

Leaving Massey Behind:  
The Advent of Federal Feature Film Policy

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## **ABSTRACT**

### **Leaving Massey Behind: The Advent of Federal Feature Film Policy**

Régis Loreau

This is a study on the Canadian federal government's role as financier of feature length films. I argue this policy constitutes a rupture with the spirit of the Report of the 1949-1951 Royal Commission on the National Development of the Letters, Arts and Sciences. Traditionally the federal government abstained from participating in the production of feature length films, because these were deemed unworthy pillars of contemporary Canadian national culture; hence the critical juncture with the 1968 creation of the Canadian Film Development Corporation.

The main objective of this study is to understand why the federal government helped develop a Canadian feature film industry. I am interested in the reason why the government felt that the creation of an institution was the best possible course of action through which to develop a feature film production industry in Canada. This study also seeks to understand whether or not Ottawa's support towards the features production industry in Canada is worthwhile.

A historical analysis of the evolution of federal film policy will demonstrate this. Specifically, analytical tools from the historical variant of neo-institutionalism have been selected and will be applied in order to answer these questions. Hopefully this study will provide understanding of how Canadian cinema is made and in which direction this unique practice is headed.

## ACKNOWLEDGEMENTS

Being the son of immigrants, there's nothing more important than family. That said I would first like to thank my parents. There are many reasons why I am grateful and proud for being their son. However, let me just say, that if it was not for their support, encouragement, love and countless sacrifices, I not only would never have finished this thesis, but surely would not of undergone any post-secondary studies whatsoever. I would also like to thank my older brother for exemplifying two vital lessons my parents have taught us: knowing the difference between right and wrong, knowing to respect ourselves and lastly knowing that the only barriers which stop us in whatever quest we undergo are those we set upon ourselves.

I would also like to thank Dr. Reetah Chowdhari Tremblay for encouraging me throughout my years at Concordia. There had been a number of occasions when I doubted my ability to pursue and complete graduate studies. Dr. Tremblay was amongst the first to dismiss any such doubt in my own ability to succeed academically.

I would also like to thank Dr. Daniel Salée for accepting to be my advisor. It has been a truly enriching learning experience working under the tutelage of Dr. Salée. His guidance allowed me to treat this study with the respect and commitment such an exercise deserves. Lastly, but not least,

I would also like to thank every one at the Film and Video Directorate of the Department of Canadian Heritage for teaching me so much about federal film policy, and respecting my views on this issue we all hold dear.

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## **TABLE OF ABBREVIATIONS**

- ACTRA: Alliance of Canadian Cinema, Television and Radio Artists.
- AMPPLC: Association of Motion Picture Producers and Laboratories of Canada
- APC: Association professionnelle des cinéastes
- APFTQ: Association des producteurs de films et de télévision du Québec
- CBDF: Canadian Broadcast Development Fund
- CFPTA: Canadian Film and Television Production Association
- CCRA: Canada Customs and Revenue Agency
- CAFDE: Canadian Association of Film Distributors and Exporters
- CAVCO: Canadian Audio-Visual Certificate Office
- CBC: Canadian Broadcasting Corporation
- CFDC: Canadian Film Development Corporation
- CIFVF: Canadian Independent Film and Video Fund
- CPTC: Canadian Film or Video Production Tax Credit
- CRTC: Canadian Radio-television and Telecommunications Commission
- CTF: Canadian Television Fund
- DGC: Directors Guild of Canada
- MPPDA: Foreign Department of the Motion Picture Producers and Distributors of America
- MPEA: Motion Picture Export Association of America
- MPPA: Motion Picture Association of America

- **MPTAC: Motion Picture Theatre Association of Canada**
- **NFB: National Film Board of Canada**
- **PSTC: Film or Video Production Services Tax Credit.**



**INTRODUCTION:** Genuine success or perpetuating dependency on public funds?

The object of this study is the critical juncture in Canadian federal cultural policies that led to the creation of the Canadian Film Development Corporation (CFDC).<sup>1</sup> The advent of this institution marks the beginning of federal support for the development of a Canadian feature film industry, and a rupture with the spirit of the Report of the 1949-1951 Royal Commission on the National Development of the Letters, Arts and Sciences. The Report of this Royal Commission constitutes the blue print for Canadian cultural policies. A succinct word on the need for such a Royal Commission and the fashion in which its commissioners depicted feature films will explain how supporting their production constitutes a rupture with the Report of this Royal Commission. (This Report is more commonly known as the Massey Report, after Vincent Massey, President of the Royal Commission.)

Ever since the emergence of film and radio, Canada has been inundated with American radio and film content. Conservative-minded Canadians perceived this pervasiveness to constitute a threat to Canadian national culture. As a result of this, the federal government acted towards curbing the presence of American cultural content with the creation of the Canadian Broadcast Corporation (CBC) and the National Film Board (NFB). The CBC was created in 1937 by an act of parliament whereas the NFB was created by an act of parliament in 1939. Both produced an alternative to American content. The idea was not to block American cultural content, but rather to counter it by providing Canadian content. Despite these laudable measures taken by the federal

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<sup>1</sup> NOTE: Critical juncture is the institution of a policy direction as applied by historical institutionalists.

government, the perception that Canada's national culture was threatened remained.

The 1949-1951 Royal Commission on the National Development of the Arts, Letters and Sciences was commissioned to address this unresolved malaise regarding Canadian culture by formulating recommendations that would rectify the situation. The Massey Report offered recommendations on a wide range of issues, except feature films. This absence is note worthy because, according to the Massey Report, feature films were the gravest threat to Canadian cultural identity. The following citation best exemplifies how the members of this Royal Commission perceived feature films.

The powerful influence of the modern cinema is not a new theme, nor need we here dwell upon its appeal to eye and ear, an appeal enhanced by the use of colour; we recognise, too, that its influence are all the more powerful because of the passivity with which they are perceived. We should, like to add that the cinema at present is not only the most potent but also the most alien of the influences shaping our Canadian life. Nearly all Canadians go to the movies; and most movies come from Hollywood. The urbane influences of Carnegie and Rockefeller have helped us to be ourselves; Hollywood refashions us in its own image.<sup>2</sup>

One would dare imagine that having acknowledged the power of American films upon Canadian audiences, that the Report would contain at least one recommendation to address this issue. As this study will demonstrate, this was not the case.

There are two basic reasons why this rupture with the Massey Report is studied. First and foremost it is important to understand why such a rupture occurred. This is the main objective of this study. In other words, I want to understand what happened that led the federal government to forge ahead with a project not even mentioned in a Report,

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<sup>2</sup> Report of the Royal Commission on National Development in the Arts, Letters and Sciences. (Ottawa: Edmond Cloutier, Printer to the King's Most Excellent Majesty, 1951) 50.

which plotted the course to take in matters of national cultural development. Such an understanding will reveal not only important insight on the cultural policy formulation process in Canada, but also establish the evolution of Canadian national culture.

The second reason why this historical occurrence is being studied is because of the problem inherent to federal film policy. The problem with federal film policy is that only financial support is offered as a means to develop a highly competitive industry. Put differently, other measures should have been adopted along with financial aid, for example, screen tariffs and quotas. Here are some of the reasons why only offering financial support is problematic, if not irrelevant. Mainly they all have to do with the context in which funding is used. Canada's market has been traditionally inundated with very popular and expensive American films that are hard to compete against, at the box office. Exhibition networks in Canada are in large part owned by American interests. (Especially the Hollywood Majors. The Majors is a term used to designate the major production companies of Hollywood, such as Metro-Goldwin-Meyer, Paramount studios, and so forth.) Lastly distributors in Canada make more money distributing American films than Canadian films. Studying the rupture away from the Massey Report that led to the creation of the CFDC allows us to understand why only offering financial aid has been opted for, while neglecting other complementary policy measures.

I argue the creation of the CFDC heralded the end of classic Canadian nationalism and ushered in an era of modern commercial culture. The creation of the CFDC was the catalyst responsible for the emergence of a modern and commercially oriented Canadian culture. I also argue that the creation of the CFDC was in large part due to both

endogenous and exogenous factors. Lastly, I argue that historical institutionalism is the most effective and appropriate method to explain the creation of the CFDC and the rational behind such a decision.

There have been three methods applied to study Canadian film policy: Marxist, liberal, and Foucaulian analysis. The specific studies that used one of these approaches will be reviewed in the next chapter. These studies each bring forth a different understanding of this issue. This is where the merit of these studies lies. That is, by applying one of these models of analysis these studies have contributed to developing a more complete understanding of the emergence of federal film policies and the condition under which movies are made in Canada. Aside from being reviewed, these studies will also be criticised. Despite their important contributions, they also possess certain inadequacies. It is these inadequacies that have led me to adopt the following analytical model applied in my study.

The model of analysis I employ in this study is the historical variant of neo-institutionalism. I will explain in greater detail the inner workings of this model of analysis in the next chapter. This said, what follows a succinct breakdown of what the term neo-institutionalism means. We can deduce two things from a first look at the term neo-institutionalism. First, there are two general types of institutionalism; old and new. Second, institutionalism, whether old or new, is a school of thought focussed on political institutions. 'Classical' or 'old' institutionalism was an important application of comparative political science during the 50s and 60s.

The “old” institutionalism consisted mainly, though not exclusively, of detailed configurative studies of different administrative, legal, and political structures. This work was often deeply normative, and the little comparative ‘analysis’ then existing largely entailed juxtaposing descriptions of different institutional configurations in different countries, comparing and contrasting.<sup>3</sup>

Neo-institutionalism emerged as a critique of these types of studies. The main point of contention raised against ‘old’ institutionalism, is its neglect for how institutions affect behaviour and policy outcomes.

Behavioralists argued that, in order to understand politics and explain political outcomes, analysts should focus not on the formal attributes of government institutions but instead on informal distributions of power, attitudes, and political behaviour.<sup>4</sup>

The new institutionalists take a mid-point between the old-institutionalists’ focus on formal elements of political outcome with the more informal understanding brought by the behavioralists. Our interest with neo-institutionalism lies in its capacity to explain the advent of institutions, their longevity and their evolutions. Within the neo-institutional school of thought there exists three variants; rational, historical and sociological. As mentioned, I am specifically interested in historical institutionalism.

I have opted for this variant because of the tools utilised by historical institutionalists to explain the advent, sustainability, and evolution of institutions. These are “critical junctures” for the advent of institutions, “policy feed back” or, if you will, “path dependency” for the sustainability of institutions, and “ideational and material shake-ups” for the evolution of institutions. Application of these tools explains the

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<sup>3</sup> Kathleen Thelen & Sven Steinmo, Historical institutionalism in comparative politics (Cambridge : Cambridge University Press, 1992) 3.

<sup>4</sup> Ibid. P.4.

creation of the CFDC and the effects its functions have on the film policy stakeholders. It is important to note that these tools are utilised here within a framework separate from historical institutionalism. This framework is based on what Phillip Resnick termed Protean analysis.<sup>5</sup> In short, this type of analysis involves applying multiple tools in order to develop a sequential comprehension of specific events throughout the various phases of their unfolding. In this case, the event is the critical juncture responsible for the creation of the CFDC.

Following this introduction, chapter one will review of the key pieces on the literature of Canadian federal feature film policy as well as a critique of each. Although there is an abundance of literature on Canadian cinema, only texts focused exclusively on federal film policies will be reviewed here. Once this review done, what these texts have to say about federal film policy will be established. The analytical framework utilised in this study will then be explained, along with the particularities of the tools borrowed from historical neo-institutionalism.

Chapter two focuses on the advent of the feature film industry in North America, the early dynamics of this industry and ensuing trends. Then our attention turns to Hollywood's rise to global domination in order to understand the place Hollywood occupies on an international level. We also focus on the key participation of Canadian entrepreneurs in the initial phases of the North American film industry. This will display that some Canadians were important participant in the expansion of Hollywood into

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<sup>5</sup> Philip Resnick, The Masks of Proteus. (Montreal: McGill-Queen's University Press. 1990)

Canada, and consequently the world. This explains why Canadians never really got involved in production of feature films in these early pioneer days. The federal government's early use of films will also be exposed in order to understand the basis of relationship Ottawa has with film. This early historical backdrop offers the information needed to understand why federal feature film policy constitutes a rupture with the government's traditional usage of film.

Chapter three is arguably the most important of this study, because it explains what is meant when we say that feature film policy constitutes 'leaving Massey behind'. To do this, we delve into what the 1949 Royal Commission on the National Development of the Letters, Arts and Sciences represented to Canadian National Culture and federal cultural policies. Explained in this chapter are the reasons that led to 'leaving Massey behind' and how this resulted with the government's decision to help develop a feature film industry in Canada. In order to accomplish this, a selection of successive key government documents will be presented. Their display is meant to establish the information taken to support the rationale behind the decision to support the development of this industry with the creation of an institution, the CFDC.

The fourth chapter lays out the design of the CFDC and its basic functions. From this we can understand the impact the functions of the CFDC have on the growth of the industry. We also take a look at how these functions got more elaborate and intricate with time. To do this we bring to the fore, the various changes the CFDC incurs as a result of the 1984 National Film and Video Policy, and the From Script to Screen Policy of 2000, for example. More importantly this chapter explains how these institutional changes

affected the growth and development of the feature film industry in Canada. This will demonstrate that this industry is incapable of further growth unless a major innovation happens. The fifth chapter concludes this study with a recapitulation of what will have been learnt here. This study seeks to contribute to the study of feature film policy in Canada in the same manner as the studies reviewed next.



## CHAPTER TWO: Understanding the advent of federal feature film policy: A review.

Despite the tradition of cinema in Canada, little academic material has been written specifically about the advent of federal film policies. There has been three general methods applied to study Ottawa's role regarding the film industry in Canada; A Marxist analysis done by Manjunath Pendakur in *Canadian Dreams and American Control*, the liberal critic as by Ted Magder's in *Canada's Hollywood; The Canadian State and Feature Films*, and the Foucaulian approach utilised by Michael Dorland in *So Close to the State/s The Emergence of Canadian Feature Film Policy*. These three books are reviewed next in order to establish their contributions to the study of Ottawa's feature film policy.

Manjunath Pendakur's *Canadian Dreams and American Control* is foremost a study of political economy focused on the establishment of the American owned distribution and exhibition networks operating in Canada.<sup>6</sup> Pendakur argues that as a result of the establishment of these distribution and exhibition branch plants, Hollywood films became the most available and consumed in Canada, consequently transforming the country into a cultural colony of the United States. Pendakur utilises in his analysis what

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<sup>6</sup> Pendakur's *Canadian Dreams and American Control*, is a contribution to the New Canadian Political Economy. This academic movement of the 1970s emerged as a rekindling of the primacy of political economy in Canadian social sciences. The initial key studies of the NCPE are Kari Levitt's *Silent Surrender; The American economic Empire in Canada* (New York: Liveright, 1971), Ian Lumsden Close to the 49<sup>th</sup> Parallel Etc: *The Americanisation of Canada* (Toronto: University of Toronto Press, 1970), Gary Teeple's *Capitalism and the National Question in Canada* (Toronto, Buffalo: University of Toronto Press, 1972), Leo Panitch's *The Canadian State: Political Economy and Political Power* (Toronto: University of Toronto Press, 1977). However Wallace and Drache's A Practical Guide to Canadian Political Economy (Toronto: J. Lorimer, 1978) is the first anthology encapsulating the more pertinent pieces of the NCPE. With the help of Glen William Clement and Drache edited The New Practical Guide to Canadian Political Economy (Toronto: J.Lorimer, 1985) gathering the more important and recent contributions to the NCPE.

he refers to as “tools from neo-classical and Marxian economics”.<sup>7</sup> Focusing on power in class societies and a dialectical view of history, these analytical tools have been selected since “they help explain how the battle to create an indigenous film industry has been fought in Canada, in whose interests, and with what outcome.”<sup>8</sup> Two operational questions guide Pendakur’s study.

(1) What elements of competition and monopoly exist in the Canadian motion picture industry’s three principal sectors of production, distribution, and exhibition? (2) How do they relate to the apparent dependency of Canada on foreign films?<sup>9</sup>

To answer these questions three key concepts from industrial organisation theory are called upon: degree of buyer or seller concentration, condition of entry, and degree of product differentiation.<sup>10</sup> By having recourse to these principles, Pendakur establishes market structure and behaviour of Hollywood’s sustained oligopoly in Canada. As well Pendakur focuses on Ottawa’s relation with the Hollywood Majors. A relation he describes as being marked foremost by Ottawa’s obsequiousness vis-à-vis the Majors. According to Pendakur this stance accelerated Canada’s transformation into a cultural colony of the United States. Or at least it did nothing to prevent it.

The book is structured around the presentation of historical evidence supporting Pendakur’s argument. The vertical integration of Canada’s fledging exhibition networks into the larger American industry is explained first. This integration is initiated by a dependency on an American film supply itself caused by an almost complete absence of

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<sup>7</sup> Manjunath Pendakur, Canadian Dreams and American Control: The political economy of the Canadian Film industry. (Michigan: Wayne State University Press, 1990) 39.

<sup>8</sup> Ibid. P.39.

<sup>9</sup> Ibid. P.39.

<sup>10</sup> Ibid. P.39.

commercial film production in Canada. Pendakur then presents cases of collusion between Ottawa and the Hollywood majors. The best example given is Ottawa's earliest attempt at enticing Hollywood majors to locate their productions in Canada. This was done with the purpose of attracting American capital into Canada. Ottawa successfully managed to have Hollywood produce twenty-two feature films in Canada from 1928 to 1938. Ottawa used Canada's status as an imperial dominion to allow American to gain access to the British market. The 1927 British Film Act excluded non-dominions access to the British market. However the Film Act was amended in 1938 restricting access even to the dominions. This brought a complete end to the presence of American productions in Canada for quite some time to come. Cases such as this one best exemplify Ottawa's attempts to gain some advantages from this relationship.

Pendakur concludes his study with a reflection on Canada's ability to potentially develop a competitive feature film industry with the advent of the North American Free Trade Agreement. Of course such an assessment is reflective of his study's entire premise. That is, since Ottawa protects Hollywood's interests, and this despite a discourse claiming the opposite, developing a Canadian feature film industry capable of competing against Hollywood is impossible. Thanks to his assembly of well-researched cases, Pendakur delivers a convincing argument regarding the tremendous influence corporate interests exert on the public policy formulation process in Canada as pertaining to the feature film industry. It is indeed difficult to dispute the claim that the federal film policy

has been other than docile towards the Hollywood branch plants.<sup>11</sup> There are indeed few if no cases of Ottawa concretely trying to curb the Hollywood oligopoly.

However several reservations concerning this work must be made; exclusive use of Marxian tools of analysis, interpreting Canada as a cultural colony of the United States and an inability to attribute value to Canadian interests served by their association to the majors. Analysing public policy by applying Marxian tools does offer an important critical perspective. Yet exclusive use of Marxist analysis has drawbacks. The most important one is the portrayal of the state and government apparatus, purely and exclusively, as tools of elite domination. I realise that this is the point Pendakur wishes to make. Though the manner in which he makes his argument is misleading for he infuses in his Marxist analysis a nationalist discourse. In fact, Pendakur only contests the American origin of ownership of the branch plants and not the fact that the federal government heeds the interests of the main contributors to a viable commercial sector of the Canadian economy. This becomes clear immediately when Pendakur affirms that Canada is nothing more than a cultural colony of the United States<sup>12</sup>. He sees the branch plants purely as the means by which Canada's status as a cultural colony is maintained. In other words as the emissaries of foreign corporations occupying by force the helpless Canadian audiences. In this perspective federal film policies are seen only as subservient to the interests of the Hollywood oligopoly.

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<sup>11</sup> NOTE: In this case branch plant is a term used to designate the distribution and exhibition networks operating in Canada by American interest.

<sup>12</sup> Ibid. P.29.

What Pendakur fails to realise, or at least downplays enormously, is the fact that it is Canadian audiences who sustain the Hollywood oligopoly in Canada. Without the willingness of the audience to pay admission fees to movie houses, the Hollywood feature film would not be so widely consumed in Canada. This reality alone should rest the notion that Canada is a cultural colony of the United States and instead make way for an interpretation of Canada as being an open society secure enough to enjoy products conceived with the sole purpose of entertaining. Furthermore by perceiving the branch plants as mere extensions of foreign owned corporations, Pendakur also downplays the Canadian interests served by them. American owned interests generate the majority of employment found in the commercial film industry in Canada. Plus many Canadians have attained the highest honours while working for the Majors. Also were it not for the opportunity to work on Hollywood productions, Canada would not have developed the human resources needed for a 'made in Canada' feature film industry. In sum, Pendakur is right in alleging that federal feature film policy does not impede upon Hollywood branch plants, yet his explaining argument is questionable.

