Cultural Heritage Information: Public Policy Choices

Lyn Elliot Sherwood
Director General, Canadian Heritage Information Network[1]

Introduction

This conference provides a wonderful opportunity to see and hear about some very exciting examples of how information about cultural heritage can be presented for public education and enjoyment. It would be tempting to take this time to explore a range of questions related to the technology itself. What works, what doesn't work? How have the needs of different users been taken into account? What network infrastructures will need to be in place for effective exploitation of these media? Equally tempting would be questions around the ways in which access to such technologies will change the ways in which cultural heritage institutions choose to fulfil their missions of making their collections better known to the public or ways in which individuals are able to learn.

All of these questions take for granted that we are on the threshold of a wonderful new universe where a wealth of cultural heritage information is available in digital form. We need to ask ourselves, however, what conditions will need to apply in order for that vision to be realized. What will it take to move from the current situation in which we have a few scattered and random examples of cultural heritage information in digital form to an environment where we can assume a systematic and sustained effort to generate comprehensive information resources? To what end would we undertake such an effort and how would that purpose shape decisions about the approach which should be taken?

I approach these questions from certain basic premises about cultural heritage:

- access to information about their own cultural heritage, particularly in the era of global networks, is essential to nation-states and their citizens as they seek to interpret the past in order to understand the present and shape the future,
- while some cultural heritage is easily commercialisable, the vast majority is not; and

---

1 The views expressed in this paper are those of the author and not necessarily those of the Canadian government.

- as digitization of cultural heritage information is therefore unlikely to be self-sustaining, it is in a nation-state's interest to find other means of supporting this activity.

These premises were at the heart of the very cogent report titled "Humanities and Arts on the Information Highways: A National Initiative" prepared by the Getty Art History Information Program, the American Council of Learned Societies and the Coalition for Networked Information in 1994. In fact, in one form or another, they lie at the heart of all government policies with respect to support for cultural activities. I raise these questions in this forum, which is otherwise largely devoted to exploring the practical issues of preparing and presenting cultural heritage information, precisely because the participants in this conference, through their practical demonstrations of ways in which to provide an enriched appreciation of our heritage, are positioned to generate the excitement and concern which will motivate governments to act.

In examining the question of how countries might choose to support access to cultural heritage information, I clearly approach the problem from a Canadian perspective and most of my examples are Canadian, but I believe that experiences within that context are echoed elsewhere.

As is the case with many countries, Canada is faced with the fact that the domestic market is generally not large enough to support domestic cultural products and services without government intervention. The population is approximately 27 million and divided into two distinct linguistic markets. The forces shaping Canadian cultural policy are therefore perhaps closer to issues confronting other countries with relatively small populations than to those confronting the United States, with a population or domestic market ten times that large. At the same time, regardless of population size, it appears that the development of cultural heritage information cannot be left entirely to market forces, as argued in the American National Initiative alluded to above.

It is not my intention here to prescribe specific remedies which should be adopted by governments. I believe that the heritage community must be prepared to engage in the debate with governments and other stakeholders to ensure that its core objectives are met in the global networked environment. What this presentation attempts to do, therefore, is to provoke discussion by setting out some of the public policy choices which will be open to governments who wish to ensure the availability of cultural heritage information. Although these issues are relevant to the international cultural community, some debates must clearly take place at the national level and outcomes will be constrained by circumstances particular to individual countries.

It is perhaps reasonable to start by asking what heritage institutions wish to accomplish through the provision of information in electronic form. The answer provided by Canadian museum directors in a series of brainstorming sessions which CHIN held in March 1995 is that they wish to make their collections better known, to reach new audiences and to generate new revenues. Equally important, although beyond the scope of this paper, will be questions about what the "public", whether the general market or specific markets such as the academic community, wishes to achieve through the availability

of such information. Projects such as the AHIP/CIMI work on point of view will contribute greatly to our understanding of this second set of questions.

