in English only” (Coleman, 1997: 58). Apparently the French government is more concerned with fighting against the dominance of English than with the rationality of catering to those who use English as a first or second language: very little information on the Ministry of Culture and Communication’s website is offered in English.

In the view of one French scholar, the French obsession with defending “Francophonie” and dreaming about a world united by their language ends up isolating them instead of preserving their culture (Moisi, 1998). On the other hand, there is also the idea that every language carries with it inherent values that influence the consciousness of the speaker (Berger, 1997). To whatever extent this is true, the language spoken thus reflects the values of the nation it represents, offering linguistic purists in France further justification for their protectionist efforts.

Since France is at the top of the list for government activism on behalf of culture, and this activism is largely motivated by threat perception, it is somewhat ironic that in some cultural industries France does significantly better than most other European Union countries. France produces more films than any other European country and exports these films to the rest of the continent. In addition, America's share of the French market is around 58 to 60 percent, compared to 90 percent in Ireland and the Netherlands, 75 percent in Great Britain, and 80 percent in Europe as a whole (The Economist, 1998c; Cowen, 1998). The study on the European film industry published by the European Commission (1997) shows that the market share of national films in France increased from 35.4 percent in 1995 to 37.5 percent in 1996, percentages significantly higher than Germany, the U.K., Spain, or Italy.

France's prominent role in attempting to beat back Hollywood's global advances becomes less surprising when one takes into account the value attached to culture by the French—the degree of intrusion may be less severe than in other European countries, but the French seem less willing than their European counterparts to tolerate such intrusion. The relative success of the National Front party in France, with its tendencies towards nationalism and xenophobia, is illustrative of the widespread concern of many French about any threats to their cultural identity.

Historically, one claim is that the cultural activity of the French state, particularly the Ministry of Cultural Affairs, has been strongly influenced by two great trends of the 1950s in France—modernization and decolonization. The French fear was that the allure of pop-culture driven consumerism and its association with modernization came at the price of French identity, a trend that was difficult to stop as industrialization and

economic strength replaced the significance of empire as a measure of global power (Ingram, 1998). One result of these trends was a shift in government priorities, including replacing colonial goals with domestic ones, such as state involvement in culture. Given the important role designated to government in a social welfare state such as France, it is not surprising that the government was easily able to present itself as the necessary source of protection for French culture.

The words “French” and “culture” are so often paired together that perhaps it should not be surprising that the French government takes such an active role in culture. This role seems fairly institutionalized, and does not show signs of fluctuating significantly from year to year. This is somewhat surprising to the extent that globalization is equated with Americanization in France, a process that has increased over the past decade. The fact that France has maintained viable cultural industries in the face of globalization may help explain the stability of cultural spending, but it is likely that the French psyche would demand government activism regardless. It is curious, however, that there is relatively little government effort to project French culture abroad. If France is the strongest case of government support of culture, then one may expect that this would include efforts both home and abroad. French priorities generally are directed first to protection, second to promotion at home, and last to projection abroad, which contradicts my suggestion that state priorities tend to follow a clear progression from promotion to protection to projection.

Case 4: Great Britain

While the British government does play an active role in support of culture, this support is somewhat different in degree and kind than the cases of France and Canada. In terms of economic freedom, the Fraser Institute rates the U.K. higher than France or Canada, but somewhat lower than the U.S., with 7.3 ratings in both Government Operations and overall (a “B”). State activism in culture in Britain seems to stem from different sources than the previous European cases. Examination of the stated goals of government cultural policy shows an apparent emphasis on two factors: the economic importance of cultural goods and the positive impact that a thriving national culture has on peoples’ lives. Before expanding on these themes and how they influence government policy, I will once again begin with an outline of the structural aspects of government cultural policy.

The primary entity for British state support of culture is the Department for Culture, Media, and Sport (DCMS). The British government provides a substantial amount of information on its role in culture through the DCMS website. The DCMS was first created in 1992 under the name of the Department of National Heritage (DNH), and was renamed the Department for Culture, Media, and Sport in July 1997 (DCMS website, 2000; Foreign & Commonwealth Office website, 2000). The DCMS is headed by a cabinet-level Secretary of State for Culture, Media, and Sport, whose responsibilities include state policy on the arts, sport, libraries, museums and galleries, broadcasting and film, and tourism. On the DCMS website one of the Department’s stated aims is “to enrich peoples’ lives,” which it seeks to do through encouragement and protection of creative activities and promotion of leisure activities; at another point the goal is said to

be “to improve the quality of life for all through cultural and sporting activities.” The DCMS employs a staff of around 400 people and a 2000/01 budget of 1 billion pounds (US \$1.6 billion). This budget is somewhat smaller than those of the equivalent agencies in France and Canada, and shrinks further after spending on sport and other areas unrelated to the arts or audiovisual industries is taken out of the equation.