Ted Magder explains the dynamics behind Ottawa's film policy differently in *Canada's Hollywood The Canadian State and Feature Films*. A study where "the ways in which the Canadian State has formulated and executed its goals and objectives in relation to feature film production is a central focus of this work."<sup>13</sup> Here Magder rejects the view

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<sup>13</sup> Ted Magder, Canada's Hollywood: The Canadian State and Feature Films. (Toronto: University of Toronto Press, 1993) 11.

that the state is merely a tool of elite domination and that the objectives of federal film policies are set in accordance to the manifested will of the Hollywood's majors.

Whereas dependency theorists might see Canada's feature film policy as being produced at the behest of the American film industry and the American state, I see it as being determined by forces within Canada that are influenced by the process of dependent capitalist development.<sup>14</sup>

Furthermore he depicts the state as the locus of societal forces acting as a mediator between the interests of these competing societal forces.<sup>15</sup>

...It is not enough to say that the decisions of a democratic state, in one way or another, reflect the priorities and values of its citizens. This is only true to a certain degree. It is much better to say that the contemporary state must mediate between conflicting values and priorities that reflect particular and unequal interests.<sup>16</sup>

Federal film policies are then in part the result of societal desires and aspirations as oppose to exclusive reactions to the dynamics of an imperialist core.

...It has to be said that the current mix of cultural practices in Canada does not exist because of some collusion on the part of American capital and the Canadian state, but because current cultural practices have been largely accepted and internalised by Canadian themselves.<sup>17</sup>

Simply put Canadians are greatly responsible for the condition of the commercial film industry in Canada and consequently for the type of policies formulated by the federal government. Magder also recognises that various political interests and agendas competing within the federal government also effects film policy formulation. "It follows from this that the policy process itself, and the internal structure of the state, are

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<sup>14</sup> Ibid. P.18.

<sup>15</sup> Ibid. P.11.

<sup>16</sup> Ibid. P.11.

<sup>17</sup> Ibid. P.17.

characterised by flux, disunity, and struggle.”<sup>18</sup> Substantiating this argument is an interpretation of the federal government’s multiple positions and policies regarding the film industry highlighting the various interest struggles mediated by Ottawa. This analysis is delivered in several segments each dedicated to explaining a crucial phase of Canada’s film industry and federal policy related to it

*Canada’s Hollywood* is concluded with a reiteration of its purpose and premise.

It has not been a study of Americanization per se, not if that term is meant to convey an international scheme to wreck the foundations of a separate Canadian identity or polity. Instead, it has been a study of how Canada-specifically various fractions of the Canadian state and the cultural sector-responded to the emergence of feature films as a revolutionary form of popular cultural expression in the twentieth century and to Hollywood’s Herculean dominance over filmmaking as a cultural industry.<sup>19</sup>

He then reaffirms his argument in regards to the underdevelopment that has historically characterised the film industry in Canada.

The dynamics that have characterised the evolution of Canada’s film industry are more nuanced than those of imperial imposition or colonial supplication; they are more a reflection of the social, economic, and political forces that constitute Canada than a mirror image of Uncle Sam.<sup>20</sup>

This is the overarching point Magder made throughout his study. A rather important point since it seemingly emancipates Canadian culture and federal cultural policy from an alleged inability to counter the spectre of American cultural and corporate domination by asserting the primacy Canadian social and economic dynamics have on Canadian cultural policy. However despite this, several important reservations must be made about this

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<sup>18</sup> Ibid. P.11.

<sup>19</sup> Ibid. P.231.

<sup>20</sup> Ibid. P.232.

work. To begin with the following statement Magder made at the tail end of his study is objectionable.

It would be easy to conclude that, in terms of dramatic film and television production, Canadian cultural policy has failed to establish the conditions for shared cultural expression among Canadians, has failed to build a communicative space that reflects and articulates a dramatic sense of Canada as a nation. This book has been a study of that process of failure.<sup>21</sup>

This affirmation implies that Canada's film policies were not only intended to repudiate American contemporary escapist entertainment from Canada's cultural space but also congeal Canadian national expression by creating a monolithic nation wide communicative medium in the form of a national cinema. However the question that stands before us is, were such goals ever the objectives of Canada's cultural policies, in terms of film and television production? Nothing seems to indicate this was ever the case. On one hand, despite federal rhetoric denouncing the alleged impact of American film on Canadian audiences, there is no substantial evidence indicating that the federal government planned on adopting the type of measures capable of freeing Canada's 'communicative space'. On the other hand, it seems rash to claim that federal film policies have failed to establish the conditions for shared cultural expression among Canadians. Funding is nonetheless existent and has undeniably been a major contributing factor to the development of a Canadian cinema.

So in fact affirming that this study has examined 'a process of failure' judges negatively societal dynamics that the state is depicted as being a locus of. In sum, since

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<sup>21</sup> Ibid. P.233.



Canadians have chosen to consume American cultural products in bulk quantity, and if Canadian interests have much to gain from their vertical integration into the Hollywood branch plants system, then it only stands to reason that Canada's film policies have been a success. Even more so when we consider that Ottawa has created a system to aid independent feature film producers, by creating the CFDC. In addition to this, Magder endows too much importance to the federal film policies in the task of creating a Canadian alternative to Hollywood, whether this is from a purely artistic or commercial perspective. If there are no movies being made, then one cannot expect Ottawa to make room for them on Canada's screens and private distribution networks. This is not to say that there is a total absence of film production in Canada. Rather that such production is not important enough for exhibitors to abandon their supply of American films.

Furthermore, If Magder's argument is to stand as rebuttal to the Marxist explanation to the condition of federal film policies, or as a more accurate and viable explanation, what does it say about Canadians? Pendakur seems to insinuate that if it were not for the collusion between Ottawa and Hollywood, there would be a vibrant alternative to Hollywood productions. By internalising the roots of dependency, Magder suggests that Canada is simply incapable of developing a viable alternative to Hollywood without the stimulus of Ottawa. Plus, if Canadians enjoy American escapist entertainment to a point where Canada stands as one of Hollywood's most lucrative foreign market, this begs the question, what are Canadians seeking to escape from? By answering this question we could explain why Canadians never got involved on a wide scale into the business of producing feature films reflective of Canadian society. This question is

invoked to display that Magder's interpretation leads to an outlook about Canadians as dire as Pendakur's. Instead of being nothing more than a cultural colony of American corporate interests we are rather discontent with our own culture and hence in need of substitution.

Michael Dorland explains differently the emergence of the Ottawa's film policy in *So Close to the State's The Emergence of Canadian Feature Film Policy*. He argues that Canada's cultural and film policies "are best understood through the perspective of the relationships between knowledge and policy that Michael Foucault termed 'governmentality'."<sup>22</sup> Governmentality, is explained simply by Foucault, as 'the correlative of a certain manner of governing' and entails

A detailed examination not only of the history of the idea [of government], but of the procedures and means deployed to ensure, in a given society, the 'government of persons'...the ways in which the conduct of an ensemble of individuals itself implicated...in the exercise of power...<sup>23</sup>

Dorland opts for this approach because to him

...It is not to theories of the state that one must look to grasp the emergence of the Canadian feature film, especially given that the theories are so often themselves implicated within the extensions of governmentality into ever-deeper reaches of the social formation. Rather it is by understanding changing practices that one can hope to obtain a better sense of how the either totally overdetermined or completely unexpected phenomenon of the Canadian feature came about.<sup>24</sup>

Consequently by employing Foucaultian governmentality Dorland perceives the state as

...Not only a fundamentally discontinuous historical as opposed to coherently conceptual entity, but also a complex, contested, and changing articulation of the

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<sup>22</sup> Michael Dorland, *So close to the State: The emergence of Canadian Feature Film Policy*. (Toronto: University of Toronto Press, 1998) ix.

<sup>23</sup> Ibid. P.21 As quoted from Michel Foucault. *Résumé des cours 1970-1982*. (Paris: Julliard. 1989) 99-101.

<sup>24</sup> Ibid. P.35.

practices of the techniques of governance in interaction with new fields of knowledge....<sup>25</sup>

We are told that Foucault “outlines not so much a general theory of the state as an historical-relational analysis of the shifting rationalities of governance.”<sup>26</sup> It is these shifting rationalities of governance regarding Canada’s feature film production policies that Dorland explains by utilising Foucaulian governmentality.

Dorland’s analysis consists in explaining the relation between knowledge emanating from the whole film and how this has affected the evolution of federal film policy. This analysis, divided into several segments each attributed to a different phase in the changes of federal governmentality, starts by explaining external as well as internal occurrences responsible for Ottawa’s policy shift regarding the development of the feature film industry. Amongst the internal occurrences we find the advent of television in Canada and ensuing modifications to the public broadcasting system favouring the development of private television, and vociferous solicitation upon the government for the development of Canadian feature film production. The most noticeable of the external occurrences is a large-scale move away from centralised studio productions towards international co-production, where costs of production are divided amongst the participating producers. Dorland then focuses specifically on the actions taken by professional guilds to encourage the federal government in its new initiatives. The most active of these guilds is the Association of Motion Picture Producers and Laboratories of Canada, which counted amongst its members the National Film Board. The sum of their

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<sup>25</sup> Ibid. P.21.

<sup>26</sup> Ibid. P.21.

actions was the development of a debate where all the possible options open to the federal government were either criticised or defended. This absorption of this debate by the federal government resulted in a debate inherent and reflective of the state.<sup>27</sup> Subsequent segments of Dorland's study focus exclusively on the formulation of Ottawa's feature film policy, as shaped by various ministries and agencies with interests vested in this process. The conceptualisation of Ottawa's actions to be taken to aid the development of the feature film production industry was done primarily through the Interdepartmental Committee on the Development of a Possible Film Industry. As we know the main recommendation of this Committee to cabinet was the creation of the CFDC.

Dorland posits his concluding thoughts by specifying that "a verbal universe was established in which a Canadian film industry was conceived, argued, and legislated, and then put into public circulation."<sup>28</sup> Yet in this verbal universe rather than the processes of development being the fruit of the differentiation of the objects of talk—"that is the feature film as an aesthetic object or the industry as an economic object in both its Canadian and Québécois variants" produced was "a still largely undifferentiated discursive field across which were dispersed confluences of ongoing ideological polemics that were reinforced by the enviroing social and political organisation of Canada as a cultural duality."<sup>29</sup> This resulted in a federal film policy marked by a complex dualism, which was subjugated to an overarching commercial agenda.

In this sense, the Canadian feature film was not only an overdetermined and fetishized object, but additionally the designator of a full range of still unresolved

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<sup>27</sup> Ibid. P.85.

<sup>28</sup> Ibid. P.137.

<sup>29</sup> Ibid. P.137.

constitutional, and cultural contestations that attempted to define the historical sedimentation of existentially contrived values and norms in search of an institutional dénouement.<sup>30</sup>

In addition to this, Dorland claims a “general failure of policy formation” has occurred.<sup>31</sup>

Two general illustrations of the logic of governmentality are offered to substantiate this allegation of failure. To begin with the “the continuing debate within the Canadian state over the orientation of feature film policy into the mid-1970s”, and secondly, “the commission headed by the ubiquitous Pierre Juneau that re-examined in 1996 the mandates of federal agencies in film and broadcasting production with a view of projecting these into the 21<sup>st</sup> century.”<sup>32</sup> Both these illustrations reflect foremost the inability to bring closure to the policy formulation by adopting a clear and final line of conduct. Warren Langford, policy director in the Department of Secretary of State, wrote in a memorandum to the minister that eight years after the creation of the C.F.D.C., investments of over 21 million dollars, and annual losses of averaging 86 percent “it remains questionable whether we have yet achieved what can properly be termed a feature film industry.”<sup>33</sup>

What is to be retained of this confirmed of alleged failure is that a shift in the discourse occurred “from an economistic discourse to a discourse of dependency”, which “only reaffirmed the interior dependency, of the Canadian state, in particular vis-à-vis the

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<sup>30</sup> Ibid. P.137.

<sup>31</sup> Ibid. P.139.

<sup>32</sup> Ibid. P.139.

<sup>33</sup> Ibid. P.142. As quoted from NFB Archives, Langford Memorandum.

United States.”<sup>34</sup> However despite this observation on dependency, Dorland’s true point is the following.

What was being attempted, although it was never articulated as such, was nothing less than negotiating the passage from the pre-capitalist artisanal economy of film production, at is had developed either within or on the margins of the audiovisual production institutions of the state, to greater or lesser degrees of integration into the circuits of exchange of the international capitalist economy of audiovisual production or, as it has also been termed, entertainment software.<sup>35</sup>

In conclusion, Dorland explains well the advent of Ottawa’s feature film policy by analysing the changing relation between government practices and knowledge emanating from either intellectual technologies, such as the social sciences, or from artists and other such operatives from the film industry itself, for example. The only point of contention to be raised with this study lies with its concluding thoughts. What Dorland seemingly fails to understand, is that a policy is never entirely complete and no final line of approach is ever adopted. In order for this to occur a policy issue would have to be static, which is rarely ever the case when dealing with the production of cultural and or media content. One would figure that a study on the changes and fluctuations of governmentality would entail an inability to obtain permanent closure to a policy’s discourse and its implementation. Concerning assessing Ottawa’s film policy, it has to be done without referring to concepts and standards naturally inherent to the private film industry, which is what seems to have been the case. That is, Canada’s film industry is wrongfully compared to either Hollywood or European models.<sup>36</sup> By using this comparative

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<sup>34</sup> Ibid. P.143.

<sup>35</sup> Ibid. P.146.

<sup>36</sup> Stephen Crofts labelling of Canada’s cinema as an attempt to compete with Hollywood best exemplifies this misconception of Canadian cinema. “Some sectors of some national cinemas have sought to beat Hollywood at its own game-and overwhelmingly failed. Such aspirations have emanated largely from

approach, any assessment of federal film policy will almost automatically produce negative results, and rightfully so. NFB Film Commissioner André Lamy echoed this sentiment when he said, “With the exception of the governmental economic systems...the problem of the film industry in Canada is that it is precisely not an industry in the classical sense of the term. Any policy solution based on the belief that such an industry exists will only lead to catastrophic results.”<sup>37</sup> Canada’s film policy and industry must be assessed only by taking into account realities inherent to Canada’s particular situation as opposed to comparing them to models inherently unreflective of Canada’s reality. If we consider the Hollywood oligopoly operating in Canada, and the fact that limited public funds constitutes the principal source of funding for the majority of successful filmmakers, then Canada’s film policy and industry could in fact be considered quite successful. This is said as a supposition and not an actual prognosis.

Regardless of the different approaches utilised by Pendakur, Magder, and Dorland, their respective studies have each produced a negative assessment of Canada’s film policy. This could very well be due to the fact that Ottawa’s film policy has genuinely been one of failure. These negative assessments are also due to mental predisposition of the authors, who each in their own way, have conceptualised a perception of what Canadian cinema should be and as such their idealised image run counter to actuality. However, aside from these negative assessments, or rather because of

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anglophone countries: Britain, Canada, Australia.” Stephen Croft, “Reconceptualizing National Cinema/s.” *Quarterly Review of Film & Video*, 14.3 (1993): 56. Despite this affirmation, there is no mention in any federal publication related to Canada’s film industry that imitating Hollywood is the primary objective of Canadian cinema. At most one can imply that Canadian cinema seeks to rival with Hollywood, but to rival does not mean to mimic or imitate.

<sup>37</sup> NFB Archives, Film Policy, box 262, Lamy to Litwack, 13 April 1977.

them, the principal underlying commonality held by these three studies is the theme of *ressentiment*. This is a Nietzschean term describing a deeply seeded sentiment of vexation.<sup>38</sup> This is a simplistic even minimalist definition of a complex term. Dorland, who writes on the pervasiveness of *ressentiment* in the Canadian experience, acknowledges that there exists a plethora of possible definitions. As such he opts for a working definition provided by Scheler.

The experience and rumination of a certain affective reaction directed against an other that allows this feeling to gain in depth and penetrate little by little to the very heart of the person while at the same time abandoning the realm of expression and activity.

And

This obscure, rumbling, contained exasperation, independent of the activity of the ego, [that] engenders little by little a long rumination of hatred or animosity without a clearly determined object of hostility, but filled with an infinity of hostile intentions.<sup>39</sup>

Dorland adds to this, by saying....

*Ressentiment* is the emotional content of the catastrophe of modern culture whose advent-in the form of what Nietzsche called the three M's: Moment, Mode and Mob, and to which we can add a fourth, namely Mood (and later perhaps Movies)-entails a great silencing of everything else that was or might have been.<sup>40</sup>

Yet in defining a study of *ressentiment* we can also make reference to Daniel Salée's description of such studies as being "inevitably discourses of victims, by victims, replete with a sense of exasperation, animosity and even hostility towards the source of their

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<sup>38</sup> For the primary source of *ressentiment* see Nietzsche's *Zur Genealogie der Moral*, translated in English in Walter Kaufmann and R.J.Hollingdale, *On the genealogy of Morals* (New York: Vintage Books 1967).

<sup>39</sup> Michael Dorland, "A Thoroughly Hidden Country: *Ressentiment*, Canadian Nationalism, Canadian Culture", *Canadian Journal of Political and Social Theory* 12.1-2 (1988): 136. As quoted from Max Scheler, *L'Homme du ressentiment*. (Paris: Gallimard, 1970) 11.

<sup>40</sup> Ibid. P.136.



victimisation, whether real or perceived.”<sup>41</sup> In the cases of the studies reviewed here, the resentment is due in part to the vertical integration of Canada’s exhibitors and distributors into the larger Hollywood machine, to the inability to rival Hollywood, and the federal government abstaining from adopting policies that would curb the Hollywood oligopoly.

It should be noted that this thesis might very well be such a study, if it becomes obvious that Ottawa’s film policy has been one of resounding failure. This is why the assessment offered in this study will be of critical importance. This is not to say that such an assessment will automatically be a positive one, simply to counter the studies of Pendakur, Magder and Dorland. But rather will constitute a genuine attempt at accurate policy assessment by incorporating traits that define Canada’s film industry: dependence on public funds, small national market, hard to access distribution networks and insufficient funds for adequate advertising. Only by acknowledging and incorporating these, can we make a viable and accurate policy assessment. However this assessment will only be offered as the culmination of this thesis. Prior to this, the shift from moral conservatism to an agenda of commerciality will be explained.

As established in the introduction, the object of study of this thesis is a policy shift that occurred when Ottawa decided to encourage the production of feature length films with the creation of the CFDC. Explaining this shift rests on a vision of the federal government as a producer of cultural artefacts whose content serves a statelike agenda.

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<sup>41</sup> Daniel Salée, “Canadian Political Economy and the Theory of the Contemporary State: Critical Perspectives on the Sociological Imagination.” *Journal of Canadian Studies*. 31.4 (1996-97 Winter): 39.

Specifically the federal government has utilised the medium of film towards specific state serving ends, for example to encourage immigration, until it was decided that a commercial film industry would be created for reasons yet to be clearly understood, but suspected of being still state serving ends. Understanding this shift is done by developing and applying an analytical framework that borrows from the model put forth in Phillip Resnick's *The Masks of Proteus* and from the tools historical institutionalists have developed. This model is explained next.

In his study on the character of state power, Resnick tells us that “no single approach can account for the very different features of state power across the twentieth century or the multiple aspects of state power within any one society.”<sup>42</sup> Bearing this in mind, and influenced by the mythological character of *Proteus*, Resnick developed an approach to study state power and activity by utilising several different analytical tools. Proteus, a figure of ancient Greek mythology, knew all things past, present and future. To avoid being abused for his prophesying abilities, he would change into many different shapes, specifically terrible monsters. However, if one could get a physical hold of Proteus while in form transition, he would then reveal to his captors an ultimate truth. This mythological figure inspires Resnick since...

Like Proteus, the state wears many masks-coercive and consensual, centralised and decentralised, democratic and anti-democratic, economic and social, sovereign, and dependent. One can only hope to capture all its shifting and elusive shapes.<sup>43</sup>

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<sup>42</sup>Philip Resnick, *The Masks of Proteus*. (Montreal: McGill-Queen's University Press. 1990) 2.

<sup>43</sup> Ibid. P.5.