There appear, at this time, to be two major thrusts in the provision of electronic information by the heritage community: firstly, the publication of specific multimedia products (i.e., edited information which is the result of intervention by a value-added producer working with specific information elements and generally presented in a fixed support); and, secondly, the creation of more general digital holdings (i.e., non-edited information where the content is retrieved and organized by the end-user, generally in an on-line environment).[2]

At the moment the multimedia publishing industry exhibits all the standard characteristics of any emerging industry: a plethora of players; high variability in production expertise; volatility in pricing; inadequate distribution and sales channels. Most of the products are experimental in nature and, in the area of cultural heritage, very few are returning a profit on investment. This is clearly not yet an industry which is capable of meeting the objectives defined by the Canadian museum directors.

With respect to the digitization of heritage information holdings, the current situation might be summarized as follows: most automation efforts have focussed on text-based collections documentation and transactions; several institutions have now established an Internet presence, with information that could be termed promotional rather than substantive; a few national inventory initiatives are now underway. In a paper presented at the British conference on museums and the information highway in May 1995, David Bearman made a strong case that without the resolution of significant technical, conceptual, intellectual and economic issues, current digitization efforts will fail to yield the desired "cathedral of human knowledge and memory"[3]. Indeed, to extend the metaphor, we will be lucky to end up with anything more than an unexploitable quarry, raw material which can never be assembled and shaped into a meaningful form.

A few months ago, I would have treated these as separate albeit related issues, one having to do with the development of a commercial sector, the other with the pursuit of social policy objectives in the not-for-profit sector. However, the issue of whether it is possible to have a viable cultural heritage multimedia industry without efficient access to broadly-based digital information, the convergence of delivery mechanisms, the development of software utilities which will enable the creation of what

---

2 The distinction between edited and non-edited products is adapted from a 1994 publication by the French Ministère de la Culture et de la Francophonie, "Industries Culturelles et Nouvelles Techniques: Rapport de la commission presidée par Pierre Sirinelli, professeur à l'université de Paris-XI".

3 D. Bearman, "Museum Strategies for Success on the Internet", a paper presented at the Science Museum, London, 10 May 1995.

amount to edited products on the fly, the cost of creating large-scale digital resources, the increasing reliance of museums on non-governmental sources of revenue even in countries with strong traditions of government support, to name but a few trends, suggests that it is necessary to begin to think of these as two sides of the same coin.

Whether for "edited" or "non-edited" products, therefore, realizing the above-mentioned objectives of the Canadian museum directors, will depend, inter alia, on cost-effective production, professionals who have developed the skills to take advantage of the potential offered by electronic media, effective intellectual property regimes, the resolution of important technical and standards issues, access to efficient distribution and sales channels and markets willing to purchase the services or products: in short, access to a multimedia "industry" which is prepared to undertake cultural heritage services.

From a public policy perspective, governments will need to determine what role they wish to play in addressing these issues in order to ensure the availability of cultural heritage information in electronic form. The challenge will be how to achieve a balance between a social policy agenda having to do with public access to a national heritage and an economic agenda having to do with the need to establish self-sustaining activities which are not dependent on public funding.

The instruments which a government can bring to bear in addressing a problem include policy (i.e., some combination of influence or education, spending power, and legislation or regulation), research, and the provision of direct service. Each of these instruments has a potential role in addressing the range of issues which currently impede the realization of our vision.

Supporting Content Creation

To date, most government investment in the information highway has been targeted to the creation of the infrastructure and has been predicated on the "field of dreams" theory. In fact, most I-Way funding programs which have been established by governments around the world specifically exclude the digitization of content as eligible projects although a few have made provision for support to the cultural community with such measures as free Internet accounts. If a government were to establish similar funding for content creation or, in other words, to choose to use its spending power, it would have the choice of direct subsidy or tax expenditure (indirect subsidy), with the further refinement that both approaches can be used to support either individual projects or companies/institutions.

An analysis of several support programs for cultural industries and heritage operated at various times over the last thirty years by the Canadian government suggests that the choice among these four options has considerable, if sometimes unintended, impact on the ability to meet the stated cultural objectives. In urging governments to support the availability of cultural heritage multimedia products and services, the community may need to assess which model is most likely to result in the conditions which will be

conducive to the creation of an effective economic model for the ongoing production and consumption of high-quality products and services.