The Department for Culture, Media, and Sport’s approach to funding is to channel most of it through Non-Departmental Public Bodies (NDPBs) that play a role in, but are not an actual part of, national government, which in turn make the funding decisions; this is the “arm’s length” principle that Riley (1994) refers to. These NDPBs include the Arts Council of England (ACE), the British Film Institute (BFI), and the National Film and Television School, among others. According to the DCMS website, the department is responsible for over forty of these NDPBs, as well as five public broadcasting corporations.¹ I will address the relevant agencies in greater detail below, but in general this strategy is designed to separate actual funding decisions from political considerations by putting them in the hands of the relevant experts.

One of the most prominent NDPBs funded by the DCMS is the Arts Council of England (ACE), which is the British national funding body for the arts. With a primary responsibility of fostering the arts by distributing public money from central government, this agency can be viewed as the British equivalent to the American National Endowment for the Arts (NEA). Once again, information on the purpose and activities of the ACE can be obtained from its website and the DCMS website.

¹ The DCMS has responsibility for these public corporations, including the BBC, but does not normally provide funding.

Similarities between the NEA and the ACE become apparent when one examines the stated objectives of each agency. The ACE seeks to promote the knowledge and practice of the arts and increase public access to the arts, as well as advise and cooperate with other government agencies at different levels to achieve these goals; the NEA also claims to make the arts accessible to more Americans, promote arts education, and partner with local, state, regional, and federal arts organizations (DCMS website, 2000; NEA website, 2000). In terms of budgets, however, the DCMS website reports annual ACE allocations from the DCMS approaching \$400 million a year, which is close to four times the current funding of the NEA.

[Table III]

As discussed in the introduction, a complete analysis of state involvement in culture includes audiovisual media as well as the arts portrayed through these media. The British government engages itself in cultural activities in this area as well, although once again not to the same degree as France or Canada. One example is the British Film Institute (BFI), one of the many Non-Departmental Public Bodies (NDPBs) funded by the Department for Culture, Media, and Sport. While the subject of government involvement in the film industry is very much a contemporary issue, in this case it also goes back to pre-World War II. The British Film Institute was founded in 1933 “to encourage the use and development of the cinematograph as a means of entertainment and instruction” (Dickinson and Street, 1985: 51). British government attempts to protect the commercial film industry actually began several years prior to that, with the 1927 Cinematograph Films Act, designed to boost production of British films. This was one

response to the fact that between 1914 and 1925 the percentage of British films shown in the country dropped from 25 percent to only five percent (Dickinson and Street, 1985).

According to the DCMS website (2000), the BFI currently works to promote and develop motion pictures and concerns itself with many aspects of film, television, and video, including production, distribution, exhibition, preservation and conservation, education, and so forth. The DCMS also claims to provide approximately half of BFI's funding, while the rest is raised from member subscriptions, provision of services, sponsorship, and donations. Allocations to the British Film Institute from the DCMS was approximately US \$27.7 million in the 1999-2000 fiscal year, up slightly from the year before (DCMS website, 2000). Other broadcasting and media NDPBs that enjoy funding from the DCMS, although in smaller amounts, include British Screen Finance Ltd, European Film Co-production, British Film Commission, and National Film and Television School.

Great Britain also engages in activities geared toward projecting its culture abroad. The DCMS identifies "promoting British culture overseas" as one of its ten goals for the arts (DCMS website, 2000). Nevertheless, the primary agency charged with "international cultural relations" is the British Council, which is funded through the Foreign and Commonwealth Office, rather than the Department for Culture, Media, and Sport. The British Council bears resemblance to the U.S. State Department's funding of public diplomacy in that the government views it as "an integral part of the UK's overall diplomatic and aid effort" (DCMS website, 2000). Areas in which the British Council operates include drama and dance, film and television, music, visual arts, and literature (DCMS website, 2000).