Resnick opts for this original approach for two basic reasons. One to compensate for the lack of original theory on the Canadian state because to him “in this country writing about the state (and indeed civil society) has barely proceeded beyond square one”.<sup>44</sup> Two, because such a multi-faceted analytical approach produces an image of the state, more inclusive than one would develop by adopting a single paradigm of analysis.

One can hardly hope to capture all its [the state's] shifting and elusive shapes. Still, the very diversity of its manifestations rivets our attention. Why not, then, make a virtue of necessity and, eschewing the search for some grand theory, adopt as one's objective the tracking of Proteus in some of his multiple guises?<sup>45</sup>

Our interest with Resnick's approach lies in the point made here. The option of 'tracking Proteus' is applicable to our study, since like the state, policies and the institutions they create, are complex and elusive, and as such must be seen in as wide a perspective as manageable. The perspective developed for this study is set by the sequences of the shift towards adopting a film policy, and the tools use to grasp these; critical juncture, policy feedback, and ideational and material shake-ups. As mentioned in the introduction, these concepts emanate from the neo-institutional literature.

We are interested in neo- institutionalism because it focuses on the creation of institutions and because of its preoccupation with “the role that institutions play in the determination of social and political outcomes.”<sup>46</sup> This preoccupation is congruent with this study's need to understand the creation of the CFDC, whose mandate can be

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<sup>44</sup> Ibid. P.152.

<sup>45</sup> Ibid. P.5.

<sup>46</sup> Peter Hall and Rosemary Taylor, eds., Paper presented by Professor Hall, a member of the MPIFG Scientific Advisory Board, as a public lecture during the Board's meeting on May 9, 1996: Political Science and the Three New Institutionalism. (Köln: Max-Plank-Institut für Gesellschaftsforschung, 1996) 5.

translated into a determined attempt to attain a certain social and political outcome. In this case the development of a Canadian feature film industry. There are three variants to neo-institutionalism; rational, sociological and historical. Each of these has developed unique principles capable of explaining the role of institutions. Our focus is only on historical institutionalism. However a brief word on rational institutionalism will nonetheless be offered to further accentuate the particularities of historical institutionalism.

Rational institutionalism “initially...arose from the study of American congressional behaviour.”<sup>47</sup> In an attempt to understand and explicate congressional voting patterns, early rational institutionalists turned to the rules of the institution as an explanation of behaviour. “Some of these rules provide agenda control that limits the range and sequence of the options facing congressional votes.”<sup>48</sup> Based on the premise that institutional rules affect behaviour, rational institutionalism incorporated notions from ‘new economics of organisation’ “which emphasises the importance of property rights, rent-seeking, and transactions costs to the operation and development of institutions.”<sup>49</sup> These notions imply that institutions externalise their affect on behaviour. In other words, individuals who interact with institutions see their behaviour affected by the rules set by the institutions.

Institutions structure such interactions, by affecting the range and sequence of alternatives on the choice-agenda or by providing information and enforcement mechanisms that reduce uncertainty about the corresponding behaviour of others

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<sup>47</sup> Ibid. P.10.

<sup>48</sup> Ibid. P.11.

<sup>49</sup> Ibid. P.11.

and allow ‘gain from exchange’, thereby leading actors towards particular calculations and potentially better social outcomes.<sup>50</sup>

Aside from having developed behavioural assumptions based on individual strategic preference attainment, Hall and Taylor tells us that rational institutionalists have also developed a unique way to explain the advent of institutions.

They begin by using deduction to arrive at a stylised specification of the functions that an institute performs. They then explain the existence of the institution by reference to the value those functions have for the actors affected by the institution. This formulation assumes that actors create the institutions in order to realise this value, which is most often conceptualised, as noted above, in terms of gains from co-operation.<sup>51</sup>

The strong focus on functions is the basis of the rational institutionalist’s definition of institutions. As a result of this, institutions are defined as producers of co-ordination mechanisms generating equilibrium.<sup>52</sup> Furthermore, institutions only change when the results of their functions are not optimal. The change occurs when actors seek to rectify this situation. This change is seen as a transition from equilibrium to equilibrium.

To understand the fashion, in which policy stakeholders interact with institutions, it is important to understand the functions of an institution and the rule under which these are executed. For example, the criteria a filmmaker must meet in order to be eligible to receive the funds provided by Telefilm, is a perfect example of how the functions of an institution affect behaviour: Filmmakers conform their art to the demands set by Telefilm. As such a functional view of institution is not without its merit. By focussing on the functions of Telefilm and consequent interactions with filmmakers, we can develop a

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<sup>50</sup> Ibid. P.12.

<sup>51</sup> Ibid. P.13.

<sup>52</sup> André Lecours, “L’approche néo-institutionnaliste en science politique: unité ou diversité?” Revue Politique et Sociétés. 21.3 (2002): 5.

partial yet important understanding of the condition in which feature films are produced in today.

Historical institutionalists on the other hand define institutions as “the formal and informal procedures, routines, norms and conventions embedded in the organisational structure of the polity or political economy.”<sup>53</sup> This said, they see institutions not from a functionalist perspective, but rather as the culmination of a historical process. This means that the “emphasis tends to be on political development as a (structured) process and on the way institutions emerge from particular historical conflicts and constellations.”<sup>54</sup>

Furthermore

...Rather than conceiving institutions as ‘holding together’ a particular pattern of politics, historical institutionalists are more likely to reverse the causal arrows and argue that institutions emerge from and are sustained by features of the broader political and social context.<sup>55</sup>

This vision is congruent with the argument made in this study. That is, the creation of the CFDC is the result of a sequential shift from one set of societal values towards another all while still being part of a larger process of nation and state building. As such, a historical institutional perspective allows us to comprehend this shift and the creation of the CFDC. To historical institutionalists, key moments responsible for the advent of institutions are known as critical junctures, which “involves arguments about crucial founding moments

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<sup>53</sup> Peter Hall and Rosemary Taylor, eds., Paper presented by Professor Hall, a member of the MPIFG Scientific Advisory Board, as a public lecture during the Board’s meeting on May 9, 1996: Political Science and the Three New Institutionalism. (Köln: Max-Planck-Institut für Gesellschaftsforschung, 1996) 6

<sup>54</sup> Kathleen Thelen. “Historical Institutionalism in comparative politics” Annual Review of Political Science. 2 (1999): 382.

<sup>55</sup> Ibid. P.384.

of institutional formation.”<sup>56</sup> Since historical institutionalism studies are mostly comparative, analyses of critical junctures is done from a macro-historical perspective. (In our study this perspective is only employed when situating Canada’s position vis-à-vis the world film industry. The rest of the study is done through a national historical perspective.) Thelen tells us that most of these studies “emphasise sequencing and timing and, related to these issues, different patterns of interaction between ongoing political and economic processes in the formation and evolution of institutional arrangements.”<sup>57</sup> As such this study will do the same. That is, establishing the different patterns of interaction between ongoing political and economic processes, which culminated with the creation of the CFDC.

However, Thelen warns us when she says...“where this literature has generally been weaker is in specifying the mechanisms that translate critical junctures into lasting political legacies.”<sup>58</sup> Heeding this warning leads us to understand how we can explain institutional longevity and how it can be derailed. First our attention turns to path dependency, also known as positive feedback. These terms are meant to designate mechanisms, which reinforce institutions.

The key mechanism at work is some form of self-reinforcement or positive feedback loop. Initial moves in a particular direction encourage further movement along the same path. Over time “the road not chosen” becomes an increasingly distant, increasingly unreachable alternative.<sup>59</sup>

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<sup>56</sup> Ibid. P.387.

<sup>57</sup> Ibid. P.388.

<sup>58</sup> Ibid. P.392.

<sup>59</sup> Paul Pierson. “Not Just What, but *When*: Timing and Sequence in Political Processes.” Studies in American Political Development. 14 (2000): 74.

One can imagine that, the initial moves in a particular direction taken by an institution must reflect its mandate, and so in our case, we can speculate that the goal of supporting a feature film industry has locked Telefilm in a support role. This would be problematic if, by fostering the film industry, we condemn it to be dependent, because its growth is affected by the behaviour it adopts, itself affected by Telefilm's institutional functions. In other words, filmmakers are habituated to receiving support for their development, yet as a result of this they are unable to develop further since they are dependent on public aid. Furthermore, this study will also demonstrate that the orientations of Telefilm as recently designed by the *From Script to Screen Policy*, specifically through the funds it creates, also perpetuates the existence of a cast system in the industry, since support is preferably allocated to established filmmakers. This condition is known as the distributional effects of institutions.

The idea is that institutions are not neutral co-ordinating mechanisms but in fact reflect, and also reproduce and magnify, particular patterns of power distribution in politics...Political arrangements and policy feedbacks actively facilitate the organisation and empowerment of certain groups while actively disarticulating and marginalizing others.<sup>60</sup>

Policy feedback and distribution effects would be virtually foolproof ways in which to study policy outcomes if institutions were never disrupted.

This said our attention is now on how institution longevity is disrupted. After all this study focuses on the change undergone within Canadian society which then later affected the way the federal government saw national culture and the way it treated it.

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<sup>60</sup> Kathleen Thelen. "Historical Institutionalism in comparative politics" Annual Review of Political Science. 2 (1999): 394.



According to historical institutionalism, institutional change can be attributed to “incongruities and intersections between different processes and institutional logics as they unfold over time.”<sup>61</sup> The problem in tracking sources of change by focussing on the intersections between different processes is establishing which of these are important enough to actually cause political openings for institutional change. Thelen suggests “the kinds of openings that particular institutional configurations offer depends on the particular mechanisms of reproduction that sustain them.”<sup>62</sup> Put differently, whatever can change the ideational and material foundations upon which rests an institution, depends on the very nature of these same foundations.

In our case, the institution that has been changed is Canadian national culture, whose foundations are identifiable designators, which in turn depict who we are as Canadians. The Massey Report was an attempt at preserving and enforcing what the members of the commission believed to be were the designators of Canadian culture at the time. As per the argument of this study, the advent of the feature film policy indicated a change in the designators that made up classic Canadian national culture, towards a more modern and popular interpretation of Canadian society. It is important to mention that despite the change this study argued happened, the bedrock of Canadian national culture remains prescriptive moralism.

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<sup>61</sup> Ibid. P.396.

<sup>62</sup> Ibid. P.397.

Having presented the analytical tools to be applied in this study, it is time now to explain in which order they will be applied. This study begins by describing the context into which Canadians got involved in the film industry and the context in which the Canadian government used this medium. These early stages of film in Canada constitute the first sequences of this historical analysis and the focus of the next chapter. It is important to address initial government use of film and the birth of a commercial film industry in Canada for three main reasons. First, the fashion in which Canadians got involved in the film business explains to a great extent the condition of the Canadian film industry today. That is, one marked by production deficiency. Second, understanding how the federal government initially used the medium of film allows us to understand how the federal government got into the practice of supporting feature film production. In other words, the federal government already had a relation with film, now we can understand how this relation changed. Lastly, scrutinising the early stages of the private industry and government use of film highlights the initial absence of contact between the both, which is very telling as to the ideational foundations of Canadian national culture prior to 1968. It is important to understand these ideational foundations because we seek to understand the changes they undergo.

This will lead us to the third chapter of this study, focused on the critical juncture that occurs prior to the 1968 creation of the CFDC. This chapter is the most important one of this study, and here's why. As per the argument of this study, the Massey Report embodies the essence of classical Canadian nationalism and sets the parameters for all subsequent cultural policies. The Massey Commission and its Report also represents a

mechanism that reinforced this type of Canadian cultural nationalism. That is, highly idealised, prescriptive and conservative. As such, it is important to bring to the fore why and how this was the case, if we are to explain the move away from it Massey and what it represents. Furthermore, this chapter is important since it is here that we lay out the move away from Massey towards a more modern interpretation of Canadian national culture. Put differently it is here that we explain why this happened as opposed to simply describing how things happened. Using a term inherent to the film industry, I offer a sneak preview to this explanation by stating that the move away from Massey by creating the CFDC was the result of a conscious decision to do so. Understanding this decision will require bringing to the fore the knowledge that influenced the taking of this decision. This will be done by referring to government documents meant to provide the information needed to take the decision that led to the creation of the CFDC.

The fourth chapter explains how the continuity in the functions of Telefilm has affected the fashion in which films are made in Canada. This will be done largely by referring to the 1998 Review of the Feature Film Policy and the subsequent *From Script to Screen* Policy of 2000. I argue that this latest film policy perpetuates the dependence filmmakers have on federal funding, which in turns sows the seed for the failure of this same policy.

### CHAPTER THREE: Early dynamics of a young industry

Thomas Edison spearheaded the development of image projecting machines responsible for the advent of film in continental America. The first of such inventions was the Kinescope, a peep show like projector intended for single users, developed for Edison Laboratories of New York City in 1889.

The Kinetoscope was the key invention in the development of true motion pictures. Others around the world were to become involved in developing projectable moving pictures-among them the Lumière brothers in France and Robert Paul in Britain who presented public film showings before the Vitascope-but all of them based their idea on the Kinetoscope.<sup>63</sup>

Yet Edison “was more concerned with exploiting his phonograph and developing slot machine parlours where one might drop in a nickel, put the tube to one’s ear, and hear the band play.”<sup>64</sup> Andrew and George Hollans, two brothers from Ottawa, and sales agents for the Edison phonograph acquired sales exclusivity of the Kinetoscope for all eastern North America.<sup>65</sup> On April 14, 1894, the Hollans opened the first Kinetoscope parlour in New York. “Thousands queued every day in front of the building garnished with an illuminated electric dragon with fiery eyes, waiting to look into the peep holes machines and see the pictures that lived and moved.”<sup>66</sup> Quick to act Edison acquired the rights of a machine known as the Phantoscope, altered it and developed yet another machine, the Vitascope, capable of projecting images onto a large screen.<sup>67</sup> Thanks to the instant popularity of this machine, movie houses rapidly sprang up all over New York City and

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<sup>63</sup> Peter Morris. Embattled Shadows (Montreal: McGill-Queen’s University Press, 1978) 5.

<sup>64</sup> Ibid. P.5.

<sup>65</sup> Ibid. P.6.

<sup>66</sup> Terry Ramsaye A Million and One Nights (New York: Simon and Schuster, 1926) 79.

<sup>67</sup> Hendricks Gordon, Origins of the American Film Industry (New York: Arno Press, 1972) 14.

subsequently in the other major urban centres of the United States. Though these early movie houses were not deserving of such appellation because most of them were nothing more than make shift rooms with minimal seating arrangements, if that, and crude projection screens. Nonetheless the Vitascope inaugurated the movie industry in America, which grew at a phenomenal rate in its infant stage. The large influx of immigrants in America's East Coast was a significant factor in the immediate success of Edison's Vitascope. Since films were deprived of sound the masses of non-English speaking immigrants indulged in the popular attraction.

However viewers were quickly disenchanted with the novelty of short clips of filmed action, devoid of any plot and or point. Georges Méliès 1902 "A trip to the Moon" saved the burgeoning industry.<sup>68</sup> This production was the first of a highly popular genre, the narrative. Méliès imagination and creativity, responsible for the extraterrestrial landscapes seen in the movie, not only captured the attention of audiences everywhere, but made his movie the first 'hit' of the time. Continuing in the spirit of innovation Edwin S. Porter created another classic genre, the Drama, with *The Life of a Fireman* and *The Great Train Robbery*.<sup>69</sup> Both films had enormous financial success. It was within this era of rapid prosperity that the giants who dominate the industry today were born. For example in 1905, Harry Davis and John Harris of Pittsburgh acquired a projector and a piano and began charging a nickel for admission to their cinema, which they accordingly

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<sup>68</sup> Mary Suzanne Donahue, *American Film Distribution; the Changing Market Place* (Ann Arbor, Michigan: UMI Research Press, 1987) 6.

<sup>69</sup> Ibid. P.6.

named “Nickelodeon”<sup>70</sup> today the property of corporate giant Viacom. In 1910 it was estimated that there were approximately 20,000 theatres charging a nickel fee in America including the holdings of Pittsburgh’s Davis and Harris.<sup>71</sup> Without the establishment of an adequate distribution network capable of supplying exhibitors, producers were unable to maximise profitability. Distribution soon became an integral part of the film industry. In fact because distribution allowed both the producers and the exhibitors to make their money it became a very lucrative affair. The first distributors, known as “exchanges” initially operated within the confines of the state in which they were located. “By 1907 there were 125 to 150 exchanges serving the entire country.”<sup>72</sup> The leading producers The General Film Company, The New York Film Rental Company, Famous Players, Paramount and The Motion Picture Distributing and Sales Company began acquiring distributors while expanding their productive output. Acquisition of exchanges by early Majors was the beginning of the centralised oligopoly presently marking the industry. Movies would drastically changed yet again in content because of consumer demand. The conventional size of a motion picture never exceeded more than one reel, and this was to the greater dissatisfaction of many moviegoers. Aside from extending the length of movies, the amelioration of story lines and plots were also in large demand. The audience wanted more and was willing to pay.

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<sup>70</sup> Russell Merritt, Nickelodeon Theatres 1905-1914: Building an Audience for the Movies in the American Film Industry New York: Routledge, 2002) P.76. Exhibition, The Film Reader, ed. Ina Rae Hark.

<sup>71</sup> Larry May, Screening out the Past (New York: Oxford University Press, 1980) 35.

<sup>72</sup> Mary Suzanne Donahue, American Film Distribution: The Changing Market Place. (Ann Arbor, Michigan: UMI Research Press, 1987) 9.

In the mid-to late 1910s stardom made its entrance. The first movie star was Sarah Bernhart, star of *Queen Elizabeth*, the first feature length film.<sup>73</sup> This movie constituted an unprecedented venture because of its elevated costs of production, consequently entailing an equally high admission fee, set at an unprecedented dollar.<sup>74</sup> This practice was unconventional at the time since producers strove to lower costs of production, hence augmenting the numbers of movies produced and distributed. The Majors initially feared spending large amounts for this new type of movie. Yet once augmenting production costs and consequently admission fees was demonstrated as a possibly viable, producers/distributors made this practice a norm or rather a convention of the film business. The movie that confirmed the success of this formula was D.W. Griffith's 1915 *The Birth of a Nation*, which cost an alarming 110,000 US\$, and whose admission fee was two dollars, double that of *Queen Elizabeth*. The Birth of a Nation generated 20 million dollars for D.W. Griffith from 1915 to 1925.<sup>75</sup> Obviously not every producer could generate the capital required for such productions and not every theatre could afford to charge the one or two dollar admission fee. What emerged was a class system within the industry established by the degree of capital available to the producers. In addition to this, distributors crystallised this new class system by assigning movies according to the status of the theatre seeking movies. "A run indicated the priority rights in the exhibition of a film in a particular class of theatre in a designated area."<sup>76</sup>

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<sup>73</sup> Arthur Knight, *The Liveliest Art*. (New York: Macmillan Press, 1957) 30.

<sup>74</sup> Ibid. P.30

<sup>75</sup> James Monaco, *How to read a Film*. (New York: Oxford University Press, 1977) 201.

<sup>76</sup> Mary Suzanne Donahue, *American Film Distribution: The Changing Market Place*. (Ann Arbor, Michigan: UMI Research Press, 1987) 13.

In face of the new realities dawning upon the film industry, the smaller independents became less competitive and the Majors augmented control over their respective area of the North American market. To consolidate their dominant positions the Majors began acquiring theatres to complete the link from production to distribution.<sup>77</sup> Furthermore the Majors created the Motion Picture Producers and Distributors of America in 1922. The M.P.P.D.A. was presided by William Hays, Postmaster General and Chairman of the Republican National Committee.<sup>78</sup> This association or rather lobbying machine was mandated to defend the interests of its members. During Hays' mandate, the Majors exercised several non-competitive practices such as augmenting prices of releases for the independents, requiring that movies be exhibited without any test screening by the exhibitors and forcing the purchase of blocks of movies to the independent exhibitors. The block of movies system allowed the producers/distributors to "dump" less costly, and less desirable productions onto the independent exhibitors, who themselves had little choice in the matter considering the demand for the single hit release located within the block: Hence the term 'block-buster'. These measures were left unfettered until July 20<sup>th</sup> 1938, when

...The department of Justice filed a petition against the five major producer-distributor-exhibitor companies-Paramount Loew's Inc, Radio-Keith-Orpheum, Warner Bros. and Twentieth Century Fox- and against the three large producers-distributors-United Artists, Columbia, and Universal. They were charged with combining and conspiring to restrain trade and commerce in the production, distribution, and exhibition of motion pictures in the United States and with

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<sup>77</sup> Mae Huettig, Economic Control of the Motion Picture Industry. (Philadelphia: University of Pennsylvania Press, 1944) 11.