Direct expenditure in support of projects is the most common form of government support. In considering whether to urge governments to adopt this form of assistance, the community will need to assess whether the funds would be diverted from other heritage support and whether such diversion would represent an appropriate shift in priorities. If funds are directed to companies rather than institutions as part of a government strategy to support an emerging domestic industry, the Canadian experience with other cultural industries suggests that this will encourage many new entrants into the field. Small companies spring up and tend for at least a few years to be dependent on government support. This may be particularly true if the choice of projects revolves around socio-cultural benefit rather than the potential for commercial success of any given product. A question the heritage community may wish to address in this respect is whether it is in the community's long-term interest to be shielded from market realities. One option may be to tie funds to the demand side of the equation rather than the supply side by supporting the purchase of products (e.g., subsidies to educational institutions) rather than to production.

Tax expenditure focussed on projects may stimulate investment, thus potentially broadening the base of financial support available for cultural heritage products. The form of tax expenditure — whether a writeoff of the investment or a tax credit against profits — may have important implications. Writeoff of investment may be more likely to yield significant investment but the Canadian experience when this approach was applied to films was that the lack of risk for investors tended to lead to lower quality productions which satisfied neither socio-cultural nor commercial objectives. Credit against profits may limit investment but, on the other hand, lead to more market-sensitive products and encourage the establishment of more stable companies which could take advantage of the credit rather than project-dependent firms which may be unstable as the result of continuing cash-flow problems.

Programs of direct expenditure at the company rather than project level may also lead to more stable companies by virtue of the need for program criteria which limit the number of entrants so that subventions can be maintained at meaningful levels. Eligibility for such a program might, for example, be tied to annual revenues, number of titles published within a designated category and secure distribution arrangements. (While this example describes funding for the commercial sector, it is also possible to imagine a model tied to on-going funding for heritage institutions based on track record in publications. This would probably favour larger institutions.) Direct funding could offset the fact that cultural heritage titles may not in general be profitable but such firms would nevertheless seek to maximize the return on their investment, thus resulting in a balance between socio-cultural and commercial objectives. A factor to be considered in respect of any direct financing program, whether to projects or companies, is that every government is currently wrestling with deficit issues and such programs therefore tend to be vulnerable.

An example of tax expenditure directed to companies might be a tax credit based on either total annual expenditures on cultural titles or total annual profits on these titles. Each approach would have a somewhat different impact on the extent to which commercial criteria would dominate the publishing program. In general, tax expenditure may be more difficult to launch than direct expenditure programs given the traditional reluctance of Treasury departments to support programs which tend to be somewhat open-ended in terms of cost but, once established, they may be somewhat less vulnerable to declining government funds.

The spending power could be used to support the creation of a domestic multimedia industry. Canada, for example, has approached the film and book publishing industries in this way, based on the assumption that the domestic market is not large enough to enable these firms to be independently commercially viable. The question of whether one needs a domestic industry is related to assumptions about how cultural industries choose products in which to invest. While the Louvre may be beseiged with international offers, a smaller or less well-known institution may be more likely to be "published" by a domestic company focussed largely on the domestic market.

Even in countries where the domestic market will support the development of a multimedia industry without intervention, the question needs to be asked whether cultural heritage products will be sufficiently commercially successful to attract the required investment. If not, the heritage community might wish to urge support for individual projects through direct funding or tax measures which reward sponsors/investors or measures which specifically reward companies for publishing cultural heritage titles.

In some jurisdictions, governments are also beginning to make significant investments in large-scale digitization projects. It is too early at this point to assess the impact of such measures. The experience of at least one institution which received major funding to digitize its entire information holdings, the Canadian Museum of Civilization, is that because of the magnitude of the task, a systematic, collections-management approach has resulted in considerable delay in meeting the museum's objectives with respect to reaching broader audiences and generating revenues by making the collections more accessible. With the benefit of hindsight, the museum management might have approached the task in a more project-oriented way, seeking to do first those elements most likely to yield return on investment.

