

photo: National Film Board of Canada

As the grapefruit grows

A short, critical history of Canadian film policy

by Sandra Gathercole

By the 1920's, most European nations had moved to counter Hollywood's domination of the silver screen by establishing domestic feature film industries, or re-establishing industries that had been suspended during the First World War. But in Canada, a man named Ben Norrish, head of Associated Screen News, set the tone for the Canadian approach to the problem when he proclaimed that this country could no more make movies than grow grapefruit.

This bit of definitive wisdom carved itself on the stone of the collective psyche where it prevailed for the next fifty years. In the gathering storm of the Second World War, Canada set up the National Film Board and settled into a comfortable North American division of labour whereby we became world leaders in the didactic, non-fiction film genre while subletting our movie theatres - the pre-television palaces of the imagination - to our neighbour as an

extension of its domestic market.

This tacit agreement had the advantage of avoiding direct competition with the American Goliath. It had the disadvantage of frustrating Canadian filmmakers, creating a whopping balance of trade deficit in the national budget, and a matching deficiency in our national mythology. Canada was either absent from the movie screen, or cavalierly contorted into a nation of tenors on horseback, policemen who always got their woman as they rode through the Rockies just outside Winnipeg.

At the end of the Second World War, the NFB and Quebec filmmakers mobilized a challenge to the ordained view of Canada's incompetence in feature film. This pressure was diverted into the Canadian Co-operation Project wherein Hollywood agreed to generate tourism to compensate for our balance of trade deficit by writing Canadian place names into its scripts as in "That bird looks like a Saskatchewan trush to me" and "The bank robbers musta lit out for Shawi-

nigan, Sheriff." Filmmakers who wanted to work in fiction went into drama at the new CBC/Radio-Canada television stations or followed the well-worn path to Hollywood. The matter of Canadian movies was laid back to rest.

In the 1960's, pressure for domestic feature production resurfaced with sufficient strength that the Federal Government belatedly threw its hat into the big time. On the basis of the 1965 Firestone Report, the Canadian Film Development Corporation was set up - a move that marked a major policy departure, with corresponding structural and political implications, for Canadian production.

Where the government role had previously been based on the European model of proprietor-producer, it now expanded to become pump-primer subsidizer providing artificial support to an underdeveloped private sector. At the same time, the establishment of the CFDC set Canada on a collision course with Hollywood's presumed proprietary rights to the Canadian theatrical market.

In the Parliamentary debate of the CFDC Bill, then Secretary of State Judy LaMarsh fingered the inherent conflict

"I for one am personally advising heads of Hollywood studios and distribution chiefs that they shouldn't be too surprised if someday soon an eager member of parliament stands up and starts demanding quotas to stop the flow of film profits south of the border."

Harold Greenberg in *Variety*, 1974

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and put the theatre chains on notice that, if Canadian films were not voluntarily accommodated in their own market, legislation would be swift. Equally prescient, J.W. Pickersgill foresaw more likelihood of collusion than collision with Hollywood. He warned that we had to ensure that Canada did not wind up making Hollywood's films for them, and paying for the privilege.

Armed with toothless threats in lieu of legislated market protection, the CFDC ventured into the deep waters of the North American movie business and quickly drowned. The effects of limited access and revenues in our own and foreign markets had emerged clearly when a new Secretary of State, Gérard Pelletier, announced the "First Phase of a Federal Film Policy" in July, 1972. This statement amounted to a promissory note for a second phase of the policy which would deal with the distribution dilemma:

"We are aware of the (distribution) problem, and we have begun studying closely the system of distribution in Canada and abroad. Unfortunately I cannot tell you exactly what recommendations we will make on the basis of this study. I can only say that we are... looking into quota systems... and the problem of foreign ownership of our distribution companies and film theatres."

No such recommendations were forthcoming (and the second phase of the policy has yet to materialize a decade later) despite the public complaint of the CFDC's Executive Director, Michael Spencer, that Canada's role in many films unofficially co-produced with American studios had devolved into that of hewer and carrier.