<sup>78</sup> Manjunath Pendakur, Canadian dreams and American control (Detroit: Wayne State University Press, 1990) 80.



monopolising such trade and commerce in violation of the Sherman Antitrust Act.

Fearing government interference in their operations, the Majors targeted by the Justice department temporarily ceased their non-competitive practices. Despite this the Majors influence was still considerable since they owned a large majority of the more lavish and profitable movie theatres. To be precise they owned 70% of the so-called first class movie theatres located throughout 92 of America's largest cities.<sup>80</sup> In 1949, the Justice Department, backed by an edict of the Supreme Court, ordered the Majors to rid themselves of their production, distribution or exhibiting divisions in the name of allowing freer competition in the industry. RKO, Paramount Pictures, Warner Bros, Twentieth Century Fox, and Loew's were affected by the judgement. One of the results of the Consent Decree was a need to develop superior marketing skills caused by the eradication of the movie block dumping technique. The movie producers and distributors now had to render as alluring as possible the movies they were making, for now in the US each feature film was its own unique venture no longer benefiting from the internal networks of the Majors.<sup>81</sup> Yet by this time in the history of the industry, the Majors focussed their production abilities on the new medium of television. At first leaders of the film industry were hostile to television, for it was seen as a direct menace to those who gained profit in exhibition and distribution. Yet others realised it was only a matter of

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<sup>79</sup> Mary Suzanne Donahue, American Film Distribution: The Changing Market Place (Ann Arbor, Michigan: UMI Research Press, 1987) 26.

<sup>80</sup> Gary Edgerton, American Film Exhibition and an Analysis of the Motion Picture Industry's Market Structure 1963-1980 (New York: Garland Publishing, 1983) 12.

<sup>81</sup> Mary Suzanne Donahue, American Film Distribution: The Changing Market Place. (Ann Arbor, Michigan: UMI Research Press, 1987) 28.

time before most American households possessed a television set and so decided to help grow the new budding industry. Columbia Pictures in 1950 were the first to partially adapt its studios to produce material that could be televised.<sup>82</sup> Television forever changed the film industry since viewers no longer relied exclusively on the movie theatre to access contemporary visual entertainment. Instead new television productions would be delivered straight into the moviegoer's home, transforming any and every household into one's own movie house. From the beginning to the halfway point of this century marks the golden era of the film industry, which as just said ended with the advent of Television.

Regardless of the great impact television had on the entertainment industries, our focus is now on those elements that led the American to control the world markets, as well as Canada's. During the first decade of the twentieth century French film dominated world markets. Though mainly because of World War One this was to be a short lived domination. The war irreparably stunned the film industry in Europe for obvious reasons. However the United States saw its industry expand at new heights since it was not only spared the direct effects of the war it also benefited from government War wages. Inexpensive admission fees allowed non-fighting citizens the opportunity and luxury of attending movies to entertain themselves during the war.<sup>83</sup> This reality highlights the fact that in order to possess a lucrative export oriented film industry two basic elements are required. First, the ability to produce numerous quality products: America had such a

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<sup>82</sup> William Paul, "Hollywood Hara-kiri," Film Comment. (March-April 1977): 42.

<sup>83</sup> Mae Huettig, Economic Control of the Motion Picture Industry (Philadelphia: University of Pennsylvania Press, 1944) 41.

strong production capability since “...by 1917, nearly all the motion pictures produced in the world were from the United States.<sup>84</sup>” Second, the revenue generated by domestic consumption of this supply reimbursing costs of production. Profit came later by exporting the rights to the films at a price lower than the acquiring rights to films produced in the importing market so as to immediately eliminate the competition from struggling local producers. Robert Sklar wrote “In practice, during the interwar years, American pictures as a whole did no better than break even at the domestic box office. But with production costs already covered, every ticket sold outside the United States, less overseas distribution costs, produced profit.<sup>85</sup>”

The interwar years saw a slight rekindling of European competition, thanks to trade tariffs and taxes imposed upon American imports. In addition to this, distributors from France, England, Italy and Scandinavian countries treated favourably local productions. Yet local favouritism could not curb public demand for American films. As a reaction to the European governments use of legislated restrictive measures against imported American films, during the mid-twenties the Majors created the Foreign Department of the Motion Picture Producers and Distributors of America (M.P.P.D.A) to defend their interests in targeted foreign markets. Regrettably war once again broke out in Europe in 1939. What ever film industry existed after World War One in Europe either was transformed into a tool for propaganda or simply ceased to exist. During the war, the only markets available to the American films were those of Latin America gaining

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<sup>84</sup> Mary Suzanne Donahue, American Film Distribution: The Changing Market Place. (Ann Arbor, Michigan: UMI Research Press, 1987) 145.

<sup>85</sup> Robert Sklar, Movie-Made America (New York, Random House: 1975) 35.

importance only because of the temporary scarcity in markets, and those of the British Empire and hence the rest English speaking world.<sup>86</sup> With the end of the war American film majors renewed their campaign to control foreign markets by revamping the M.P.P.D.A, into the Motion Picture Export Association of America (M.P.E.A), which continued to defend the interests of its members.

The M.P.E.A. was organised as a legal cartel under the provisions of the Webb-Pomerene Export Trade Act of 1918. This legislation was one of the earliest government efforts to stimulate exporting by small and medium-sized firms at a time when few companies were concerned with foreign markets. The act permitted domestic to co-operate in foreign trade by forming export associations that might otherwise have been held illegal.... This exemption allowed companies supposedly in competition in the American market to combine, to fix prices, and to allocate customers in foreign markets.

The M.P.E.A facilitated the international activities of its members by expanding markets and keeping them open, expediting transfers of income to the United States, reducing restrictions on American films through direct negotiations and 'other appropriate means', distribution information about market conditions to its members, and negotiating film agreements and terms. As Jack Valenti, M.P.E.A/M.P.A.A president has remarked: 'To my knowledge the motion picture is the only U.S. enterprise that negotiates on its own with foreign governments.'<sup>87</sup>

This, by and large is how the American film industry emerged and expanded its operations globally or at least in worthwhile markets.

It was the Hollans brothers who introduced film to Canada through the aforementioned Kinetoscope. This is an important event in the history of film in continental America, for it establishes the complicity Canadian promoters had at the

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<sup>86</sup> Mary Suzanne Donahue, American Film Distribution: The Changing Market Place (Ann Arbor, Michigan: UMI Research Press, 1987) 145.

<sup>87</sup> Terry Ramsaye, "The Rise and Place of the Motion Picture," The American Academy of Political and Social Science (1947): 4.

Mae Huettig, Economic Control of the Motion Picture Industry. (Philadelphia: University of Pennsylvania Press, 1944) 471.

earliest stages of the film industry, suggesting that Canadians are in their own right partly responsible for the emergence of America's film industry. Peter Morris makes a very interesting observation when seeking to account why Edison granted the Hollans brothers the position of sales agents for Eastern America and hence a strategic role in the development of the film industry. Morris argues that Edison had an affinity for the Ottawa born Hollans brothers since his great grand father was a United Empire Loyalist and his father, Samuel Edison, was a follower of William Lyon Mackenzie in the 1837 rebellion who then fled to the US when that cause was lost.<sup>88</sup> This association between the Hollans brothers and Edison is arguably responsible for the first movies in Canada, which were held in West End Park, brought to Ottawa by a certain John Green, one of many travelling vaudevillian showmen of his time. Yet the Hollans are not the only important figures in the earliest stages of history of the commercial cinema in Canada. On an equal if not greater footing than the Hollans brothers, we find the names of John Schuberg, L.E. Ouimet, Jules and Jay Allen, each a respective pioneer in the history of the private industry in Canada.

For example John Albert Schuberg was the first to bring cinema to Western Canada, specifically Vancouver. He arrived in Vancouver in 1898, which was still very much a frontier town with its 18,000 inhabitants. Schuberg acquired one of Edison's Kinetoscope in Seattle and a large supply of films depicting scenes from the American Spanish war. He set up shop in a rented store on the street of West Cordova Street and

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<sup>88</sup> Peter Morris, Embattled Shadows: A history of Canadian Cinema; 1895-1939. (Kingston: McGill-Queens University Press, 1978) 6.

Cambie. Admission to see “Roosevelt’s Roughriders” was a dime.<sup>89</sup> Vancouverites were initially wary of Schuberg’s claim to have actual moving pictures. He eventually opened the first permanent movie house in Canada in Vancouver on Cordova Street in 1902.<sup>90</sup> Schuberg then proceeded with opening other permanent theatres throughout Canada. Eventually his chain of theatres was the most important in all western Canada. In Montreal L.Ernest Ouimet opened the first permanent movie house in Montreal in 1907 on the corner of Montcalm and Saint-Catherine.<sup>91</sup> Ouimet’s theatre was the first luxurious theatre in all North America. Regrettably because of the sheer opulence of the theatre it was unable to attract regular customers.

Within a few years of its opening, Ouimet’s ambitions were shattered. In order to compete with the multitude of nickel theatres that surrounded it, Ouimet was forced to compromise his standards, and the Ouimetoscope became indistinguishable from its neighbours. He rented it out in 1915 and it ceased operation in 1926.<sup>92</sup>

Yet the failure of the Ouimetoscope did not mean that Ernest Ouimet would cease being a pioneer of Canada’s commercial film industry. On the contrary, Ouimet became the first Canadian film distributor in May 1906, with his first branch office in St.John, New Brunswick. He also continued the productions of his own films and became in 1915 the exclusive North American representative for the Pathé Film Company of France, “launching Speciality Film Import with six offices in Canada.”<sup>93</sup> Arguably Ouimet’s most important contribution to the film industry in continental America was his work done

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<sup>89</sup> Ibid. P.15.

<sup>90</sup> Ibid. P.19.

<sup>91</sup> Gilles Marsollais. Le Cinéma Canadien. (Montreal: Editions du Jour, 1968) 18.

<sup>92</sup> Ibid. P.25.

<sup>93</sup> Ibid. P.25.

regarding the development of soundtracks to movies. He began experimentation in his Ouimetoscope in 1908. Although his experiments never produced the desired effects, they nonetheless figured amongst the first of their kind.<sup>94</sup>

The last of the early pioneers mentioned here are the Allens. Jules and Jay Allen were Britons who migrated to Canada in 1906. A year after they arrived, the Allens opened their first theatres in the Ontario towns of Kingston, Chatham and Berlin. (The latter renamed Kitchener in 1917). They also opened their own distribution company entitled the Allen Amusement Corporation, following the trend of integrating exhibition and distribution set in the US.<sup>95</sup> The Allens bought from Ernest Ouimet the rights to distribute films imported from the Pathé Film Company of France as well as Independent Motion Pictured from the US. "Being part of an integrated company, their theatres were accorded first-run status and the ensuing control of part of the supply of the subsequent-run theatres in the market. This gave the Allens a high degree of power over their competitors."<sup>96</sup> Despite this, the Allens got rid of their holdings in the film industry for a short period, fearing a projected down turn in the business. They soon returned to the industry by once again establishing an exhibition network, this time in Western Canada. The Allens reacquired exclusive exhibition rights to films provided by the Independent Motion Pictures productions. Most importantly the Allens acquired exclusive access to the films produced by Paramount Pictures. "They bought the Paramount franchise for

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<sup>94</sup> Ibid. P.25.

<sup>95</sup> Manjunath Pendakur, Canadian Dreams and American Control (Detroit: Wayne State University Press, 1990) 52.

<sup>96</sup> Ibid. P.52.

Canada, calling it Famous Players Film Service Limited.”<sup>97</sup> The Allens continued their impressive expansion by opening several theatres in Toronto, which at the time established itself as the most profitable market for film consumption in Canada. The Allens soon possessed the most important exhibition network in Canada, without any clear rivals or competition.

This very strong position within Canada did not last long. The dominant role the Allens occupied in Canada led to their downfall. When Adolf Zukor, President of Paramount pictures, realised how lucrative the Allens operation was, he proposed to buy it in 1916. The offer was made in the era where the Majors were seeking to acquire entire exhibition networks. So as to assure the Allens an important position in the Paramount Empire, Zukor offered them to administer the operations of Paramount in Canada. The Allens rejected the offer.<sup>98</sup> When word got out that the Allens rejected Zukor’s offer, one of the Allen’s competitors, Nathan L. Nathanson, did not hesitate to ask Zukor if his establishment could purchase the rights to Paramount movies that had since been the key to the Allens success. Zukor, albeit disappointed that the Allens rejected his offer, was not ready to strip the Allens of their distribution rights without finding a substitute to their impressive exhibition network. Nathanson told Zukor that by the time the Allens would have to renew their contracts with Paramount, he would have in place a network rivalling those of the Allens. Interested with Nathanson offer, Zukor agreed to the proposition. By 1920 Nathanson’s company, Regent Theatre, possessed a network of theatres all over

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<sup>97</sup> Ibid. P.54.

<sup>98</sup> Ibid. P.56.



Canada with a 15,000 seating capacity. Satisfied with this expansion Zukor proposed to Nathanson the offer he made the Allens. Nathanson accepted on February 5, 1920. The company presided by Zukor, and managed by Nathanson held exclusive rights to Paramount-Famous-Lanky productions for over twenty years. This was the first of the vertically integrated Hollywood branch plants, replacing the Allens as the predominant Canadian Major. The Allens could not compete against the foreign capital supporting Nathanson's Famous Players Canadian Corporation "By 1925, five years after vertical integration with an American major film corporation began, 95 percent of all films exhibited in Canada were supplied by major U.S. film companies."<sup>99</sup> It would only be a matter of time when the Allens holdings in the film industry would collapse and that Famous Players would be entirely bought out by Zukor's Paramount Pictures.

The history of film in Canada has been marked by an obvious lack of commercial film production. Yet there has been a rather unique public production of film worthy of important attention. The Canadian federal government is the first western government to actually use film towards state serving ends. Amongst the earliest cases of a federal department soliciting the production of films for non-entertainment purposes we find films ordered by the Department of the Interior. A certain James Freer in 1902 produced for this Department, *Harnessing the Virgin Prairie*, *Cyclone Threshers at Work*, *Arrival of CPR Express at Winnipeg*, and *Canadian Mounted Rifles Cutting Off a Boer Commando*, in order to promote immigration to the western regions of Canada.<sup>100</sup> Another

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<sup>99</sup> Ibid. P.59.

<sup>100</sup> Ted Magder, Canada's Hollywood: The Canadian State and Feature Films. (Toronto: University of Toronto Press, 1993) 3.

such early example comes from the Canadian Pacific Railway's Colonisation Department, which also solicited the production of movies encouraging immigration to Canada. These films depicted living in Canada as an alternate life style to American and British society.

Ironically, WWI, which halted the impressive film industries of Europe, stimulated Ottawa's practice of contracting out film production. In 1917 the Motion Picture Committee of the Food Controller solicited the production of films in order to encourage the acquisition of war bonds and the practice of rationing. Several other departments of the federal government used films for advertising and educational purposes.

The department of Agriculture was involved in a series of films intended to educate farmers on new agricultural techniques and other aspects of rural life, while the Parks Branch of the Department of the interior promoted conversation and the careful use of natural resources through motion pictures...The Dominion Victory Loan Committee used films to promote the purchase of war bonds.<sup>101</sup>

What is ironic about this particular brand of films is the fact that they were produced by private firms, for the most of them located in the US, such as the Edison Company of New York or Essanay Film Manufacturing Company of Chicago.<sup>102</sup> Realising that these firms were making money from these contracts Trade and Commerce officials decided that in house production would be cost effective. As such with the encouragement of senior officials from the Department of Trade and Commerce, Sir George Foster...

Developed a plan by which his department would centralise and regulate government film production. The Exhibits and Publicity Bureau was established

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<sup>101</sup> Ibid. P.28.

<sup>102</sup> Ibid. P.28.

by an order-in-council in September 1918 (its name was changed to the Canadian Government Motion Picture Bureau in 1923).<sup>103</sup>

This Bureau was the first of its kind, rendering Ottawa the first western government to endow itself with an agency whose only purpose was the development of films towards various state ends.

By all accounts, the early work of the Bureau was a resounding success: by 1920, it could boast the largest and best equipped studio laboratory in Canada and theatrical and non-theatrical distribution encompassed all the Commonwealth countries, France, Belgium, the Netherlands, Argentina, Chile, Japan, China and the United States.<sup>104</sup>

By 1924, the Minister of Trade and Commerce affirmed that the Bureau “was established for the purpose of advertising abroad Canada’s scenic attractions, agricultural resources and industrial development”.<sup>105</sup> Put differently the Bureau’s underlying objective was the attraction of foreign capital in Canada and immigration. This said, film production for purpose of entertainment was not even a remote possibility for the Bureau. In fact those films made by the Bureau were not even explicitly intended for Canadian audiences.<sup>106</sup> The films produced were rather distributed abroad by the trade commissions in those countries in which Ottawa wanted to receive immigrants from. “Although the Bureau, was proud of its widespread foreign distribution, as of 1926 over 98 per cent of the films in circulation were to be found in the United States.”<sup>107</sup> The obvious objectives of these films only demonstrate the functional and hence limited perspective the federal government had for the medium of film.

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<sup>103</sup> Ibid. P.28.

<sup>104</sup> Ibid. P.29.

<sup>105</sup> Ibid. P.30.

<sup>106</sup> Ibid. P.30.

<sup>107</sup> Ibid. P.30.

As an agent of government publicity and information the motion picture was highly valued, but there was little or no attempt to develop a strong Canadian presence in non-fiction theatrical releases. Government support could be rationalised in terms of previously articulated political objectives, yet there seems to have been little thought given to developing the distinct objective of fostering Canadian cultural activity.<sup>108</sup>

It is only through the emergence of an apprehended threat to Canada's culture that film would be utilised toward ends related to the building of national culture and identity. This threat to Canada's national culture only appeared when American radio shows pervaded Canada, which was not yet the case in the 1910s and early 20s.

As an interesting side note, the federal government never got explicitly involved in the production of newsreels during the First World War, despite a clear demand for Canadian content in the news. Since the news were presented in theatres and the vast majority of material exhibited in them was of American make, the news had disproportionate amounts of American content. This frustrated Canadians since they found little news of Canadian actions in the war. This was additionally frustrating considering that Canada was heavily involved in the war as opposed to Americans who entered the conflict only after the Russian Revolution. Catering to public demand for Canadian content in the news Canadian entrepreneurs took it upon themselves to produce such content. "The first war films were produced by private companies and were most often films of Canadian troop units training and departing Canada for the war in Europe."<sup>109</sup> Eventually Ottawa provided the much desired newsreels with Canadian content, all while

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<sup>108</sup> Ibid. P.30.

<sup>109</sup> Peter Morris, Embattled Shadows: A history of Canadian Cinema; 1895-1939 (Kingston: McGill-Queens University Press, 1978) 58.

avoiding producing it, since in July 1916 Ottawa, through its status as an Imperial Dominion gained access to war newsreels produced by the Imperial War Office Committee.<sup>110</sup> These did not cover explicitly the actions of Canadians, yet there was no true need to do so considering that most English Canadians were considered British subjects, and as such identified with all the troops of the Empire.

This said, Ottawa film production activities were limited to the projects of the Canadian Government Motion Picture Bureau. Though the Bureau fell behind regarding the development and employment of latest technologies, specifically the adding of soundtracks to its productions. Sound in film appeared in 1931 and the Bureau only starting making films with sound in 1937.<sup>111</sup> This set back was the ruin of the Bureau. Not developing soundtracks was unforgivable for a film production unit once at the vanguard of production techniques. In the defence of the Bureau, one can explain this technological lag to budgetary restraints caused by the economic hardships of the Great Depression.<sup>112</sup>

The fear of annexation by the United States loomed over the fledgling federation ever since its creation. There existed two generally recognised fashions in which this could occur: By conquest, as attempted during the war of 1812, or by gradual absorption into the United States by economic and cultural integration. The later was most feared because oddly enough it was occurring on an economic level with the development of branch plant industries, denounced as the beginning of Canada's dependence on foreign

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<sup>110</sup> Ibid. P.61.

<sup>111</sup> Gilles Marsollais. Le Cinéma Canadien (Montreal: Editions du Jour, 1968) 19.