The issues for governments in considering such initiatives might include the following:

- whether it is premature to invest in large scale digitization given the existing technical, conceptual, intellectual and standards limitations described in the above-mentioned paper by David Bearman and alluded to in the American National Initiative paper to which reference was also made earlier;

- whether governments would be better advised at this point to continue the current approach of investing in the infrastructure, defined very broadly, with perhaps greater attention to supporting the development of utilities, standards, the intellectual mapping and the economic models which would assist in the resolution of these issues;

- whether these issues be resolved without some large scale examples.

A consideration for the heritage community in determining which answers it would give to these questions is that a government which has provided major resources for digitization to an institution is unlikely to provide additional resources to redo this task for several decades. On the other side of the coin, this is a rapidly-developing field and the necessary duration of projects of this magnitude means that most of the issues may be resolved during the project lifespan. The underlying question of course is whether projects of this nature are capable of achieving meaningful results. Before either governments or institutions invest in such projects, this question will require an answer.

If governments choose to proceed with major support for digitization, examples of the tactical issues which might surface in designing an appropriate program include:

- given the cost of fully digitizing the holdings of any one institution, whether it is better to design project-oriented programs which allow funds to be spread more broadly;

- whether priority should be given to projects involving more than one institution;

- whether institutions should be required to generate matching funds from other sources.

Given the current global preoccupation with deficit reduction, one of the issues which governments will need to address in considering use of the spending power is the source of funds. Options include general government revenues, special taxes, licence fees from other service providers (associated with regulatory regimes, e.g., broadcasting and telecommunications licences) or lottery funds. Tax expenditure tends to allow governments to leverage funds in that writeoffs or tax credits (i.e., the cost to the Treasury in foregone revenues) are generally lower than the investment which is stimulated by the measure.

Although various options exist, it is clear that for reasons related both to ideology and to government restraint, use of the spending power to address the challenges of the development of cultural heritage content may be limited if not non-existent. Without expenditure, therefore, what might government's role be in stimulating the creation of heritage information in digital form?

Copyright

An area of legislative intervention which will be critical to a content development activity that is as self-sustaining as possible will be copyright. Every jurisdiction will need to examine its existing laws in this respect to ensure that the necessary rights are sufficiently protected to yield a return to information holders/producers while at the same time achieving a balance with the needs of users to have access on reasonable terms. Given technical developments, it is clear that similar rights will need to apply for both fixed support and on-line environments.

The challenge the heritage community faces is that, even if the legislation is deemed to provide adequate protection at the theoretical level, the practical approaches that will be necessary to exercise the complex rights associated with multimedia products may remain to be developed. Regimes that allow easily for the collective exercise of rights, preferably electronically, will be necessary. The community will need to assess whether it can or needs to establish a separate representative body (collective). In jurisdictions where rates are established through a regulatory process, the community will need to be ready to participate. As an aside, it is worth noting that at an industry copyright seminar in New York at the end of July 1995, participants were advised not to bother with material for which museums held the rights because museums were notoriously inefficient and unprofessional to deal with in this respect.[4]

A particular intellectual property issue which may motivate governments to act in the area of content development is the prospect that rights will be acquired by off-shore interests or even by domestic commercial interests in return for investment in digitization. There appears to be a general concern with the long-term protection of a nation's digital patrimony equivalent to concerns which have given rise to major international conventions about the protection of "material" patrimony.

Research

Governments themselves are, of course, major information holders and, like every other sector, they are wrestling with how to manage these resources in an electronic environment. As a result, they are making significant investments in the development of software utilities and intellectual management

4 Remark made by Barbara Zimmerman, President of BZ/Rights and Permissions, Inc to participants in the Institute for International Research Conference on Licensing, Copyright and Distribution of Electronic Content, New York, July 25-27, 1995. The Getty Art History Information Program's Museum Educational Site Licensing project and the recent "Sample CD-ROM Licensing Agreements for Museums" published by MUSE Educational Media may both assist museums to establish values and negotiate rights for their material.

structures. Over time, the heritage community will benefit from this investment as off-the-shelf products building on the research begin to be available on the market. Discussions with governments on mechanisms to guarantee that the results of that research are available to the community at reasonable cost may also be worth exploring.