It also appears that British culture enjoys popularity abroad, as is indicated through various statistics presented on the DCMS website, including: 13 percent of exported television programs shown around the world during peak hours are British; British talent is involved in approximately 20 percent of global record sales, and the British industry has a world market share of 10 to 15 percent; the value of British music exports is estimated at 1.3 billion pounds, twice the value of imports. These figures may provide another rationale for a less severe British reaction to American cultural intrusion: this intrusion may be tolerated to a greater extent because it is somewhat counterbalanced by the strength of Britain's own cultural exports.

As in the United States, government support for culture in Great Britain also occurs at the local level, and is in fact considered crucial for the arts. According to the DCMS, local government tends to support a wider range of art forms than other levels, and this local funding is central to the arts sector. The DCMS estimated that in England, for example, net funding for the arts by local government is approximately US \$310 million.

While government efforts on behalf of culture in France and Canada stem largely from a well-publicized perception that American pop culture is a direct threat to national identities, in Great Britain the motivation for state involvement appears largely based on economic concerns. In the 1980s, studies in Great Britain demonstrated empirically that the arts and other types of cultural goods are important for economic reasons. For example, the British Central Statistical Office stated that the economic impact of spending on cultural goods and services amounted to 5.4 percent, or 10.5 million British pounds, of total consumer expenditure in 1984, more than double that of ten years

previous (Myerscough, 1988). That same year, attendance at cultural events and attractions was measured at about 251 million people in Great Britain. More recent statistics produced by the DCMS also support the economic importance of the arts; for example, the U.K. is estimated to be the fourth largest market for music in the world (DCMS website, 2000).

A significant portion of the revenue generated from cultural goods such as the arts is also provided via tourism. “The arts are an attraction for tourists in two senses. They form part of the entertainment and sightseeing itinerary of many tourists and as such may be a secondary influence in the decision to make a trip. For a smaller group of tourists they are the prime reason for making a trip” (Myerscough, 1988: 82). Economically speaking, the tourist industry and cultural goods such as the arts are seen to be in a symbiotic relationship.

The economic benefits of state support of culture can be viewed from different angles: the various arts can be seen as an economic sector in their own right, as a source of export earnings, as a stimulus to related industries—the above-mentioned tourism, for example—as a potential source of additional jobs, and even as a source of public benefits that are not easily translated into effective demand by the market place (Myerscough, 1988). Myerscough’s conclusion about the economic benefits of the arts to Great Britain includes a clear demonstration of Schuster’s (1994) argument about the spillover effects of the arts to other industries discussed in the introduction. Specifically, Myerscough’s report concluded that the economic significance of the arts in Britain was demonstrated by several factors, including an annual turnover of 10 billion pounds, the direct

employment of almost 500,000 people in the U.K., the growth of the arts as an export earner, and the spin-off benefits to other industries (Myerscough, 1988).

The emphasis in Britain on the potential economic benefits of state support of culture rather than on the need to combat outside threats may be explained to some degree by the common cultural bonds shared with America, including language and history. Yet this runs into difficulty when one brings Canada into consideration, a country that shares similar bonds with the U.S. but defines the need for state support of culture in terms of threat to Canadian identity as well as economic benefits. Consider the fact that in Britain, the U.S. share of the British film market fluctuated between 84 and 94 percent throughout the past decade (MEDIA Salles, 1999). This proportion is only slightly less than the 95 percent market share that the U.S. enjoys in Canada (Magder, 1999). When it comes to television programming, Britain spends more on imports of programming than Australia, Canada, and Japan combined, with more than half of that spending going towards American imports (the Economist, 1998a).

A partial explanation for the differing attitudes these two states have toward American cultural intrusion may be found in each one's propensity to intervene. Britain scored higher than Canada on several measures of government intrusion, meaning that there is less such intrusion in the U.K. (Fraser Institute website, 2000). Specifically, Great Britain has fewer government-induced price controls, more freedom for businesses to compete, and more freedom to engage in capital transactions than Canada (Fraser Institute, 1999). This difference in government propensity to intervene in the economy is subtle yet important; one may expect that a state ranking lower in economic freedom

would in turn place greater emphasis on other national concerns, such as protection of cultural identity.

Finally, another point to take into consideration when comparing Great Britain to Canada is relative proximity to the United States. Despite the marvels of the ongoing communications revolution, geography stubbornly continues to matter. The fact that Canada shares a long, open border with a pop-culture giant, rather than viewing it from across the Atlantic Ocean, certainly increases the Canadian perception of vulnerability. And as mentioned earlier, Britain enjoys a relatively strong demand for its own cultural products outside of its borders, products that retain their British identity to a greater degree than Canadian cultural products, which tend to be perceived by others as relatively indistinguishable from American cultural goods.