<sup>112</sup> Ted Magder, Canada's Hollywood: The Canadian State and Feature Films. (Toronto: University of Toronto Press, 1993) 50.

capital and consequently its subjugation to the sources of this capital. A branch plant is a company that is vertically integrated into a larger company, which in Canada's case have been mostly owned by American interests. Not every one in Canada perceived the development of branch plant industries as a negative development: The notion of further integration with the United States was encouraged by certain Canadian thinkers as Goldwin Smith author of *Canada and the Canadian Question* and Samuel Moffat author of *The Americanization of Canada*. Both these books openly dealt with and to a certain extent advocated Canada's gradual integration into the United States. Yet those who vehemently rejected the idea, conservative English Canadians, were greater in number and their convictions about maintaining Canada's Imperial qualities in order to differentiate the Dominion from the United States were far wider spread.<sup>113</sup>

In fact early English Canadian nationalism defined itself in accordance to allegiance to the British Empire and this same attachment constituted the foundation for the prescriptive conservative moralism that would in time define Ottawa's initial cultural policies. Bart Testa suggests that prescriptive conservative moralism is a particular mentality focused on what culture should be as opposed to what it is.<sup>114</sup> In other words it is a corrective measure, which in Canada's case has influenced Ottawa's cultural policies. Furthermore, prescriptive moralism is also a defensive stance countering what Conservative Canadians perceived to be a growing sentiment of rapprochement towards

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<sup>113</sup> For an excellent sources addressing the issue of cultural differentiation by Canadian nationalists, see Ramsey Cook, "Cultural Nationalism in Canada: A Historical Perspective," Canadian Cultural Nationalism, ed. Janine L. Murray (New York: New York University Press, 1977) 15-44.

<sup>114</sup> Michael Dorland, "Changing Theorizations of Cultural Production in Canada and Quebec: A Review of Some Recent Literature on the Cultural Industries" Journal of Canadian Studies 31.4 (Winter 1996-97):179.

the US. Political men of the federal Liberal party have often been directly associated to this rapprochement towards the US, since they were the first ones who advocated greater autonomy for the Dominion. This rift between federal Liberals and Conservatives is best exemplified when the liberals under King made the issue of augmented autonomy for Canada in regards to foreign policy a central theme of their election campaign whereas the Progressives under Borden granted greater attachment to the Empire equal importance to theirs.<sup>115</sup>

Because anti-Americanism was a wide spread sentiment in the Canadian political landscape of the 1920s, the flooding of Canadian airways and silver screens with content providing from the United States did nothing to calm the anxieties of Canadian nationalists. Rather this penetration of Canada by American films and radio shows accentuated their fears. The root of these fears lied in the belief that so much American content in Canada would eliminate Canada's culture. Graham Spry's said the following at the hearings of the Royal Commission on Broadcasting. "It is a choice between the State or the United States."<sup>116</sup>

This statement exemplifies what was believed to be the only outcome to the massive influx of American media content in Canada. Believing that deploying the state was the only viable measure capable of countering the cultural threat is both a sign of the degree to which Canadian culture is related to statism and the extent to which Canadian social sciences legitimised state interference in this dossier. Cultural historian Allan

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<sup>115</sup> John Herd Thompson, Canada 1922-1939 Decades of Discord (Toronto: McClelland and Stewart, 1985) 38.

<sup>116</sup> Marc Raboy, Missed Opportunities: The story of Canada's Broadcasting Policy. (Montreal: McGill-Queen's University Press, 1990) 40.

Smith tells us how the social sciences affected the government's conduct in the dossier of culture as of the 1920s, a critical decade for the expansion of Hollywood into Canada.

Concern with the character of the nation's cultural life entered a new phase. Critics, armed with what the social sciences were making clear about the manner in which a society's cultural environment was formed, began to argue that assimilation of the Canadian outlook to the American was not an inevitable 'natural' phenomenon.... It derived, instead, from the exposure of Canadians to a cultural environment largely American in its composition, in its turn the result of identifiable actions, which were amenable to policy.<sup>117</sup>

The first major achievement of Ottawa cultural policy was the creation of the Canadian Broadcast Corporation, as recommended by the 1928 Royal Commission on Radio Broadcasting. (This commission was more commonly known as the Ayrld Commission.) The CBC was created by the Conservative government of Prime Minister Bennett who said the CBC was "a great agency for the communication of matters of national consciousness and for the diffusion of national thoughts and ideas...by which national consciousness may be fostered and sustained and national unity still further strengthened."<sup>118</sup> The creation of the CBC is an excellent example of the type of action taken by Ottawa in the name of preserving national culture, for two main reasons. First because it exemplifies how prescriptive moralism influenced the conception of the mandate of the CBC. That is, the CBC programming was designed to "unify the country, displace American programming and improve the cultural and moral condition of the

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<sup>117</sup> Allan Smith, Canada-An American Nation? Essays on Continentalism, Identity and the Canadian Frame of Mind (Montreal & Kingston: McGill-Queen's University Press, 1994) 57-58.

<sup>118</sup> Ted Magder, Canada's Hollywood: The Canadian State and Feature Films (Toronto: University of Toronto Press, 1993) 237.



people.”<sup>119</sup> Dorland argues that prescriptive moralism “has been *the* primary medium through which the discourses of Canadian cultural production were to be publicly conducted and given institutional form.”<sup>120</sup> Dorland’s argument is a valid one, since the NFB’s mandate to “interpret Canada to Canadians and to other nations”<sup>121</sup> is similar to the one of the CBC. Next it is the structure of the CBC that is of particular interest to us. The design of the CBC as a monolithic producer of cultural artifacts occupying a quasi-monopolistic position in Canada whose primacy has yet to be challenged, is the best example of what the federal government would create in order to defend Canadian national culture.

What needs to be retained here is the motives behind the creation of the CBC and the form that was given to this agency, since the same reasoning would be applied in the creation of the NFB. As was mentioned the Canadian Government Motion Picture Bureau was in need of renewal. The cultural crisis that prompted the creation of the CBC constituted an excellent opportunity for Ottawa to re-invent the Motion Picture Bureau as a new tool capable of countering the overwhelming presence of American films in Canada. Again the guiding premises behind reconstructing the Bureau would be prescriptive moralism and a centralizing tendency. The initiative to renew the Bureau came in 1936, from Canada’s High Commission to London, Vincent Massey.<sup>122</sup> Upon

<sup>119</sup> Robert Bothwell, Ian Drummond and John English. Canada since 1945: Power, Politics and Provincialism. (Toronto: University of Toronto Press, 1981) 110. As quoted from Erna Buffie. The Massey report and the Intellectuals: Tory Cultural Nationalism in Ontario in the 1950s. A Thesis Submitted to the Faculty of Graduate Studies in Partial Fulfilment of the Requirements for the Degree of Masters of Arts. The University of Manitoba. Department of History. January 1982.

<sup>120</sup> Michael Dorland. “Changing Theorizations of Cultural Production in Canada and Quebec: A review of Some Recent Literature on the Cultural Industries” Journal of Canadian Studies. 31.4 (Hiver 1996-7): 179.

<sup>121</sup> The NFB Film Guide. Published by the National Film Board. Ottawa. 1991. Xiii.

<sup>122</sup> Gilles Marsollais. Le Cinéma Canadien. (Montreal: Editions du Jour, 1968) 21.

Massey's recommendations, Trade and Commerce Minister W.D. Euler invited a certain John Grierson to review Ottawa's entire film production activities. A Scot pioneer documentarist, Grierson's view on cinema was reflective of the conservative sentiment prevalent at this time.

For Grierson, film was a medium suited to education and to the development of a more informed and democratic public opinion. His approach to filmmaking stood in dark contrast to Hollywood's preoccupation with the 'entertainment quotient.' 'I look on cinema as a pulpit, and use it as a propagandist,' he once wrote. Following in the tradition of conservative cultural criticism, he disdained current public tastes and attitudes and was horrified at how the new forms of mass media pandered to the lowest common denominator.<sup>123</sup>

A month and a half after his arrival in Ottawa in May of 1938, Grierson delivered his report: This despite the resistance from bureaucrats unwilling to co-operate and share information with some one outside their ranks. Luckily Prime Minister King supported this endeavour and Grierson was provided with the information he required for his eventual recommendations. The problems Grierson established in his report were the following.

The Bureau's films were competent but not dynamic enough to capture markets. The permanent nature of the Bureau's staff bred complacency (and privately he added that several of the Bureau's filmmakers should have been pensioned off years before). There were, he felt, three weaknesses in Canadian government film work: it lacked a considered directive policy with regard for Canada as a whole; there was no strong, creative film unit to carry out that policy; and individual government departments were too parochial in their concerns.<sup>124</sup>

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<sup>123</sup> Ted Magder, Canada's Hollywood: The State and Feature film (Toronto: University of Toronto Press, 1993) 53.

<sup>124</sup> Peter Morris, Embattled Shadows: A history of Canadian Cinema; 1895-1939. (Kingston: McGill-Queens University Press, 1978) 233.

It was within Grierson's capacity to rectify two of these problems. To do so Grierson called for the establishment of a continuing board headed by a film commissioner, co-ordinating the ensemble of the federal government's film production activities. This board would put to work filmmakers developed in the art of documentary making, hence creating the desperately needed creative film unit that would allow the Bureau or Board, to re-establish its reputation as serious and expert filmmaker. Among some of its filmmakers we find names like Raymond Spottiswode, Stanley Hawes, Stuart Legg, Norman McLaren and occasionally Alexander Alexeieff.<sup>125</sup> Grierson also contributed substantially to the drafting of the National Film Act. On March 16 1939, the National Film Board was created, and Grierson accepted the position of film commissioner. Initially the National Film Board simply advised the Bureau, which continued to produce films for the government until the NFB absorbed the Motion Picture Bureau in 1941.<sup>126</sup> With the absorption of the Bureau, the NFB became a monolithic agency like the CBC. However with the advent of WWII, the NFB's prerogative was the production and exhibition of propaganda supporting the war effort. Distribution and exhibition of NFB productions was done in conjunction with the private sector of the film industry, mainly the Hollywood branch plants. "In 1940, representatives from all branches of the commercial film industry established the Canadian Motion Picture War Services Committee."<sup>127</sup> Through this entity, Grierson managed to secure adequate distribution for

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<sup>125</sup> Gilles Marsollais, Le Cinéma Canadien (Montreal: Editions du Jour, 1968) 22.

<sup>126</sup> Ibid. P.22.

<sup>127</sup> Ted Magder, Canada's Hollywood: The State and Feature Films (Toronto: University of Toronto Press, 1993) 56.

government films. Yet such co-operation between state and private enterprise was done exclusively for the war effort. This inability to distribute its own films, even in times of war, is truly indicative of the condition of public film in Canada. Meaning that without the aid of the private sector, government sponsored film productions could not get any space on Canadian screens.

After the war Grierson left the NFB for several complicated reasons. As head of the NFB Grierson annoyed many top civil servants with his unorthodox fashion of administering the board, rendering his relations with them acrimonious. For example he hired staff on a three-month contractual basis, a practice contrary to conventions at the time. Grierson was also labelled a communist sympathiser, which did nothing for his reputation in the earliest moments of the Cold War. Especially considering that his secretary for six months, Freda Linton, was amongst those named as a spy by defector Igor Gouzenko, a former Soviet Embassy clerk. Eventually Grierson's name was cleared from the affair. He did however attempt to use the NFB to broadcast support for an advanced social welfare state, as the one proposed by Lord Beveridge in England. Lastly Grierson sought a high profile role for the NFB. Such aspirations were not a priority for Ottawa. In the wake of his departure, Grierson left behind a fine paradox. In the sense that the Board became a fine production outlet yet deprived of virtually any clear mandate and resources.

In Canada, his plans for the NFB were quickly being pushed to the side. With the war over, the government began a series of spending cuts that eliminated the Wartime

Information Board and called for general government staff reductions, including the dismissal of 200 Board employees.<sup>128</sup>

However Grierson's departure did not signify the end for the NFB. Rather Ottawa preserved the NFB's mandate and status as exclusive producer of all government film productions. This signified a continuation of Ottawa's use of film as a state tool. Ottawa's status quo regarding the use of the NFB, and consequently its role in the feature film industry in Canada, is not truly noteworthy were it not for the 1949-1951 Royal Commission on the National Development in the Arts, Letters and Sciences. In other words, despite the alarmist discourse of the Massey Report, the government's official policy regarding film was the status quo. In the following chapter we focus on this report and its implications for film in Canada.

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<sup>128</sup> Ibid. P.61.

## **CHAPTER FOUR: The advent of federal film policy.**

There are two main objectives to this chapter: To understand what the Massey Commission and Report represented to Canadian national culture, and to explain why the creation of the CFDC represents a departure from the Massey Report. In order to meet these objectives, two things must be done: Put the Massey Commission and Report into historical context, and bring to the fore both the endogenous and exogenous reasons which led to the federal government deciding it should support a Canadian feature film industry. Once this done, then and only then can we delve into the type of information that guided the federal government in regards to what course of action it should take to help develop a feature film industry. This information analysis is critical because it is this information that is responsible for the design of the feedback mechanism that has subsequently bounded the role of Telefilm Canada.

In the previous chapter, we've established that the large influx of American media content in Canada had the effect of disturbing Canadian cultural nationalists. So much so that the federal government created the CBC and the NFB to offer alternative content to Canadian audiences and to offer a channel to modern Canadian expression. Despite the creation of the CBC and the NFB, Canadian culture was still seen as underdeveloped.

As early as 1945 at least one liberal Cabinet minister and three upper level civil servants in Canada began to advocate the need for a government inquiry into the development of arts, letters and sciences.... Their concern was precipitated in part

by the Artist's March on Ottawa and the subsequent presentation of the Turgeon Committee Brief.<sup>129</sup>

The government appointed in 1949 the Royal Commission on the National Development of the Letters, Arts and Sciences to address the issue of cultural development in Canada, and to offer concrete recommendations government could act upon. So in fact, the Massey Commission was meant to offer prescriptive measures capable of rectifying this situation, consequently designing the blueprint for future federal cultural policies. The Commission was composed of Vincent Massey, former High Commissioner to London, historian Hilda Neatly, Arthur Surveyor, member of the National Research Council, N.A.M. Mackenzie, President of the University of British Columbia, and Father Georges Henri Levesque, founder and Dean of the School of Social Sciences at Laval University.<sup>130</sup>

It is important to observe immediately several things about this particular Royal Commission. To begin with, evoking a Royal Commission on the development of culture is a reflection of the degree to which statism is a main trait of Canadian culture. In other words, this Royal Commission exemplifies the strong relationship that exists between culture and policy in Canada in the sense that policy can support, rectify and promote Canadian cultural expression. As such, the Commission itself was a mechanism that reinforced government practice of managing culture in Canada. What is of interest to us is the fashion in which this cultural management occurred. This leads us to the following

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<sup>129</sup> Erna Buffie. The Massey report and the Intellectuals: Tory Cultural Nationalism in Ontario in the 1950s. A Thesis Submitted to the Faculty of Graduate Studies in Partial Fulfilment of the Requirements for the Degree of Masters of Arts. The University of Manitoba. Department of History. January 1982. Pg.18

<sup>130</sup> Ibid. P.20

observation made about The Royal Commission. This has to do with the beliefs and prejudices of the commissioners themselves. The commissioners were appointed because of the conservative views they had about what Canadian culture should be and because they perceived the condition of Canadian culture to be problematic. These views and perceptions not only influenced the process of the commission but also the formulation of its recommendations, which consequently bounded any government initiative inspired by these same recommendations. In sum, the Massey Commission and Report were mechanisms that reinforced the prescriptive moralism of Canadian culture. The following key passages of the Report substantiate this claim.

This citation describes the intention and consequently the mandate of the Commission.

...It is desirable that the Canadian people should know as much as possible about their country, its history and traditions; and about their national life and common achievements; that it is in the national interest to give encouragement to institutions which express national feeling, promote common understanding and add to the variety and richness of Canadian life, rural as well as urban.<sup>131</sup>

Bearing this in mind, the Royal Commission was...

required to examine certain national institutions and functions and to make recommendations regarding their organisation and the policies which should govern them...The agencies and functions with which we were required to deal are only certain threads in a vast fabric. To appreciate their meaning and importance we had to view the pattern into which they are woven; to understand them we had to study their context. We found it necessary therefore to attempt a general survey of the arts, letters, and sciences in Canada, to appraise present accomplishments and to forecast future progress.<sup>132</sup>

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<sup>131</sup> Report of the Royal Commission on National Development in the Arts, Letters and Sciences. Ottawa. Edmond Cloutier, Printer to the King's Most Excellent Majesty. 1951. P.4

<sup>132</sup> Ibid. P.3



Here is a quote I believe offers how the Commission truly depicts the situation of Canadian culture in regards to American cultural content, which is the heart of the issue.

The powerful influence of the modern cinema is not a new theme, nor need we here dwell upon its appeal to eye and ear, an appeal enhanced by the use of colour; we recognise, too, that its influence are all the more powerful because of the passivity with which they are perceived. We should, like to add that the cinema at present is not only the most potent but also the most alien of the influences shaping our Canadian life. Nearly all Canadians go to the movies; and most movies come from Hollywood. The urbane influences of Carnegie and Rockefeller have helped us to be ourselves; Hollywood refashions us in its own image.<sup>133</sup>

Clearly Hollywood was depicted as the prime threat to Canadian national culture. It is interesting to note this because the Report addressed a large number of issues regarding what was done in Canada for culture, but that only Hollywood was targeted as a source of worry and problems.

The Royal Commission held various lengthy hearings for two years. The commissioners synthesised 462 independent briefs and the testimony of 1200 witnesses, and “integrated data compiled by four advisory Committees and a variety of experts commissioned to write special reports.”<sup>134</sup> Hearings were held for each of the subjects addressed by the Commission. For example radio, television, art galleries, and museums. The report itself is divided into two sections, an evaluation of the issues followed by recommendations. We are concerned exclusively with the section dedicated to ‘Film in Canada’.

Chapter IV begins with a statement of purpose that is very telling.

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<sup>133</sup> Ibid. P.50

<sup>134</sup> Erna Buffie. The Massey report and the Intellectuals: Tory Cultural Nationalism in Ontario in the 1950s. A Thesis Submitted to the Faculty of Graduate Studies in Partial Fulfilment of the Requirements for the Degree of Masters of Arts. The University of Manitoba. Department of History. January 1982. 20

Although in our Terms of Reference we are specifically instructed to examine and make recommendations upon the National Film Board, our concern in this preliminary section of the Report is not primarily with its administrative or financial problems, but rather with the cultural interests in matters of as a means of furthering national unity and popular education<sup>135</sup>.

This opening statement makes it evident that regardless of the situation concerning feature film in Canada, the government planned to operate exclusively through the National Film Board, hence not only confirming its position as sole producer for the state, but also reinforcing its mandate. One would dare imagine that facing what had been referred to, as 'the most potent but also the most alien of the influences shaping our Canadian life' would have enticed Ottawa to adopt strong measures capable of curbing the overwhelming presence of American films in Canada. The onus is now on establishing if indeed recommendations were made calling for corrective measures equivalent to the gravity of the alleged threat.

The recommendations were:

- c. That the National Film Board be provided with funds to increase its distribution abroad through commercial and other channels of films intended to interpret Canada to Canadians and to others.
- d. That where special films are required for the instruction or enlightenment of countries abroad, these films be prepared in close co-operation with the Department of Government concerned normally the Department of External Affairs.
- e. That where official assistance or sponsorship is given to a commercial film intended mainly for circulation abroad, proper measures be taken or prevent injurious distortion of Canadian institutions or of Canadian history.<sup>136</sup>

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<sup>135</sup> Report of the Royal Commission on National Development in the Arts, Letters and Sciences. Ottawa. Edmond Cloutier, Printer to the King's Most Excellent Majesty. 1951. 50

<sup>136</sup> Ibid. P.36

With the exception of the third recommendation these blatantly call for a simple increase of NFB production. These recommendations merely echo the Griersonian vision of film. However, what needs to be observed here is the absence of any mention of Canadian feature film production: this silence speaks volumes. This unspoken abstention to encourage the production of feature length films by Canadians is yet another indication of the prescriptive moralism of Canada's cultural policies. Put differently, feature length films of a commercial nature were perceived as unworthy pillars for the idealised culture that Ottawa was seeking to construct for Canada and as such the issue of Canadian feature length film was not addressed. Had feature films been seen otherwise, then maybe the Massey Report would have recommend that government do something about them. Having said this, we need to account for what occurred during the period after the report's publication and the time leading up too government deciding to act on the behalf of a feature film industry in Canada. It is during this period of time where the idea of supporting a national feature film production was legitimised and even became enviable to federal decision makers. As such our focus is on several changes that marked federal politics during the 1950s.