By 1974, the market lockout on Canadian features had made cost recovery virtually impossible, and the private investment the CFDC needed to operate economically irrational. That investment dried up. When the CFDC appeared before the Commons Standing Committee in April, 1974, Council of Canadian Filmmakers' Chairman Peter Pearson appeared with them to tell the parliamentarians:

"We commend the government for its bold concept in taking Canada into the feature film industry. The taxpayers have committed \$20 million in expectation of seeing Canadian films for the first time in their neighbourhood theatres. These films have seldom appeared. In six years we have learned that the system does not work for Canadians. The film financing system does not work. Thirteen major features were produced in English Canada in 1972; 6 in 1973; only 1 in 1974. The film distribution system does not work. In 1972 less than 2% of the movies shown in Ontario were Canadian, less than 5% in Quebec - the supposed bedrock of Canadian cinema."

The film exhibition system does not work. The foreign-dominated theatre industry, grossing over \$140 million at the box office in 1972, is recycling only nickels and dimes into future domestic production. Clearly something is wrong. It is no wonder then that the Canadian Film Development Corporation cannot possibly work, and neither can we."

In the following year, Pelletier's successor, Hugh Faulkner, applied a conciliatory poultice to the dual problem of financing and distribution. He simul-



● The difference between us and them...

taneously increased the capital cost allowance for private investors in Canadian film from 60% to 100%, and negotiated a voluntary agreement with Famous Players and Odeon under which the chains were to guarantee a minimum four weeks per theatre per year to Canadian films, and invest a minimum \$1.7 million in their production. The voluntary agreements represented an attempt to circumvent the dilemma of provincial jurisdiction over theatrical exhibition. Ironically, they had the effect of dissipating a momentum that had been building in at least Ontario, Manitoba, and Quebec for legislated screen quota/levy mechanisms.

The Council of Canadian Filmmakers labelled the Faulkner moves "diversionary" and "a major step backward," and predicted the voluntary agreements would be approximately as effective as voluntary income tax. The industry-wide assessment that the definition of a "Canadian" film for purposes of the CCA was sufficiently loose to invite derivative branch-plant production was borne out in the subsequent tax write-off "boom" of 1978-80.

However, the significance of Faulkner's policies lay more in their philosophical foundation than in their practical impact. Inclined to Neville Chamberlain-style faith in cooperation rather than confrontation strategies, Faulkner articulated the paradoxical concept of "supporting what is Canadian without

interfering with what is American." This status quo double-think was quickly ordained as the prevailing wisdom, replacing Norrish's grapefruit policy.

The following year the new approach emerged in a costly management consultants' study of the industry known as the Tompkins Report. Tompkins acknowledged, and quantified, the extent of foreign market domination: disproving the CCFM claim that 80% of total distributors' rentals from the Canadian box office were being paid to the Hollywood majors, it established the actual portion as 93%. The report then proceeded to the conclusion that the problem was not the minuscule Canadian share of the Canadian film market, but the competition for that share offered private producers by the NFB.

In 1978, yet another Secretary of State, John Roberts, presented Cabinet with the only potentially effective policy initiative of the decade: a complex but clever sidestep of provincial theatrical jurisdiction wherein federal powers of taxation would be applied to exhibitors' revenues in negative proportion to the screen time allocated to Canadian films. Presto, a built-in quota. But Cabinet, still bleeding from the Bill C-58 confrontation with American vested interests in Canada, succumbed to not-so-veiled threats of U.S. retaliation against the proposed measures and Roberts' strategy died on the Cabinet table.

In retrospect, Roberts emerges not as

"We wish to voice our belief that the present system of film production/distribution/exhibition works to the extreme disadvantage of the Canadian filmmaker and the Canadian film audience... We believe that the present crisis in the feature film industry presents us with an extraordinary opportunity. The half-hearted measures taken to support the industry to date have failed. It is now clear that slavishly following foreign examples does not work..."

The Winnipeg Manifesto, 1974

"The film workers in the English Canadian film industry have my full support in their attempt to obtain the necessary legislation to improve and encourage Canadian filmmaking. As a Canadian filmmaker working aboard, I certainly understand their position."

Norman Jewison to David MacDonald, Conservative, MP, 1976

"There is no question that the film industry requires a firm financial base if it is to prosper. Indeed, in every country in which the industry thrives, assistance is given to the indigenous industry to enable it to compete on world markets. A Canadian-content quota and a box-office levy are one method of creating a fund to assist the film industry."

Stuart Smith, head of the Liberal Party, Ontario 1977

"Symes warned that government policy has allowed tax shelters without requiring significant benefits to Canadians, and in effect has provided subsidies to American and European film production."