DISCUSSION

The four cases above—the United States, Canada, France, and Great Britain—are all highly visible players in the debate surrounding cultural intrusion and the state's role in promoting or protecting culture. I have presented the United States as a unique case in the sense that it represents the cultural monolith that other states are reacting to; to the others, it is American culture that is the possible threat, for the U.S. it is a more abstract, general possibility for concern. This threat perception is most visible in the cases of France and Canada, both of which have seemingly failed to reduce domestic consumption of American cultural goods but at the same time have relatively healthy cultural industries of their own. Great Britain also has both a healthy domestic cultural industry and a high demand for American cultural goods, but lacks the same degree of resistance

to American culture. This calls into question my original hypothesis that degree of foreign cultural intrusion is the primary motivator for state involvement.

Consideration of several factors may help account for these differences. One is the nature of the economic system: Great Britain rates higher on several categories of the Fraser Institute's Index of Economic Freedom than France or Canada. Another is cultural similarity: Great Britain shares many cultural traits with the U.S., including language. While Canada also shares these similarities, there is an important difference between it and the U.K. that contributes to a cultural outlook more similar to France: proximity. Great Britain is an ocean away from the U.S., while Canada shares with it one of the longest and freest borders in the world, increasing its vulnerability and sensitivity to the overwhelming power of American culture. In Canada's case, cultural similarity may actually add to the perception of America as a threat, because of the tendency for a blurred distinction between the two. One could hypothesize that if Canada had an ocean between it and the United States, it would have a cultural outlook very similar to that of Great Britain.

France, on the other hand, *is* an ocean away, but it nevertheless reacts strongly to the American culture as a threat. Again, part of this is due to a lower rating in "economic freedom," i.e., a higher propensity to intervene, particularly when one considers that France is a model social welfare state, where by definition the government defines its role in broader and more active terms. Here is where the fundamental differences in economic philosophy come into play: the American model of free market capitalism versus the European "Rhineland model" that emphasizes a social vision of the market and the necessity of state intervention (De Grazia, 1998).

Yet it should also be considered that the French have particularly strong feelings about their own culture, and attach a relatively high value on its importance to their own collective identity. The fact that France is the only case out of the four above where English is not the primary language should also not be ignored. The French people may consume great quantities of American cultural products, but at the same time they expect that their government will play a role in protecting their own cultural identity, and even language. In this case, one could hypothesize that the French reaction to American cultural dominance would be even greater if the two countries shared a border.

One way to test the argument that the type of capitalist economic system and cultural similarity and geographic proximity to the United States all contribute to the degree of cultural protection by a given state is to look at other cases that share similar characteristics to Great Britain, France, or Canada and see how they react to American cultural intrusion. For example, one country that shares many characteristics with Great Britain in this context is Australia. These two countries share many cultural and political similarities, both with each other (such as membership in the Commonwealth) and with the United States. They also share a common language with the U.S., and both have an ocean between them and the United States. Finally, the two are similar in economic philosophies; for instance, they both receive “B” grades on the Fraser Institute’s Index of Economic Freedom (while France and Canada receive “C” grades overall). The question then is does Australia resemble Great Britain in state support of culture?

In terms of cultural funding per capita, the answer is yes. Australian state cultural policy, as articulated in a “Creative Nation” policy statement in 1994, put financial support for cultural activities at U.S. \$4.23 per head, close to the British figure of U.S.

\$6.57 and relatively far from the U.S. \$32 in France and U.S. \$0.68 in the United States.²

These Creative Nation funds are directed to the Australia Council (an “arms-length” funding agency similar to the British Council) as well as support for the arts, film, television, radio, multimedia, heritage, and international projection of Australian culture (Radbourne, 1997).

Australian government support for these various cultural categories is channeled through the Department of Communications, Information Technology, and the Arts, which is subdivided into a variety of more specifically focused agencies. The above-mentioned Australia Council is the government’s principal arts funding agency, which currently receives annual funding of US \$38.8 million. The Department’s annual funding for the arts and heritage as a whole currently amounts to approximately US \$155 million (Department of Communications, Information Technology, and the Arts website, 2000).

It is also apparent that Australian motives for government support of culture mirror those of Great Britain, in particular its perceived economic importance. The following statement is quoted from the Creative Nation Commonwealth Cultural Policy of 1994:

This cultural policy is an economic policy. Culture creates wealth. Broadly defined, our cultural industries generate 13 billion dollars a year. Culture employs. Around 336,000 Australians are employed in culture-related industries. Culture adds value, it makes an essential contribution to innovation, marketing, and design...(i)t attracts tourists and students. It is essential to our economic success (Radbourne, 1997: 271).