Most important and noticeable amongst these changes we find are an "increased preoccupation within the social formation with questions of cultural production and reproduction"<sup>137</sup> and an attempt "to reproduce in the cultural sphere the overall national economy."<sup>138</sup> From a film perspective the advent of television, the emergence of

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<sup>137</sup>Michael Dorland. So Close to the State/s The Emergence of Canadian Feature Film Policy. (Toronto, University of Toronto Press) P.37

<sup>138</sup>Ibid. P.57

decentralised studio film production resulting in international co-productions, and the development of the technical and human resources required for a feature film production industry also greatly contributed to rendering the project of developing a feature film industry feasible. Lastly there was also soliciting of the federal government for aid towards this enterprise by professional filmmakers. Once each of these are explained we will delve into the decision making process which culminated with the creation of the CFDC.

One of the principal traits of federal politics as of the 1950s is what Reg Whitaker called “a deadening of political controversy”, where “the silence, the greyness which clothed political life at the national level in the 1950s, were reflections of a Liberal ideal of an apolitical public life. In place of politics there was bureaucracy and technology.”<sup>139</sup> Another trait of this era is the advent of “a strong, highly centralised and quasi-omnipresent structure of political organization.”<sup>140</sup> Plus, the emergence of a state-owned sector of the Canadian economy, whilst this one changed from “a non-urban resource based to an urbanised service oriented one.”<sup>141</sup> While such reasons might explain in part why Ottawa abandoned the conservative undertones previously synonymous with its cultural policies, they remain superficial explanations of why Ottawa decided to aid the development of a feature length film industry.

Developing a more complete explanation of this occurrence requires focus on the federal government’s role vis-à-vis the nation’s economy of the time. This highly

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<sup>139</sup>Ibid. P.37. As quoted from Reg Whitaker. *The Government Party: Organising and Financing the Liberal Party of Canada 1930-58*. (Toronto: Toronto University Press) 1977. P.420

<sup>140</sup> Ibid. P.36

<sup>141</sup> Ibid. P.36

interventionist role through which Ottawa organised the country's economy is a critical aspect of the explanation of government's involvement in the production of Canadian feature length films. Fostering and subsidising large-scale enterprises for state serving ends had been, as Hardin explained, a tradition of the federal government.<sup>142</sup> Therefore, the notion of getting involved in an endeavour as large as developing a feature film production industry was not unfamiliar to the federal government. Resnick tells us that there are three general fashions in which Ottawa partook in the affairs of the nation's economy during the 1950s.

*The stabilization of capitalism*, including Keynesian-type counter cyclical policies, welfare expenditures and more episodic interventions ranging from price and wage controls to corporate bail-outs; the *forward development of capitalism*, e.g., support for scientific research, education and manpower training, industrial policies, export drives and integration into larger, world markets; and *nation building* (and province building), e.g. government attempts to impart a more national complexion to the structure of capitalist ownership within its own borders, using measures ranging from tax incentives and legislative restrictions to crown corporations and the active channelling of investment.<sup>143</sup>

Concerning Canada, Resnick accounts for this role by offering the following statistics.

The state since 1945 has grown substantially in terms of share of Gross National Product for which it is responsible, percentage of the work-force it employs, number of crown corporations, regulatory activity, and redistributive role- this is generally agreed to by writers across the political spectrum. For example, the state's share of G.N. P. (including income transferred), which was 22.4 percent in 1950, has risen to 34.1 percent by 1967 and, by one estimate, to a height of 47.9 percent in 1983, declining slightly since.<sup>144</sup>

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<sup>142</sup> Herschel Hardin. *A Nation unaware: the Canadian economic culture*. (Vancouver: JJ Douglas, 1974).

<sup>143</sup> Philip Resnick. *The Masks of Proteus*. (Montreal, McGill-Queen University Press)P.167

<sup>144</sup> Ibid. P.166

Clearly the federal government was an active participant in the functioning of the country's economy in the 1950s. How did this intersect with the expansion of cultural policies? There are two main reasons as to why this happened. The first one being that, the elements were in place for this intersection to occur. As has just been displayed the federal government played a highly interventionist role in regards to the development of the nation's economy and industries. This same government also knew that cultural industries existed. The production of radio shows was not unheard of by this time, and the Massey Report display quite well that the federal government know of feature film production. The government also knew that up until this point it had done nothing for the development of these industries. (The CBC and the NFB should be considered foremost as public services despite their production operations. As such they should not be considered as constitutive elements of Canada's cultural industries.) This said, the second major element responsible for the expansion of cultural policies was the actual legitimising of the idea that government should support the development of Canadian cultural industry.

Maurice Lamontagne, a Harvard trained economist, was the main architect of Ottawa's expansion of cultural policies into the commercial realm. Prime Minister Saint-Laurent said in a speech written by Lamontagne at the national conference of Canadian universities in Ottawa in 1956, "it is now time for our cultural development to parallel what has taken place in the economic field."<sup>145</sup> This citation reveals that the highest

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<sup>145</sup> Michael Dorland. So Close to the State/s The Emergence of Canadian Feature Film Policy. (Toronto, University of Toronto Press) P37 As quoted from the text of the speech in Claude Bissell, ed. *Canada's Crisis in Higher Education; Proceedings of a Conference held by the National Conference of Canadian University at Ottawa*, Nov, 12-14, 1956 (Toronto: University of Toronto Press) 1957 P.249-57.

instances of Canadian political authority not only believed but also promulgated the idea that cultural development equated with industrial production. Of course men like Lamontagne knew that such endeavours were not the exclusive providence of the state and that private interests had an equal part to play in Canada's national development. Yet since the state intervention in private film production was belated, an important lag fell in this domain, stifling private initiative.

The gap between Canada's cultural and economic development resulted not from an inherent superiority of business over arts and sciences; instead it derived in part from the fact that cultural activities were not as profitable as economic activity and, above all, from the fact that the State has not achieved in the cultural domain the role it has exercised at the economic level<sup>146</sup>

Recognising this lag meant a will existed to develop and expand the scope of federal cultural policies by establishing the necessary agencies required for the expansion of Canada's national culture. However, the federal government was unaware as to how to proceed concerning the development of a features production industry: Knowing to interfere, and knowing how, and towards what end are not one and the same thing. It would require exogenous input before Ottawa could begin designing and conceptualising this aid for film. What follows is an explanation of how this exogenous input finally came about.

The advent of television in 1952 was a key catalyst in Ottawa's quest to augment cultural production. This new medium constituted an innovative and alternate mean of reaching Canadian audiences. Seeing as how just about every Canadian household would

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<sup>146</sup> Ibid. P.38

be endowed with a television, this new medium constituted an interesting solution to the monopoly like grip the Americans held over the film distribution and exhibition networks operating in Canada. Meaning that with television, Canadian films, whether from the NFB or other, would have access to Canadian audiences. The enormous potential of the new medium was recognised and an inter-bureaucratic feud erupted between the NFB and CBC, over which of the two agencies would be produce films for Canadian television. The CBC would eventually come out on top in this feud, because of its original mandate to produce the television material for its own programming schedule. However the NFB was designated as 'special advisor' to the CBC on matters of film production.<sup>147</sup> This aside television actually prompted a major change in the National Film Board, resulting in a major contribution to feature film production in Canada.

Up until the 1960s the NFB enjoyed a reputation as a premier production house of documentaries short films. Thanks to television the NFB began producing mini series, most of which with historical themes. For example, 1959s *L'essor Féminin*, a depiction of this century's rise of the feminist movement in Canada, 1960s *L'entre-deux-guerres*, a three part series on the interwar years for Canada, and 1961s *Louis-Hippolyte Lafontaine*, which depicted his life and deeds.<sup>148</sup> Resulting from these types of production, NFB producers increasingly focussed on dimensions of human character. This humanistic theme heralded a transition away from the traditional documentary and towards a more complex look at contemporary society. Furthermore productions of fiction became

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<sup>147</sup> Ibid. P.40

<sup>148</sup> Gilles Marsollais. *Le Cinéma Canadien*. Editions du jour. Montréal. 1968.P42, 43



feasible with this focus on humane characters. Examples of the earliest of such productions are Raymond Garceau's 1962 *Les petits arpents*, *Alexis Ladouceur, métis* and Arthur Lamothe's *Les bûcherons de la Manaoune*.<sup>149</sup> In addition to this what propelled NFB filmmakers to experiment with new themes and eventually new formats was new lighter and more manoeuvrable filming equipment.

La mise au point d'équipements légers de cinéma a fortement contribué à propager les théories du cinéma-direct: prise de vue et son synchrone par des appareils portatifs (dans n'importe quelles conditions), autre méthode de travail (équipe réduite), d'où une nouvelle attitude d'observer la vie sans la transformer.<sup>150</sup>

Amongst the early pioneers of this new film style, known as *Cinéma-Direct* we find the names of Claude Jutra, Michel Brault, and Gilles Groulx. Initially the executive of the board did not halt the activities of those who adhered to this style. Yet eventually they were pressured into producing films that conformed to the demands of the Board's executive. It is interesting to note that the filmmakers practising this new style justified doing so thanks to a prescriptive discourse, as previous film/cultural critics had done to justify the NFB's 'non-Hollywood' style. In other words, the active actors of the film industry, whether working within or outside the state, have perceived what cinema should be, and work towards the development of their particular vision. What seem to change are rather the morals and ideals of the filmmakers and other craftsmen of the film industry.

Les cinéastes qui ont été à l'origine du tournant de 1960 ont compris qu'ils devaient risquer l'aventure du long métrage pour ne pas retomber dans l'embourgeoisement bureaucratique, pour échapper à la médiocrité, et pour nous assurer un cinéma en liberté.<sup>151</sup>

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<sup>149</sup> Ibid. P.48

<sup>150</sup> Ibid. P.55

<sup>151</sup> Ibid. P.77

The departure of some of the NFB's more prominent filmmakers, who once outside the government apparatus took it upon themselves to make feature films, and solicit government help, encouraged government to eventually concede aid towards this enterprise. The presence of filmmakers wanting and capable of making feature length films was not enough to set the policy process in motion. The formation of professional filmmaker associations created to regroup and articulate the interests of their members did help to induce government to eventually support features production.

In 1963 Independent French Canadian producers associated with producers of the NFB created the Association Professionnelle des Cinéastes (APC) presided by Claude Jutras. Following the lead of the APC was the Director's Guild of Canada (DGC), which also began soliciting aid from the federal government. The most active of these guilds was the Association of Motion Picture Producers and Laboratories of Canada (AMPPLC). "The Association of Motion Picture Producers and Laboratories of Canada...was the first effective lobbying group to tackle the NFB. The AMPPLC felt that not giving production work to the private sector was unfair..."<sup>152</sup> (The NFB was the target of much criticism because all government sponsored films were done by the Board, and so independent filmmakers attacked this monopoly.)

The sum of the actions of these various associations was the development of a debate where all the possible options open to the federal government were either criticised or defended. The idea of government supported feature film production gained

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<sup>152</sup> Michael Spencer, Suzan Ayscough, Hollywood North: Creating the Canadian Motion Picture Industry (Montreal: Cantos International Publishing, 2003) 17

much credibility when it was openly advocated by one of the largest figures in the commercial film industry in Canada, Nat Taylor. He was president of Twentieth Century Theatres and owner of the Toronto International Studios.<sup>153</sup> He also ran Canadian Film Weekly in which he wrote that the following goals should be met if Canada was to have its own feature film industry:

- The eventual employment of thousands of skilled and highly paid technicians and other people of talent;
- The export of the fruits of our talent rather than the talent itself, which should result in the return to Canada of millions of dollars of foreign currency annually;
- The creation of a favourable and vivid image of Canada to tens of millions of people throughout the world to the end that our industry and export trade will be greatly benefited.<sup>154</sup>

This type of vocal support did much to give form to what a feature film industry would look like, and as such rendered the idea that much more attractive and secure to federal decision makers.

Despite the NFB's role as sole producer of government films, within the Board were those who supported the idea that government should aid in the development of a feature film industry. Among these we find Guy Roberge, the first French-Canadian NFB chairman and film commissioner, and Michael Spencer, also from the Board, who would later become the first director general of the CFDC. They had taken it upon themselves to begin coaxing Jack Pickersgill, Minister of Citizenship and Immigration to promote the idea of obtaining from Cabinet a commitment to genuinely look into the how government could help develop a feature film industry in Canada. They wrote a memo to Pickersgill

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<sup>153</sup> Ibid. P.23.

<sup>154</sup> Ibid. P.24.

signed on September 11, 1963 that had as its objective “to obtain a decision in principle on the support which could be forthcoming from the government of Canada for the development of a feature film industry.”<sup>155</sup> This memo was the first to even mention the idea of a fund for Canadian feature filmmakers.

It proposed that the government immediately establish a revolving development fund of \$3 million set up for a three to four year period that would provide adequate assistance to launch a feature film industry in Canada.<sup>156</sup>

This memo used the idea of bilateral co-productions agreements to substantiate its demand for a revolving fund. In other words, Canada could ratify co-production agreements with other countries in order to spur local production. International co-productions, or ‘Copros’ as they are known in the milieu, are production made by filmmakers of two countries. The government of each the filmmaker’s country both help alleviate the cost of production, while the film in question is produced in both countries. Copros represented a move away from highly centralised studio production, the Hollywood hallmark. France and Italy were the first nations to experiment with co-productions. Both countries gladly participated into this venture for two main reasons. To begin with it allowed both former great movie nations to renew their respective national cinemas. It also allowed filmmakers from both countries to produce films capable of rivalling the expensive Hollywood productions.

Guy Roberge made the following plea in the aforementioned memo in order to heighten the necessity to act on this issue.

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<sup>155</sup> Ibid. P.26.

<sup>156</sup> Ibid. P.27.

I am convinced that if we do not take action now, the opportunity to get a feature film industry in Canada may well be missed for another generation. There is a very great interest at the moment in feature films among writers, artists, and filmmakers across the country and among members of the film industry. But in this, as in many other fields, the inducements for talented individuals to realise their hopes outside the country are strong indeed. If the government could take decisive action I believe that by Centennial year Canada would be occupying her proper place in the world of international cinema. May I say that I have greatly appreciated the interest you have always expressed on the occasions on which we have discussed this important matter.<sup>157</sup>

According to Spencer, the “memorandum came back with a minute from Pickersgill applauding the idea and suggesting that an interdepartmental Committee be set up to give it more study.”<sup>158</sup> It is as of this moment that the process to develop a feature film policy was truly underway. Most importantly, this point also represents the moment when the rupture away from the Massey report began. Spencer tells us that the Committee was called the Interdepartmental Committee on the Possible Development of a Feature Film Industry in Canada.<sup>159</sup> The Committee was composed of a representative from the Department of Finance, the Department of Trade and Commerce, the Department of External Affairs, and the Secretary of State. “The Committee was approved with Roberge as chairman, and the first meeting was held in January 1964 in the NFB’s Ottawa office on Kent Street.”<sup>160</sup> Without getting into the minutes of every one of the Committee’s meetings, what is offered next is an analysis of the Committee’s report. This analysis allows us to attain the second objective of this chapter: showcasing the information that was taken into consideration responsible for the eventual design of the CFDC. The

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<sup>157</sup> Ibid. P.28.

<sup>158</sup> Ibid. P.28.

<sup>159</sup> Ibid. P.31.

<sup>160</sup> Ibid. P.31.

following is a breakdown of the Report to the Cabinet of the interdepartmental Committee on the Possible Development of a Feature Film Industry in Canada. This document mapped out exactly how government should proceed with the creation of a film production industry in Canada.

This report to Cabinet is twenty-two pages long and comprises three segments: The Memorandum to Cabinet, the Report's conclusions and recommendations, the Report of the Committee. The Report itself is composed of two parts, "Canada and the feature film" and "Proposals for assisting the production of feature films in Canada".

The Memorandum to Cabinet states that on

1. On December 12<sup>th</sup>, 1963, Cabinet approved the recommendation of the Secretary of State, ----

that an interdepartmental Committee be set up to consider the possible development of feature film production in Canada and more particularly,--

- (i) to explore ways and means of assisting financially and otherwise such development ;
  - (ii) to examine proposals which may be put forward ; and,
  - (iii) to make such recommendations to the Cabinet as may be considered appropriate.
2. This Committee consisted of representatives of the Department of Finance, External Affairs, Industry, Trade and Commerce, the Bank of Canada, and the National Film Board, under the chairmanship of the Government Film Commissioner.
3. The Committee has held 10 meetings and has considered the background papers, which have been prepared on various aspects of the industry. These have been concerned with film production trends, Canadian facilities and skills, distribution of films, financial requirements, present obstacles confronting the industry and types of financial assisted provided in other countries. The Committee has also met Canadian film producers actively concerned with feature film production and representatives of the

filmmakers.<sup>161</sup>

This opening statement is very telling as to the government's intention: the Committee saw film in Canada purely as an industrial and economic enterprise as opposed to a cultural one. I raise this point because these early stages of the policy formulation process will have the most impact on the outcome of this process. Put differently, if the Committee perceived the feature film exclusively as an economic issue, what are the odds that the eventual policy could serve a cultural agenda at all? The idea that a feature film industry would serve an economic agenda more than a cultural one was also reinforced by the composition of the Committee itself. The Committee's members, or rather the departments they represent, were an obvious regroupment of the government's major tenets regarding the country's overall economic and industrial policies.

The section "Developments in the Feature Film Production Industry" of the report makes light of new conditions marking the film industry that are in turn interpreted as indicators of a climate of potential opportunity to be seized and exploited if government indeed decided to formulate a feature film policy. The Majors weakening grip on the American and world markets seemed to be the main source of opportunity. "In 1961, 52% of the gross receipts of the U.S. box-office were derived from films produced outside the country, 48% from domestic production".<sup>162</sup> This statistic is even more significant when the size of the American market is put forward. "The U.S. has 19, 000 cinemas, the

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<sup>161</sup> Report to the Cabinet of the Interdepartmental Committee on the Possible Development of a Feature Film Industry in Canada, Minutes, box A-460, file 4365, P1

<sup>162</sup> Ibid. P.4.

largest single market in the world”<sup>163</sup> in addition to this industry’s gross was in 1962 \$1,551,000,000 and attendance was up to 41.6 million from 40.4 million attained the year before.”<sup>164</sup>

Furthermore, since television production occupied the slates of the Major’s studios at the time...“distributors and exhibitors therefore turned to foreign production in an attempt to stimulate the box-office and many imported films, some of which were produced with quite low budgets, turned out to be financially successful.”<sup>165</sup> Once these affirmations made, the report describes succinctly the phases of production, distribution and exhibition of features. This is done in order to establish how the business functions and to set an example as to what a commercial film industry in Canada should resemble. Explained next is film financing, especially the role the producer plays in gathering and obtaining funds for production. The importance of obtaining a “ commitment from the distributor that he will handle the film when it is complete and further that he will advance a specific sum of money on its delivery”<sup>166</sup> is the point which stands out most when discussing the obtaining of capital for one’s project.

Following this is a description of the various types of aid other world governments have provided for their own national film industries. This comparative data was taken in large part from a study previously conducted by the NFB entitled *Notes on Government Legislation related to the development of a national film industry in various countries*.<sup>167</sup>

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<sup>163</sup> Ibid. P.4.

<sup>164</sup> Ibid. P.5.

<sup>165</sup> Ibid. P.4.

<sup>166</sup> Ibid. P.9.

<sup>167</sup> 'Notes on Government Legislation Related to the Development of a National Film Industry in Various Countries', box P-13, file 3082, 25 Aug.1958



Including this information was meant to propose a range of options to Cabinet decision-makers. France offered some of the most innovative approaches for providing funding for features production.

The French scheme involved returning to the producer a proportion (presently 14%) of the entertainment tax earned by his film. A fund...was also established to provide inter alia, special advances or guarantees to films considered by a review board to be of high artistic quality.<sup>168</sup>

However it is also important to note that when speaking of the particular schemes of France and the UK “both countries had also established exhibition quotas (directing the amount of national screen time to be devoted to domestic production.”<sup>169</sup> The federal government could not have adopted this measure because there was no domestic production to speak of in Canada. (This is a critical point since it answers why the federal government has abstained from ‘tackling’ Hollywood: Quotas, tariffs and other such measures are truly only applicable when there already is a production industry in place. Maybe once production has reached a considerable volume in Canada, could the adoption of such measures be worthwhile.) Once the selected models were discussed the Report explained its vision of what a Canadian film industry should be following government intervention.