From a press release: Cyril Symes, culture critic for the New Democratic Party, 1979



● If it's snowing it must be Canada, as the fine-print reveals

POLICY

he compromising conciliator he appeared at the time, but as the only minister prepared to confront American market occupation on a practical as well as rhetorical level. The failure of his levy/quota attempt established that the philosophy of American accommodation extended beyond the Secretary of State's office, and could not be corrected on that level.

This trip down memory lane leads, of course, to the latest Federal film policy proposals presented by the Federal Cultural Policy Review (Applebaum-Hébert) Committee. In what is arguably the weakest section of a generally deficient document, the Applebert committee has brought more good intentions than good ideas to bear on the film industry's central problems, the dimensions of which were clearly beyond its competence.

The Applebaum-Hébert Report has carried forward the policy tradition of capitulation to American domination thus stranding the private sector with its present dependence on American sales for cost recovery. It has simultaneously advocated that the socially-mandated public agencies (the country's most important cultural institution, the CBC, as well as its world-class National Film Board) which have provided what little immunity Canadian film has enjoyed from the cold economic realities of the North American marketplace, be cannibalized by the private sector.

Specifically, the Report recommends

that the sustaining government role of proprietor/producer, manifest in the NFB, be eliminated by dismantling the Board's production capacity, and re-directing its resources to the private sector via the CFDC. It rejects as "protectionism" market mechanisms such as quota and levy which might secure access and revenues for Canadian production. The traditional theatrical exhibition dilemma is dismissed in eight lines with the observation that there is a Federal-provincial jurisdictional deadlock. This we knew. Applebaum-Hébert's solution to the problem is moral suasion. This we tried.

The cumulative effect of these recommendations, were they ever to be implemented, would be to complete the Americanization of Canadian film by concentrating its resources in the centralized, commercial, English-language feature film area (at the expense of more economically marginal French, regional, native and non-feature production) while maintaining that sector's over-reliance on foreign sales. This export-oriented industrial strategy is difficult to reconcile with the Committee's stated objective of distinct and distinctive Canadian production; its assumption of French, regional and non-feature production; and the priority it attaches to cultural rather than industrial objectives in policy formulation.

Like the Tompkins report, Applebert has listened too attentively, and too discriminately, to the demonstrably specious assertions of private producers that the public purposes of Canadian

production can not only be accomplished in the marketplace, but can be more effectively and efficiently, achieved there. At the same time, it appears that the Committee has not fully comprehended the rationale for public-sector production as the backbone not only of the Canadian industry but of virtually all non-American film industries. Neither does the Committee appear to have taken into account the legislated market protection which would be prerequisite to - but by no means a guarantee of - the private sector's ability to assume the blatantly uneconomic mandates of the public agencies.

In other words, what Applebaum-Hébert has recommended is that we kill the goose that has laid the golden egg in the hopes that the gander may be capable of taking over the task. This, of course, assumes an imaginary gander. It also assumes an imaginary private sector, composed of individual creative artists rather than grasping middlemen: a business world where cultural concerns have priority over profit objectives. This, in turn, ignores the experience of the Capital Cost Allowance boom which demonstrated that when large-scale public subsidies come down the line, "individual artists," be they English, French, regional or native, are straight-armed away from the trough by carpet-baggers who know more than the CBC and NFB combined about how to pad a budget, skim a profit and scorn all objectives that do not directly increase personal profits.

In the fifteen years of progressive privatization of Canadian film since the establishment of the CFDC in 1968, massive direct and indirect public subsidies have artificially stimulated rapid in private-sector production. There has been no comparable expansion of private production's contribution to Canadian cultural objectives. On the contrary, the film industry has experienced the same direct equation between privatization and Americanization that has defeated Canadian television.

The public interest requirements of Canadian production are not being met in the marketplace, nor can they be, for the simple reason that, when social policy demands meet economic counter-demands, the latter win out in an unprotected market. Until such time as policymakers recognize that unique, as opposed to imported, production requires unique, rather than imported, economic structures. Private-sector activity will be characterized by the boom-and-bust branch plant syndrome of the CCA, and the current "branch pants" fiasco in pay television.

In this environment, further public subsidization of private production will, in terms of social benefit, amount to pouring money down an open drain. To do so at the expense of public production is to invite the final submersion into an integrated North American system which would inevitably follow.