Thus Australia’s primary concern in promoting cultural industries appears to be the economic benefit accrued from their existence. The Cultural Industry Development

² Note: These per capita dollar figures are significantly less than the Arts Council of England study of the same year in part because the ACE study included state and local spending as well.

Program, established in the early nineties by the Department of Communications and the Arts, seems to support this. Through this program a directory of business assistance for cultural industries is produced, employment and cultural trends data is collected and distributed, and a cultural tourism strategy has been developed (Radbourne, 1998).

One particular industry that can be analyzed for similarities between Australia and Great Britain in terms of cultural policy is film. Like Great Britain, Australia boasts a couple of government agencies devoted to promoting the local film industry, including the Film Finance Commission and the Australian Film Commission (Cahill, 1999). The domestic share of the box office in Australia is currently around three percent, which is closer to Canada's five or six percent than to Great Britain's 12 percent (Woods, 2000; MEDIA Salles, 1999). Perhaps for this reason Australian government support of film is at approximately \$50 million annually, close to Telefilm Canada's \$52.5 million and significantly more than the British Film Institute's \$27.7 million (Department of Canadian Heritage, 2000; Department for Culture, Media, and Sport, 2000; Woods, 2000). These numbers support my original assertion that levels of government support for culture are influenced by the degree of foreign cultural intrusion.

It may also be useful to examine a case that shares a similar situation as France, in terms of its situation with respect to the United States. Japan is one possible example—it is culturally quite different from America and geographically far removed, for example. In economic freedom terms, Japan receives a "C" cumulative grade of 6.7 by the Fraser Institute, compared to 6.1 for France, but the Japanese "late-developer" model of capitalism and the inherently close relationship between government and the corporate world is far too extensive a topic to cover in depth here. For our immediate purposes it is

sufficient to say that the Japanese brand of capitalism is one that looks quite different from, and less “free” than, that of the United States.

Government support for culture in Japan is conducted through the Agency for Cultural Affairs (ACA), which is housed within the Ministry of Education, Science, Sport, and Culture. The ACA originated in 1968 with a budget of approximately \$46 million, which grew to \$377 million in 1980 and \$707 million in 1996. Of this 1996 budget, 25 percent or \$177 million was directed toward promoting arts and culture, while the majority of the remainder went to the protection of cultural property (Agency for Cultural Affairs website, 2000).

In 1997, the Ministry of Education, Science, Sport, and Culture directed the Agency for Cultural Affairs to develop a master plan for the promotion of national culture. The ACA submitted a report on this plan in 1998 entitled “The Cultural Promotion Master Plan: Building a Culturally Oriented Nation.” This report is illuminating in its identification of the rationale behind creating such a plan, which also sheds light on Japanese cultural policy overall. The first concerns listed in this report are the importance of culture to a nation’s identity and the growing apprehension about the status of Japan’s culture in times of rapid societal change. Other rationales listed for the need to create a “culturally oriented nation” include the relationships between culture and the quality of life, education, the economy, and globalization (ACA website, 2000).

Interestingly, Japanese concerns about globalization do not reflect a particular defensiveness toward American culture or any cultural intrusion, but rather are presented in terms of Japan’s obligation to contribute to global culture as the world becomes more and more integrated. In other words, Japan seems less preoccupied with expending state

resources on protecting its culture from outside influence as it is with projecting what it sees as its cultural strengths to the rest of the world, in contrast to the French emphasis on fending off foreign cultural intrusion whenever possible.

This difference is relatively recent, according to Wyszomirski (1998: 266): “From the establishment of the ACA in 1968 until the 1980s, the Japanese, like the French, assumed that the central government had a responsibility to develop culture and protect cultural properties.” Wyszomirski (1998: 266) believes that Japanese cultural policy has now moved toward “providing people with opportunities for self-assertion, self-fulfillment, distinctiveness, and diversity in life.” These particular goals seem out of character with the stereotypical Japanese cultural norms of cooperation and consensus over individuality, but in any event offer further evidence of a different mindset than is present in France’s case.