In light of this background information, the Canadian feature film industry if it is to be established on a regular and continuing basis, will have to meet two requirements. First, it will have to be aimed at developing Canadian talents and skills and providing employment for Canadian scriptwriters, directors, actors, cameramen, and technicians and making use of Canadian facilities such as studios and laboratories. But secondly, it must develop along lines, which would be in accordance with international trends. Its producers will have to be able to work

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<sup>168</sup> Report to the Cabinet of the Interdepartmental Committee on the Possible Development of a Feature Film Industry in Canada, Minutes, box A-460, file 4365, P10

<sup>169</sup> Ibid. P.10.

with the film talent of European countries and of the United States either in films co-produced under international agreements or on other mutually agreeable terms.<sup>170</sup>

This said the Report also makes mention of the NFB's role, once and if a feature film industry has been developed.

The National Film Board will continue to produce short films because of the great demand which exists for them in non-theatrical outlets (service clubs, schools, etc.) in theatres and on television. On the basis of its foreseeable budget, however, it will only be able to produce a limited number of feature films in the coming years and these would belong to classes of subjects appropriate under the National Film Act. It is therefore from the private industry that Canadian feature films must come.<sup>171</sup>

That last quote affirms several things; the federal government has ruled out the possibility of an agency like the NFB to make commercial films; film production does not serve a cultural agenda per se, otherwise the creation of an agency like the NFB would have been mentioned; and most importantly government was apparently committed to helping develop a feature film industry.

The developing of such an industry is arguably one of the most daunting public enterprises undertaken in Canada. The development of this industry lied in financially supporting film projects by making funds available to producers. Only a revolving fund or simple grants were recognised as being valid methods in which to dispense the public moneys. The revolving fund proposed in the Report is quite intricate. In fact the proposed model has set the blueprint for the Funds operating today, but has also ushered in many of the future issues under consideration and analysis by the present Film and Video Policy

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<sup>170</sup> Ibid. P.13.

<sup>171</sup> Ibid. P.16.

and Programs Directorate of the Department of Canadian Heritage. For example, point

(b) of the model stipulates

Only Canadian feature films should be eligible for loans in order to avoid the responsibility for foreign producers raiding the Fund.... To qualify as a Canadian feature film under the Fund, a film would need to have a majority Canadian ownership and control and its production should be undertaken by an enterprise the majority interest in which is owned by Canadians and controlled in Canada. The producer should also employ a fair degree of Canadian talents, skills and facilities.<sup>172</sup>

This is the first ever mention of what would eventually mushroom into the issue of Canadian content requirements, just recently the issue of a major study commissioned by the Department of Canadian Heritage. (The study in question is entitled the Canadian Content in the 21<sup>st</sup> century in film and television production: A matter of cultural identity.)

Once the two models were proposed and explained, the Committee concluded and recommended that:

1. The establishment of a feature film industry in Canada is desirable.
2. Existing technical facilities and talent in Canada make such a development practicable.
3. A case cannot be made on economic grounds for federal grants or subsidies to support a feature film industry.
4. A fund should be established for the purpose of making loans for the production of Canadian feature film.

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<sup>172</sup> Ibid. P.17.

The establishment of a loan fund as described in paragraph 32 of the Report is the most important of the three recommendations made. This recommendation is the foundation of all subsequent schemes developed to support the feature film industry, because, as this study will display further on, the offering of money is basically the only method that has been developed to support the film production industry in Canada.

We now have a good idea of what the government knew in regards to developing a feature film industry. The drafting of a report does not make for policy however. We still need to establish what happened once the report was presented to Cabinet. Usually once a report makes its way to Cabinet, it means that it has made its way through a lengthy approval process. By the time the report made its way to Cabinet, Maurice Lamontagne was president of the Privy Council and secretary of state, “so it was his job to look after our project and obtain Cabinet approval.”<sup>173</sup> However Lamontagne was not terribly impressed with the Report and so he ordered another one to be produced in order to address the issue of distributing Canadian feature films in Canada. He recommended to Roberge that the Committee hire University of Ottawa economist Jack Firestone to draft a thorough report on the question of distribution. Pending on what Firestone had to say on the issue then, and only then would Lamontagne push the issue further in Cabinet. (Lamontagne announced within the context of the twenty-fifth anniversary celebration of the NFB, that government was seriously contemplating creating a new crown corporation

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<sup>173</sup> Michael Spencer, Suzan Ayscough, Hollywood North: Creating the Canadian Motion Picture Industry (Montreal: Cantos International Publishing, 2003) 33

to support to the feature film industry. However, the actual design of the new crown corporation was not divulged because the Firestone report was still awaited.)

The distribution question is key to government support for film production. No definitive action could be taken without having foreseen as best as possible how exactly a Canadian feature film would reach Canadian audiences. Since American interests owned the major distribution and exhibition networks, and were preoccupied with distributing their own films, the distribution of Canadian films was far from assured and so this issue could have jeopardised the entire project. In other words, what's the point of using public moneys to make a film that no one will get a chance to see them? Spencer tells us that the U.S. majors had to be consulted on this issue, in order to gage their support for distributing Canadian films.<sup>174</sup>

To study the question of Canadian distribution, we had to turn to the owners of our cinemas—the US Majors. Nat Taylor organized a meeting in New York with representative from the studios, including the MPAA's Griffith Johnson, Robert O'Brian (MGM), Leo Jaffé (Columbia), and Charles Boasberg (Paramount). I was surprised to discover how vociferously they were against Canadian features. They clearly thought the Canadian proposal was a joke...Boasberg remarked that the prospect of such an activity "scared the hell out of me. It's difficult enough to make money with films made in the United States. What's the point of making them up there?"<sup>175</sup>

Firestone was present at the meeting and made two proposals as to what the Canadian government would be willing to do in order to make the Americans budge them from

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<sup>174</sup> Ibid. P.38.

<sup>175</sup> Ibid. P.38.

their position. The first proposal can be seen as a reward whereas the second one is more a veiled threat.

- Make available studio and other technical facilities of the type that other foreign countries offer US producers on attractive terms so as to make it possible for American firms to come to Canada rather than use their own facilities in Hollywood.
- Avoid discriminatory measures against American film producers and distributors, including screen and import quotas, special earmarked amusement taxes, taxation differentials, restrictions affecting the earnings of foreign producers and distributors in Canada, artificial and non-economic regulations and barriers, “content” requirements, etc. <sup>176</sup>

“Firestone also raised the possibility that a deal could be worked out whereby 10 percent of US earnings in Canada would be invested in Canadian production.”<sup>177</sup> The Americans responded with suggestions of their own by saying that Firestone’s proposals...

- Represent discriminatory treatment of American film producers, who would be deprived of disposing of the 10 percent of their film earnings in Canada in the manner they considered to be in the best interest of their companies
- Force the production of non-economic films in Canada, which would be neither in the long-term interests of Canadian film producers nor of participating American companies
- Adversely affect the creativity and quality of films produced; Canada’s international image would suffer if all that could be produced were mediocre films or motion picture of even lesser quality, which are already being produced in large numbers all over the world and which in many instances lose money
- It would, if the conditions of Canadian government assistance included the requirements of employing a certain number of Canadian actors, technicians, and other production personnel, make it difficult for American producers to join in common ventures without being confident that Canadian stars, producers, and

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<sup>176</sup> Ibid. P.38.

<sup>177</sup> Ibid. P.38.

directors could have a similar public appeal as their American counterparts and that Canadian technicians and other production personnel were as competent as American staff available in large numbers to American major producers

- Establish Canadian government interferences with US private enterprise interests, which have hitherto operated without such interference in Canada, and bring retaliatory action from the US government affecting Canadian business in the United States.<sup>178</sup>

The meeting ended within no genuine material capable of contributing to Firestone's report ability to make a problem solving recommendations to Cabinet. Firestone report was nonetheless completed in spring of 1965.

The report was entitled Film Distribution: Practices, Problems, and Prospects. It contains two parts of several chapters analysing each of the key facers of film distribution in Canada. This is report is considerably voluminous and as such reviewing it entirely is beyond the scope of this study. Our concern here is its conclusions and the recommendations made to Cabinet in order regarding securing access of Canadian films to Canadian audiences. There are five solutions put forward by Firestone to the distribution issue in Canada;

- (1) That voluntary arrangements with American distribution companies operating in Canada and their parent companies are preferable to compulsory provisions
- (2) That compulsory arrangements such as import and screen quota systems might be considered as a means of last resort, with decisions deferred until it can be clearly established that such measures are in the national interest.
- (3) That US and/or other foreign participation either in the form of co-production or other pre-financial arrangements would be the most desirable from in

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<sup>178</sup> Ibid. P.39.

bringing together Canadian talent, technical personnel and facilities with foreign experience, capitals and international distribution channels.

- (4) That special arrangements will be required to be worked out to compensate for the disparate size and experience as between Canadian film producers and major foreign film companies participating in a joint film venture supported by public funds in Canada.
- (5) That no adequate arrangements can be worked out for distributing Canadian produced films on a commercial basis unless such films are exhibited not only successfully at home but also have full access to world markets including the US with such access being made available through international film distribution facilities, especially those at the disposal of American major companies in the case of English language films, and possibly well established European firms in the case of French language films.<sup>179</sup>

With this report in hand, Lamontagne believed he had all the necessary information Cabinet needed to act towards the development of a feature film industry. It is important to note that the Firestone report was not meant to undermine the work of the Committee, but rather to provide security for Cabinet, which was on the verge of making a serious commitment to what was fundamentally a high-risk venture. By this time “feature film legislation was listed as eighteenth in the C Category of the Legislative Priority and would probably not get to the House of Commons before the fall.”<sup>180</sup>

When it came to the last stage of the parliamentary process, the creation of the CFDC was not considered to be sufficiently important to engage the attention of the Governor General. Fortunately, the Honourable John Robert Cartwright, Puisne Judge of the Supreme Court of Canada, was empowered “to do in His Excellency’s name all acts on his part necessary to be done during His Excellency’s pleasure.” Thus did the CFDC Act receive royal assent and become

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<sup>179</sup> O.J. Firestone, Film Distribution: Practices, Problems, and prospects (1965) Part II Chapter 7 P38-39

<sup>180</sup> Michael Spencer, Suzan Ayscough, Hollywood North: Creating the Canadian Motion Picture Industry (Montreal: Cantos International Publishing, 2003) 41



the law of the land on March 10, 1967, in the presence of senators and members of the House of Commons.<sup>181</sup>

The next chapter focuses on the design of the CFDC and its functions. This should demonstrate that the functions of the CFDC have been locked in by the legislation and that a dependency has emerged as a result of this. Specifically, the filmmakers are dependent upon the funds provided by the CFDC, and this despite their success.

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<sup>181</sup> Ibid. P.53.

## **CHAPTER FIVE: Canadian Film Development Corporation or Conundrum?**

In this last chapter we take an in-depth look at the design of the CFDC and the fashion in which its functions have led to an inability to truly develop a feature film industry capable of operating without government being the most important source of financing available. This chapter will demonstrate that despite close to thirty years of operations, the CFDC, has been unable to develop a feature film industry, where the best and the brightest filmmakers are independent of the limited resources made available by government. Put differently, even the most successful of Canadian filmmakers must have recourse to public funds, because government has not put in place a system that would oblige these filmmakers to attain elsewhere the funds they need, as opposed to accessing moneys meant to 'develop' the industry. In order to do this we will take a thorough look at the Telefilm Act and the rules that regulate the fund it has established. We will also look at the various policy documents that set out the orientation adopted by Telefilm. We will also look at the only review of federal film policy, which took place in 1998. The results of this review should demonstrate that the commercial prerogatives of the industry predominate over the cultural ones. Once this done, proposals to rectify what are believed to be the shortcomings of the federal film policy will be offered.

The Canadian Film Development Corporation Act sets out all the basic traits of this Crown Corporation. What we should retain from the way the corporation is constituted involves its management. (The Act calls for the assembly of a board, but this one has no real managerial powers, and so its role is not directly related to the day-to-day

operations of the Corporation) True executive decision-making rests solely with the position of Executive Director.

The executive director is the chief executive officer of the Corporation, has supervision over and direction of the work and staff of the Corporation and may attend the meetings of the Corporation.<sup>182</sup>

Considering the potential for corruption is fail-safes in the law counter any one profiting from their positing at Telefilm.

No person who has, directly or indirectly and individually or as a shareholder, partner or otherwise, any pecuniary interest in commercial film activity is eligible to be appointed or to hold office as a member of the Corporation.<sup>183</sup>

There's also a time limit imposed upon the terms on can serve as Executive Director.

This is a five-year term, actually being served by Richard Stursberg.<sup>184</sup> This time limit allows Telefilm to be under dynamic executive leadership, preventing Telefilm from suffering from managerial sclerosis. However there's only so much innovation a new Executive Director can bring forth since he or she must operate within the scope of Telefilm's mandate:

(1) The objects of the Corporation are to foster and promote the development of a feature film industry in Canada and, without limiting the generality of the foregoing; the Corporation may, in furtherance of its objects,

- (a) Invest in individual Canadian feature film productions in return for a share in the proceeds from any such production;
- (b) Make loans to producers of individual Canadian feature film productions and charge interest thereon;
- (c) Make awards for outstanding accomplishments in the production of Canadian feature films;

<sup>182</sup> <http://laws.justice.gc.ca/en/C-16/102142.html>

<sup>183</sup> Ibid.

<sup>184</sup> Ibid.

- (d) Make grants to film-makers and film technicians resident in Canada to assist them in improving their craft; and
- (e) Advise and assist the producers of Canadian feature films in the distribution of those films and in the administrative functions of feature film production.<sup>185</sup>

Furthermore...“the Corporation may, in accordance with terms and conditions approved by the Treasury Board and the Minister of Finance, guarantee loans for the production and distribution of films.”<sup>186</sup> In regards to the providence of the money the CFDC can spend the Act stipulates that... “There is hereby appropriated for the purposes of this Act the sum of twenty-five million dollars to be paid out of the Consolidated Revenue Fund from time to time as required pursuant to this Act.”<sup>187</sup> Having said this, it becomes rather evident what Telefilm is about, and how it operates: Telefilm is an investor in private enterprise. (As a side note, the head offices of Telefilm are in Montreal. There are regional offices in Halifax, Quebec, Toronto and Vancouver, as well as an international office in Paris, France.)

Historically speaking, the first few years after the creation of the CFDC produced encouraging yet mix results. Spencer tells us that these initial years were marked by much activity for the staff of the Corporation. “If we weren’t busy reviewing scripts and checking budgets, we were going to shoots, viewing rough cuts, or attending premieres—each year we were involved in more than fifty films.”<sup>188</sup> The CFDC was about to experience its biggest success to date for an English Canadian production with the 1974 film version of Mordecai Richler’s *The Apprenticeship of Duddy Kravitz*. The

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<sup>185</sup> Ibid.

<sup>186</sup> Ibid.

<sup>187</sup> Ibid.

<sup>188</sup> Michael Spencer, Suzan Ayscough, Hollywood North: Creating the Canadian Motion Picture Industry (Montreal: Cantos International Publishing, 2003) P41

CFDC invested \$300, 000 in the production, which grossed in Canada alone in excess of \$2 million.<sup>189</sup> The success of this movie lied in the fact that the script was based on a critically acclaimed novel, and that Richard Dreyfuss was cast for the lead role. Dreyfuss was a rising American film star, who previously starred in *American Graffiti* by Georges Lucas, and who would attain superstardom with Steven Spielberg's *Jaws*. This outstanding success aside, there were other ventures that were less successful, not to say downright harmful to the image of the CFDC. (We always have to view the operations of the CFDC through a political perspective because the money it dispenses of, is fundamentally tax payers money. So when a film bombs at the box office, or worst yet causes a scandal, it not only tarnishes the image of the Corporation but also more importantly embarrasses and undermines the government of the time.) Such a movie was, ironically entitled, *Sweet Movie*. This movie was a complete and total catastrophe for every one involved. Let me explain why: It is basically an art film gone to the extreme. There is an incredible and outlandish plot, but it is completely overshadowed by the gratuitous sex scenes, which include of all things vomiting, defecation, and urination on the star of the film, Carole Laure.

There's nothing here except 99 minutes of celluloid intended to get you riled up -- if you're a fetishist, it will get you sexually excited. If you're relatively normal, it will make you hit stop on the VCR, then rewind, then eject, then you will get in your car and drive down to the video store to demand a refund.<sup>190</sup>

Needless to say opponents of the CFDC, and members of the official opposition had a field day in the House of Commons reminding government that it had invested \$115, 000

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<sup>189</sup> Ibid. P.126.

<sup>190</sup> Christopher Null. A review of Sweet Movie. [www.filmcritic.com](http://www.filmcritic.com)

in twisted pornography.<sup>191</sup> Still in the spirit of what not to do, we can site the creation of a capital cost allowance scheme, which was “designed to assist the Canadian film industry to attract private financing.”<sup>192</sup> The scheme allowed for a 100% tax deduction on all private investments in any Canadian feature film. As a result of the scheme, the volume of production increased considerably in Canada. However the quality of the movies being made were mediocre at best. The goal was not at all to make quality films, but simply to make films in order to benefit from the tax deductions. Needless to say, a lot of people made a lot of money taking advantage of this scheme. (This scheme would eventually be replaced by other tax credits, as we shall soon see.) In sum, these early years of features production in Canada should be not typed unsuccessful, if one considers the important learning curve undergone by Canadian filmmakers and CFDC operatives. If anything these initial years showed signs that a feature film industry was being developed, an indication of the policy’s success.

The 1980s were arguably the golden years of the CFDC. Several critical events occurred that changed the face of the industry in Canada, and consequently the CFDC. In 1983 the Canadian Broadcast Development Fund (CBDF) was created. This Fund allowed the CFDC to support the production of Television shows. The advent of this new fund is important for two reasons. It displays that the CFDC adapted rather successfully to new developments in the entertainment industry in Canada. The new development in question stems from the Canadian Radio-television and Telecommunications

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<sup>191</sup> Michael Spencer, Suzan Ayscough, Hollywood North: Creating the Canadian Motion Picture Industry (Montreal: Cantos International Publishing, 2003) 132

<sup>192</sup> <http://www.pch.gc.ca/progs/ac-ca/pol/cinema-film/pubs/epart3.htm>

Commission (CRTC) licensing pay TV in Canada in 1982. This was a major push for the developments of Canadian television production because the CRTC made obligatory the scheduling of Canadian content on the new pay TV stations. The creation of the CBDF is also important because of the fashion in which it was done. That is, without changing the CFDC Act. A contractual agreement between the Department of Communications and the CFDC stipulating that the CFDC would manage Department funds towards the development of television production was drafted. This in turn created an important precedence, paving the way for other funds to be managed by Telefilm Canada, whose provisions would be set by the Department of Communications. The Fund was of \$50 million dollars.

Second major change to happen was the launching of Minister Fox's 1984 National Film and Video Policy. (Francis Fox was the minister of the Department of Communications, which is now defunct.) The main objective of this policy was to...

Make available to all Canadians, in the new environment of the 1980s and 1990s, a solid core of attractive, high quality Canadian film and video productions of all kinds through:

- *A public sector thrust intended to assure a more focussed and more effective cultural and social role for the public sector—and, in particular the National Film Board—in the film and video area, and*
- *A private sector thrust intended to assure the economic development of a strong private Canadian film and video sector.*<sup>193</sup>

This public sector thrust involved the operations of the National Film Board.