Portuguese explorers called this country 'Kanada' which meant in their language 'nobody there.' The literal meaning of utopia is 'nowhere.' Reading Applebaum-Hébert's prescription for a Canadian utopia reminded me of the literal, rather than colloquial, meaning of these words. The film industry that would result from the Report's recommendations would be marked with the stamp of branch plant production: films made about nobody and nowhere in particular. What we have here is no policy, no culture, no direction, and no films that would matter. No way.

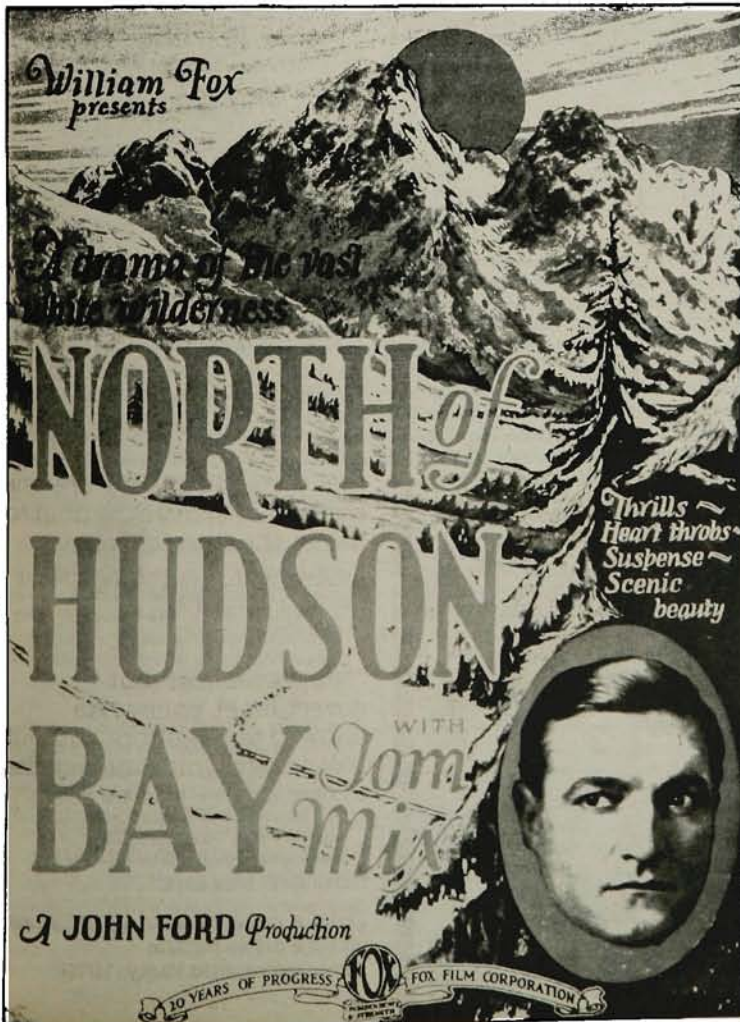
"Most Canadians already have more television choice than any other nation in the world - and it reflects less of what Canada is than does the television of any other country reflect what that country is."

Albert Johnson,
president of the CBC, 1980

In response to a question about what the Americans would do if the Canadian government were to legislate a national film policy:

"I think Jack Valenti would like to declare war! All I know is I had a meeting in Washington some years ago, two years ago, with Jack Valenti who is president of the Motion Picture Association of America, which is the highest paid, plushy, lobbyist job in the world. Johnson got him that when he left Washington. And Valenti was so terrified of the Canadian Government threatening the quota or a slice of the pie or taking a piece of the action, he was so terrified that he came to me and he said could I arrange for the then Secretary of State to come to Washington for a meeting? And I said, Jack if I were you I'd get on a plane and get to Ottawa because you've been ripping off my country for the past 40 years and I really believe that. We are the biggest consumer per capita of American films in the world - Do you know that? - in the world! We're the the biggest market for American films in the world, this country... And I said, they're gonna take a piece of the pie. Now they didn't do it, they didn't take a piece. Instead they created the CFDC and I don't know what happened. It all kind of fell apart."

Norman Jewison,
Canadian Images, 1980



Canada as Nowhere; in England this film became *North of the Yukon*