Once again, a comparative look at the market shares of the film industry in Japan and France may be of value. A glance at the top movies in Japan in 1996 and 1997 show that over half of the best sellers were American films, according to *Variety* (2000). More specific evidence shows that the domestic share of the Japanese movie market has indeed dropped below 50 percent, largely due to gains by Hollywood (Amaha, 1998). In France, meanwhile, the domestic share of the film market dropped from 34 percent to 27 percent between 1997 and 1998, while the American share rose from 52 percent to 64 percent (MEDIA Salles, 1999). These numbers are similar, but the fact that Japan has maintained a somewhat higher share of its own film market may contribute to its less defensive posture in state cultural policy. In addition, there are segments of culture outside of film, such as comic books and television animation, where Japan is a significant exporter,

suggesting that Japan can afford a higher level of self-confidence about its own ability to generate attractive cultural products (Shiraishi, 1997).

CONCLUSION

The evidence presented throughout this paper suggests that the original hypothesis—that state support of culture is a function of foreign cultural intrusion—has merit, but is an incomplete picture. Support for the importance of this outside intrusion includes the observation that states with healthy export demand of their own cultural products tend to devote fewer resources to cultural protection, such as Britain and Japan. Canada may support this as well, considering that funding toward culture has dropped somewhat as Canadian cultural exports in some areas have risen. However, the fact that France maintains a significant share of its own film market yet spends more on culture than other industrialized states with smaller domestic market shares suggests that other factors are at work.

Cultural similarity, geographic proximity, and degree of state propensity to intervene all should be taken into consideration when analyzing a state's rationale for a certain cultural policy. The suggestion that the economic philosophy of a country plays a role, suggested by both Schuster (1985) and the Arts Council of England study (NEA, 2000), is supported by these cases above and beyond the level of a condition variable—it should be considered a separate independent variable. The countries that rank highest in economic freedom (according to the Fraser Institute's formula) are the countries that spend less on culture relative to those states judged less economically "free."

Geographic proximity to the United States may be a more appropriate condition variable, especially when combined with a culture not easily distinguishable from America's. In Canada's case, sharing a border with the United States seems to increase its defensive reaction to American cultural intrusion and the notion that there is little difference between the two, while far-off Australia focuses on economic gain as a motivation for state support. However, the fact that Australia and Canada have similar levels of funding for their domestic film industries and similarly small percentages of their own market shares again supports the influence of outside cultural intrusion on state cultural policy.

This paper has shown that globalization and the power of American pop culture have had a significant impact on state efforts to assume a role in culture. States exist in a turbulent world, one where rapid change is raising questions about the role of the state as an international actor and concerns about the economic and social ramifications of globalization. While measuring culture is not as quantifiable as counting missiles or GDP, it is clearly a subject that is relevant to considerations of power and politics.

TABLE I: Fraser Institute Ratings of Economic Freedom, 1995

	<u>U.S.</u>	<u>U.K.</u>	<u>Canada</u>	<u>France</u>
Gov't Consumption as Percent of Total - (actual percentage)	4 (18.8)	2 (25.0)	2 (24.3)	2 (24.6)
Role of Gov't Enterprises in Economy	8	6	6	6
Gov't Use of Price Controls	9	9	8	8
Freedom of Businesses to Compete	10	10	7.5	7.5
Freedom to Engage in Capital Transactions with Foreigners	10	10	8	5

TABLE II: Canadian Heritage Portfolio Resources, US \$ millions

Canadian Heritage Portfolio Agency	Forecast Spending 1998-99	Planned Spending 1999-00	Planned Spending 2000-01	Planned Spending 2001-02
Dept. of Canadian Heritage	510.5	556.4	538.3	443.6
Canada Council for the Arts	77.5	77.7	76.1	74.8
Canadian Broadcasting Corporation	597.6	602.6	578.2	578.2
Canadian Radio-Television and Telecommunications Commission	5.1	3.9	2.9	2.9
National Arts Centre	14.0	14.3	14.1	14.1
National Film Board	39.5	39.7	39.8	39.8
National Gallery of Canada	22.7	21.7	21.7	21.7
Telefilm Canada	52.3	52.5	52.5	52.5
Other	462.4	470.0	462.0	454.7
Total Appropriations	1,781.5	1,838.7	1,785.6	1,682.2

Source: Department of Canadian Heritage

TABLE III: DCMS Funding for the Arts, US \$ millions (real or planned)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
Arts Council of England	304.7	310.5	358.7	374.4	399.4
Other DCMS arts funding	16.8	16.5	15.3	14.8	14.8
Total	321.5	327.0	374.0	389.2	414.2

Source: Department for Culture, Media, and Sport: Detailed Allocations

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