In managing their own information holdings, governments will of course have to address the question of standards. While the heritage community will have to identify its own specific standards with respect to content, the standards area which may be the most critical in the coming years, there may be opportunities to work with government in other respects. Through purchasing power, governments are often well-positioned to demand conformity to standards from vendors. Competition in the availability of a broader range of standards-compliant products would inevitably benefit the community.

Creating a Labour Force

The development of a successful industry around new product types will depend on the availability of skilled professionals grounded in a knowledge of how to develop products for different markets and purposes (education, entertainment, research etc.) A content support model which encourages many new entrants into the field has the advantage of offering many opportunities for innovation and experimentation, a factor which may be particularly critical as we explore how best to exploit the potential of the new media. On the other hand, a support model conducive to the creation of stable companies may provide a greater prospect that employees will be trained through feedback based on the evaluation of consumer reactions to previous products. In either scenario, a government could choose to target support for additional staff to produce cultural heritage products as a specific component of an industry support program.

Apart from these examples of "on the job" training, governments may also need to assess whether the educational program at all academic levels will provide the required skill sets. The choice of how to influence curricula — through funding to establish chairs or reward particular fields of study, direction to the institutions or consultation/influence — will depend on the nature of the relationship between the state and its educational institutions. Where the heritage community may have a particular interest in a broadly-based group of academic institutions with programs in this area is that the students may be a good resource on which to draw for individual projects. There may be opportunities for strategic partnerships between the heritage community and the academic institutions, for example, where students receive credit for contributing to the development of cultural products. Government subventions in support of production might include criteria related to such partnerships.

Reaching the Market

Assuming that mechanisms are in place to support the production end of the development chain, the next issue is distribution and sales channels. In order for the heritage community to succeed in its objectives of reaching the broadest possible audience and generating the maximum possible revenues, production must be twinned with effective distribution. Harking back to the issues associated with exercise of the spending power, and whether specific approaches are more likely to lead to stable companies than a plethora of new entrants, it should be noted that stable undertakings are more likely to have effective distribution and sales agreements in place.

Governments will be examining ownership of the distribution undertakings just as they will consider ownership of the production undertakings. For the heritage community, the issue will be whether the companies with whom we are dealing have access to distribution channels which have the potential to expose our products and services to international markets while, at the same time, giving prominence to the products within the domestic market where the interest may be greater.

In some countries (e.g., the United States, Britain and Australia), competition policy has in the past given rise to regulation governing vertical integration or cross ownership so that, for example, in certain cultural industries production, distribution and exhibition undertakings cannot be owned by a single company or two different types of communication undertakings (e.g. broadcasting and newspapers) cannot be owned by the same company. The creation of multimedia industries that wish to deliver their products directly over networks may challenge these existing policies. Museums may have a stake in this question as they look for the most effective way to reach domestic and global audiences without increasing the number of partners who will benefit financially from sales of a given product.

Distribution/sales measures adopted in a number of countries include national content requirements such as screen quotas for films or programming requirements for broadcasters.[5] Industry "demand" for product is assumed to drive increased supply which then has a virtually guaranteed market. Some of the current discussions about regulatory issues for the I-Way in various jurisdictions have touched on questions of ensuring "shelf space" for domestic services, the answers to which may depend on how network and information service providers are defined in the regulatory environment. As noted by F. Greguras and P. Porter in a paper presented in May 1995, an issue will be whether these providers will be treated as common carriers, distributors or publishers. The paper argues that "individuals or small

5 Despite the interpretive perspective, an excellent overview of such measures is provided in a report by the Motion Picture Export Association of America, "Trade Barriers to Exports of U.S. Filmed Entertainment", January 1993. The report also covers a number of intellectual property issues.

companies will likely have only indirect access rather than direct access to broadband interactive networks".[6]

More specifically, the museum community might consider the question of "shelf space" for cultural heritage and the degree to which the technical, economic and regulatory environment will establish conditions leading to a situation where cultural heritage information can only be made effectively accessible through commercial providers.

Pricing

At current price points ($50+), average sales of approximately 10,000 copies seem to be necessary to break even. If current trends towards lower pricing continue, higher sales will obviously be needed. As an additional factor, that breakeven point is based on the relatively low production values of most current titles. The emerging demand for higher production values, combined with the growth in storage density allowing additional content, will drive costs up, thereby increasing the impact of the trends to lower price points. The question for the heritage community will be whether the required larger markets exist and whether, therefore, cultural heritage will be a commercially attractive area for investment in multimedia production. This aspect will therefore have implications for decisions with respect to measures supporting production.

Earlier this year, I had suggested that museums might find it advantageous to explore whether the film industry model of rentals might ultimately prove more profitable than sales while, at the same time, actually resulting in broader audiences for cultural heritage information.[7] This may have a particular appeal in the context of technical developments which will enable "rental" or one-time use with product delivery via the I-Way. In the longer term, the question may be whether the concepts of rental and purchase will actually begin to converge as the result of electronic delivery.

Creating Markets

One of the major challenges for the heritage community, whichever distribution and sales models are ultimately adopted, will be to create demand for cultural heritage products. Traditionally,

6 Fred M. Greguras and Philip d. Porter, "Legal Environment for Broadband Interactive Services", Presentation at the Developers Forum for CablePort (TM) Technology, May 22, 1995.

7 Cited in the above-mentioned paper by D. Bearman

governments have been somewhat less likely to intervene on the demand side of the equation, although it can be argued that any financial support which allows product prices to be maintained at a lower level in fact has demand-side impact.

One specific area which several governments appear to be exploring is the educational market, particularly elementary and secondary schools. The rationale behind initiatives such as equipping schools with Internet accounts or CD-ROM players is that this will tend to lead to demand for content. Taking this one step further, market opportunities for cultural multimedia products may derive from the fact that, in some jurisdictions, governments require curricula to include topics related, for example, to national or local history.

Vouchers, tax credits or similar measures designed to reward consumers for purchasing particular products or services have also been introduced at various times by different governments to stimulate demand. There may also be opportunities for heritage institutions and governments to partner in public awareness campaigns which draw attention generally to cultural heritage (twinned perhaps to domestic tourism campaigns) and specifically to heritage institutions as represented in electronic form.

The economic issues addressed to this point have assumed that the goal is, in effect, to create a commercially-viable environment for cultural heritage products and services, i.e., markets rather than audiences. A more fundamental issue for governments may revolve around questions of whether such an approach would lead inevitably to a situation of serious inequities in access to cultural heritage products and services based on financial status. These questions of social policy may be closely tied to overall government decisions about what level and types of intervention would be appropriate at any point in the production/market continuum. If investment in production is left entirely to the private sector, governments may choose to ensure equitable access through, for example, programs designed to finance the availability of cultural materials in schools and public libraries. If, on the other hand, production is supported by governments, program criteria might require producers to make material available without charge in certain environments. Such questions would need to be tied to broader discussions of access to networked resources and may well form part of the overall regulatory framework for the evolving environment.

Conclusions

While we may not be on the threshold of a wonderful new universe where a wealth of cultural heritage information is available in digital form, we appear at least to be on the right street. The lobbying efforts which have taken place to date are starting to result in a much greater consciousness on the part of governments that public policy for the information highway must go beyond issues associated with the infrastructure. Finding the "cathedral" on this street and entering it may, however, require the heritage

community to concern itself with a much broader range of public policy issues than it has hitherto addressed.

Given the complexity of content issues in an environment where not only the titles but the means of production and delivery are matters for decision and where policy choices have important implications for public access to a nation's patrimony, governments will find it difficult to act quickly without significant input from the stakeholders. It is not too soon for the heritage community to begin to equip itself to participate in the debates.