The Government of Canada intends changes in the NFB's present mandate to give the board's many achievements a solid legislative basis. Indeed, in future, the

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<sup>193</sup> The Department of Communications. The National Film and Video Policy (Department of Communications: Ottawa, 1984) 8

NFB will build on its strengths as a producer on the frontiers of artistic possibility and as an award-winning commentator on issues of major import to Canada and the world; its sensibility will, of course, remain, as it has been in the past, rooted in the Canadian experience.<sup>194</sup>

The NFB will emphasize quality productions, most of which will be systematically packaged not only for film but also for use by the new distribution and exhibition modes, while;

- Contracting out most film-making work but retaining full creative and financial control as a producer.
- Contracting out to the private sector all production sponsored by federal departments and agencies, with the ultimate intention of transferring away this function;
- Contracting out technical services of a commercial or industrial character; and
- Transferring elsewhere its responsibilities in the areas of still photos and archives.<sup>195</sup>

The private sector thrust calls for:

- Further measures to improve the quality and commercial viability of Canadian film and video production,
- Measures to enhance the scope effectiveness of federal support for the promotion and marketing of Canadian productions at home and abroad,
- The reaffirmation of a lead role for the CFDC in federal support to the private sector,
- Measures to strengthen the long-term competitive capabilities of the Canadian industry, and
- A strategy to improve the access of Canadian film and video productions to domestic and foreign markets.<sup>196</sup>

This translates into the following concrete measures involving the CFDC:

- Support for script and project development, and
- Bridge-financing to permit production before financing is finalized.
- A new CFDC program to support the test marketing of Canadian productions by the private sector,

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<sup>194</sup> Ibid. P.13.

<sup>195</sup> Ibid. P.15.

<sup>196</sup> Ibid. P.19.



- A new CFDC program to support the promotion of Canadian productions in Canada,
- The provision through the CFDC of more effective and focussed support to Canadian film and video festivals,
- Enhanced support through the CFDC for the promotion of Canadian productions in foreign markets, and
- New support to help reduce the financial risks of developing foreign markets, through the Program for Export Market Development,
- Provide an additional \$7.75 million a year for Corporation programs to serve the private sector
- Target the industry for assistance under the Interim Corporation Program,
- Establish skills upgrading support for the industry, and
- Provide additional resources for national service organizations serving the industry.<sup>197</sup>

This policy also introduces the changes done to the Act responsible for the creation of the National Film Board, the National Film Act. Amongst the most important of these we find;

- Bestow Crown corporation status on the NFB,
- Define new statutory objectives for the NFB,
- End NFB role as government's producer,
- Replace Government Film Commissioner with a board chairman and president,
- Provide a more representative board of trustees.<sup>198</sup>

All this said, it becomes obvious that despite official government rhetoric about the sacrosanct status of the NFB, the Board is virtually dismantled as a result of this policy, whereas the CFDC ascends to the position of primacy in regards to all things related to film production in Canada. The implementation of this policy marks the complete disappearance of the values responsible for the Massey Report's recommendations. The prescriptive dimension of formulating cultural policy is still there, however it is truly the

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<sup>197</sup> Ibid. P.26-35.

<sup>198</sup> Ibid. P.17.

values that have changed, from conservatism to commercialism. However there is almost a 40-year gap between the Massey Report and the National Film and Video Policy, so it is to be expected that certain important changes occurred in the meantime.

It is important to note that the crux of this new policy was strongly influenced by the recommendations of the Federal Cultural Policy Review Committee. Also known as the Applebaum-Hébert Report, in honour of its chairmen, the Review Committee was to make “recommendations addressing immediate and long-range problems, and to propose a set of guiding principles which will give government a basis for decision-making in the years ahead in fields of cultural activity that reach into the lives of all Canadians.”<sup>199</sup> This Review Committee is similar to the Massey Commission in the sense both were guided by a sense of prescriptive moralism. The difference between the Massey and Applebaum-Hébert Reports lies in the values each represents: Massey with its conservatism and Applebaum-Hébert with its modernism. This said the recommendations of the Applebaum-Hébert Report regarding film and video production were:

The Canadian Film Development Corporation should have its role and budget subsequently enlarged so that it may take bolder initiatives in financing Canadian film and video productions on the basis of their cultural value and professional quality.<sup>200</sup>

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<sup>199</sup> Report of the Federal Cultural Policy Review Committee. Information Services, Department of Communications, Government of Canada. 1982. 3

<sup>200</sup> Ibid. P.259.

· The Capital Cost Allowance tax incentive for investment in Canadian film production, or at the very least some equivalent incentive, should continue to be used in order to channel private capital into Canadian filmmaking.<sup>201</sup>

· The federal government should provide the Canadian controlled film distribution industry with the economic strength to market Canadian film successfully to Canadian and foreign audiences through all channels of exhibition and sales.<sup>202</sup>

· The National Film Board should be transformed into a centre for advanced research and training in the art and science of film and video production.<sup>203</sup>

This said one the major drawbacks of Fox's new National Film and Video Policy was the absence of any measures to address the still present problem of film distribution in Canada. This issue would finally be addressed with the 1988 Feature Film Distribution Policy. This policy established foreign investment policy guidelines under the Investment Canada Act. The guidelines state that:

foreign takeovers of Canadian-owned and controlled film distribution businesses will not be allowed;

new foreign distribution businesses will only be allowed to distribute proprietary films (proprietary films are considered to be any film where the distributor owns world rights or is a major investor); and

takeovers of foreign distribution businesses operating in Canada will be reviewed to determine their net benefit to Canada.<sup>204</sup>

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<sup>201</sup> Ibid. P.260.

<sup>202</sup> Ibid. P.262.

<sup>203</sup> Ibid. P.264.

<sup>204</sup> <http://www.pch.gc.ca/progs/ac-ca/pol/cinema-film/pubs/epart3.htm>

This policy also created the Feature Film Distribution Fund administered by Telefilm Canada. The goal of this distribution Fund was to support Canadian distributors while they built their film libraries, providing them with films to distribute, consequently augmenting their revenues and profits, that they in turn would invest in Canadian movies. Put differently, the Fund was supposed to “create a handful of studio-like Canadian companies that could make money from distributing foreign pictures in the Canadian market and plough it back into Canadian production.”<sup>205</sup> This Fund required that only a select few companies be eligible for its aid, in order for the scheme to be worthwhile. Of course this was not a popular part of the plan, and so many smaller distributors began lobbying and pressuring Telefilm.

Their lobbying was effective, and under the intense pressure Telefilm began to spread the money around more equitably to the smaller distributors.... The idea that Telefilm and the \$85 million fund were going to save the distribution business in Canada began to unravel.<sup>206</sup>

Aside from the creation of the Feature Film Distribution Fund, the Feature Film Fund was created in 1986. This Fund was inspired by the CBDF in the sense of endowing Telefilm with financial resources for its operations that could surpass the parliamentary allocation referred to in the Telefilm Act. I mention this now, because the Feature Film Fund gains more importance only once Sheila Copps becomes the Minister of the Department of Canadian Heritage in 1996.

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<sup>205</sup> Michael Spencer, Suzan Ayscough, Hollywood North: Creating the Canadian Motion Picture Industry (Montreal: Cantos International Publishing, 2003) 188

<sup>206</sup> Ibid. P.189.

The last of the major changes to occur right before Copps became Heritage Minister was the termination of the capital cost allowance scheme and the creation of the Canadian Audio-Visual Certification Office (CAVCO). The CAVCO administers with the Canada Customs and Revenue Agency (CCRA), two tax credit programs: the Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC). The CPTC is a “fully refundable tax credit for eligible films and videos produced and owned by qualified taxable Canadian corporations and is available at a rate of 25% of eligible salaries and wages expended after 1994.”<sup>207</sup> Whereas the PSTC “is a mechanism designed to encourage the employment of Canadians by a taxable Canadian- or foreign-owned corporation with a permanent establishment in Canada.”<sup>208</sup> Lastly the CBDF was renamed the Canadian Television Fund (CTF), in 1996.

As Minister of Heritage, Copps was very receptive to the plight of Canada’s cultural industries. Regarding the film industry, Copps was inclined to do what she could to provide the financing necessary allowing the film industry to develop further. However establishing programs and putting forward considerable sums of money is not always the answer, if such measures are not done with the framework of a thorough and well-structured plan. In order to develop such a plan and develop the most up to date understanding of what ailed the film industry, Copps launched in 1998 a review of the feature film industry. The review began with the publication of a report entitled the *A*

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<sup>207</sup> [http://www.pch.gc.ca/progs/ac-ca/pubs/ic-ci/pubs/sept\\_2001/guide-e.htm#eng47](http://www.pch.gc.ca/progs/ac-ca/pubs/ic-ci/pubs/sept_2001/guide-e.htm#eng47)

<sup>208</sup> Ibid.

*Review of Canadian Feature Film Policy*. This report brings forth the issues hindering the continued development of the Canadian feature film industry.

Despite the successes of the last 30 years, Canadian filmmakers still face formidable odds in bringing their works to movie audiences. The Government of Canada seeks to address this problem by initiating a review of its film policy. The Feature Film Policy Review will examine the challenges faced by theatrical films in Canada and will assist the Government in establishing priorities for action. The review will help set a course towards a future where more Canadians have access to Canadian films playing in their local cinemas – films that reflect their own locales, their own stories and their own culture.<sup>209</sup>

The Report clearly identifies the major problems related to all three levels of the industry: Production, distribution, and exhibition. The main problem related to production is rather an issue of performance “Canadian films are also not achieving comparable box office success in Canada in relation to the domestic performance of other national film industries.”<sup>210</sup> This is a critical issue that will serve as the bedrock of the next policy instalment discussed later in this chapter. Regarding distribution, the issue is the same.

The film distribution industry in Canada is largely controlled by subsidiaries of foreign-owned companies and is heavily concentrated.... Historically, foreign film distributors operating in Canada have not demonstrated an interest in distributing Canadian films. Between 1986-87 and 1993-94, Canadian films represented only 0.4% of their total revenue.<sup>211</sup>

As for exhibition, what is brought forth is more an observation of reality, as opposed to a specific problem.

Movie theatres and video stores operate on a market-driven basis. Films featured prominently in these sectors are most often U.S. and other foreign productions

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<sup>209</sup> <http://www.pch.gc.ca/progs/ac-ca/pol/cinema-film/pubs/epart1.htm>

<sup>210</sup> <http://www.pch.gc.ca/progs/ac-ca/pol/cinema-film/pubs/epart5.htm#subtopic2>

<sup>211</sup> Ibid.

that have production and marketing budgets much larger than Canadian films. As a result, Canadian films have a limited reach in these sectors.<sup>212</sup>

The Report was meant to spur a debate on these issues. The Review in turned called for submissions to be made, by major policy stakeholders and the public at large, so that they could voice their opinions and contribute to developing lasting solutions to the aforementioned issues. It is imperative to note that review completely abstained from mentioning any cultural impact resulting from the strong presence of American films have on Canadian audiences, which as already established was the battle cry of the Massey Report. Also important to note is the overwhelming focus on the workings and modalities of the industry, further sustaining my original argument that, feature film policy is more an industry issue as opposed to a cultural one. The result of the review was the formulation of the latest instalment of the film policy, The From Script to Screen Policy of 2000. Analysing this latest policy's goals and means of attaining them, will demonstrate that the functions of Telefilm Canada, have locked Canadian filmmakers in a perpetual dependency upon public funds.

On October 5, 2000, Copps announced the government's latest film policy during the Vancouver Film Festival. The From Script to Screen policy...

Refocuses the public investment in the industry by taking a comprehensive script to screen approach to funding. The approach is based on four orientations: develop and retain talented Canadian creators, encouraging the quality and diversity of Canadian feature films, build larger Canadian and international audiences through improved distribution and marketing, and preserve and disseminate our collection of Canadian feature films.<sup>213</sup>

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<sup>212</sup> Ibid.

<sup>213</sup> [http://www.pch.gc.ca/newsroom/news\\_e.cfm?Action=Display&code=ONR129E](http://www.pch.gc.ca/newsroom/news_e.cfm?Action=Display&code=ONR129E)

The highlight of this policy is the creation of the Canada Feature Film Fund, entailing the end of the 1986 Feature Film Fund and new investments made by government, meant to “provide assistance for screenwriting, production, marketing and promotion.”<sup>214</sup> Thanks to increased investment by government, the Canada Feature Film Fund provides financial support to most all phases of feature film production. The new investment was of an initial \$15 million, followed by \$50 million every subsequent year of the policy’s initial six-year time frame. This investment of \$50 million doubled the federal government’s support for this industry.<sup>215</sup>

The money is broken down and attributed towards several clearly designated programs that exist as part of the Canada Feature Film Fund: \$2.3 million is allocated to a Screenwriting Assistance Program; \$85 million is allocated to a Project Development, Production and Marketing Assistance Program; \$4.95 million for a Complementary Activities Program; and \$2.9 million to the Film production co-operatives. An initial contribution agreement has been reached with the Canadian Independent Film and Video Fund (CIFVF) for the sum of \$1.8 million. Lastly \$1.8 million is allocated to the new Independent Filmmakers Assistance Program.<sup>216</sup>

The objective of this policy is to “capture 5% of the domestic box office in five years.”<sup>217</sup> This objective is very telling as to the situation of the film industry in Canada and the impact of federal film policy over the past thirty years. Here’s why. The measures

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<sup>214</sup> Ibid.

<sup>215</sup> Ibid.

<sup>216</sup> Canadian Federal Government, The Department of Canadian Heritage, From Script to Screen: A New Feature Film Policy for Canada (Ottawa: Department of Canadian Heritage, 2000) 3-4

<sup>217</sup> Ibid. P.3.



of the From Script to Screen Policy are laudable because they offer support for every phase of production and as such constitute the best way to help the development of the feature film production in Canada. On the other hand, considering that government has supported the development of this industry for several decades, these measures should have been adopted when the CFDC was created, or at least some time soon after. 30 years seems like a very long time to learn that a Screenwriting Assistance Program along with a Project Development, Production and Marketing Assistance Program are required to further the development of the film industry, for example. This delay ties into what Pierson said about the exponential impact of measures taken at the beginning of a process, and the diminished impact they have when taken at a later point. In this case we are dealing with the absence of early decisions and its impact on policy outcome. Because the federal government did not develop and implement these measures, or ones similar to them, when the CFDC was created, we have policy today that has meagre objectives. Capturing 5% of your domestic market after 30 years of working on developing a feature film industry can only lead some one to question the impact of all that has been done for this industry so far.

This is not to say that federal film policy has failed to produce tangible results. Great movies have been made with federal funding: *The Apprenticeship of Duddy Kravitz*, *Le Déclin de l'Empire Américain*, *I've Heard the Mermaid Singings*, *Black Robe*, *Les Invasions Barbares*, *The Red Violin*, etc. Also, according to the Canadian Film and Television Production Association (CFPTA), Canadian film and television production volume totalled approximately \$5.1 billion in 2001/02. This 5.1 billion is the highest volume of production

ever in Canada. “Television production grew by 2% to \$4.0 billion in 2001/02. Television production continued to represent the largest share of the volume of production by medium at 80%.”<sup>218</sup> Whereas “theatrical film production decreased 7% in 2001/02 to 1.1 billion.”<sup>219</sup> Canadian theatrical productions account for \$325 million of this \$1.1 billion, whereas foreign location theatrical production accounts for \$737 million.<sup>220</sup> So there are some results from federal support for this industry. However, when the latest policy has the objective of only capturing 5% of domestic box office receipts, one cannot help but feel as if more could have been sooner. I say this because if we look at this objective properly, it entails that 95% of the domestic box office receipt is held by foreign productions, which brings us right back to the situation that the Massey Report denounced over fifty years ago. That is, Canada being invaded by foreign imagery. I have not mentioned this to affirm a subscription to the views of the Massey Report, but rather to highlight the effect of lost opportunity.

Regarding the results and effects of federal support for the film industry two more important issues need to be raised. To begin with, the film production industry is stalled in a state of perpetual development, where anything past development has not been attained. That is, this industry has yet to mature into one whose most successful practitioners no longer rely on public funds, which are meant to develop and not sustain the industry. This situation is problematic because instead of giving the best chance possible to new film artists to develop their skills and their art, the emphasis is on supporting filmmakers who already are developed and proven. (Again, I have to mention that film production needs to be seen from

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<sup>218</sup> Ibid. P.13.

<sup>219</sup> Ibid. P.15.

<sup>220</sup> Ibid. P.15.

a political perspective. Justifying continued and increased spending of public funds is easier done when a Minister can give as a result of ‘their’ program a Canadian film that has won a major international film award, as given at the Cannes film festival, for example.) This in turn creates a cast of established filmmakers who live off public funds, to the detriment of unproven filmmaker’s growth. This tendency is caused mostly by Telefilm’s “performance-based approach to supporting the Canadian film industry.”<sup>221</sup> Which means that, aside from having an agreement from a distributor, the filmmaker must have a solid track record with his previous work, and the project proposed for new funding must have commercial appeal. What this means, is that only those who have received supported previously, and who have experienced success, are the only ones entitled to funds provided by Telefilm Canada. This performance-based approach is yet another indication that the commercial pejorative is more important than the cultural one.

What has also stalled the film industry in this development phase is the lack of measures to have the established filmmakers and producers wane off public funds. Ideally what we want is a flourishing industry operating independently from public funds. As such financial support must be provided by the private sector. Only the most accomplished filmmakers and production houses can obtain adequate money from private sources such as banks, for example. It stands to reason that they should be the ones making inroads regarding obtaining funding from private sources. If Denys Arcand and production house Cinémaginaire cannot go to one of the country’s majors banks tomorrow and obtain the

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<sup>221</sup> [http://www.pch.gc.ca/newsroom/news\\_e.cfm?Action=Display&code=ONR129E](http://www.pch.gc.ca/newsroom/news_e.cfm?Action=Display&code=ONR129E)

money required for their next movie, after what has been done recently with *Les Invasions Barbares*, which has not only won several prestigious awards at the Cannes film festival but also has been picked for distribution by US Major Miramax, vouching for the forecasted profitability of the movie, then no one can. However, if they can obtain all the financing required for their next movie from the private sector because public funds are no longer available, then why not implement such a system? Its implementation would be inexpensive because it would only require changing certain modalities in the Canada Feature Film Fund, and so could be reversible if the desired effects are not manifest. The key to this proposed approach would be a definite cut off, because even if a filmmaker and his production house obtained financing from private sources, which they do now, why turn down additional funding, even if it came from public sources? There is not a producer in this country that would turn money down for their next budget. However if it were necessary for them to acquire financing without the support of the government, then maybe such a cut off would force the emergence of new sources of funding. After all necessity is the mother of all inventions.

Such a measure would not mean that government should rescind on its commitment to support the development of the industry, quite to the contrary. If we want filmmakers to reach that level where they can obtain all the money they need from private sources, then these must be given the tools necessary to develop and hone their skills. The measures put in place by the From Script to Screen Policy of 2000 offer that kind of assistance and produces a replenishment of capable filmmakers. This replenishment aside, government cannot rescind on its commitment to develop the industry because of

the considerable costs incurred in the development of this system. No accurate figure exist of all that government has spent since the creation of the Interdepartmental Committee on the Possible Development of a Feature Film Industry until now on film policy and so forth. Nonetheless this figure would surely cause government to think twice before pulling the plug on film policy and Telefilm Canada altogether.

The From Script to Screen Policy has a six-year life span and as such will be up for review in three years from now. As it stands Canadian films hold 3.7% of domestic box office receipts for 2003. This was a record breaking mainly because of the tremendous success of such films as *Séraphin Un Homme et son péché*, *Les Invasions Barbares*, and *La Turbulence des Fluides* and *La Grande Séduction*. Within the following three years of the policy's life span anything can happen within this industry. The present level of 3.7% can either rise or drop. Regardless of whether or not this policy meets its objective, changes will have to occur for the sake of the industry's viability. It would be very hard for government to justify spending more than a \$100 million dollars for every policy instalment if the objectives cannot be met. On the other hand, if the present policy proves to be successful, a difficult decision will have to be made in regards to whether or not funding should be increased to maintain the growth of the industry, or better yet if such measures as screen quotas for example, should be adopted.

Whichever scenario prevails once the From Script to Screen Policy expires, an important brain storming exercise in regards to policy formulation will have to occur. It is important not to miss opportunities in this field. Loss opportunity in an industry such as show business is extremely costly. Not supporting the feature film industry sooner, and

not doing it properly from the beginning is a testament to this reality. This said, the chances that the next policy instalment will provide new and innovative schemes capable of allowing the industry to continue to grow all while tackling the issue of filmmaker's dependence on public funds remains close to nil. There are several reasons why this is so. Let us assume that the From Script to Screen Policy attains its objective. If my proposal for a "cut off" clause is implemented and the successful filmmakers see their access to public moneys disappear, what are the odds the movies made by the less successful filmmakers will be picked by a distributor, or gather audiences, and lastly sustain or augment the 5% share of domestic box office receipts attained as a result of the previous policy? It takes the best Canadians filmmakers and all the money the federal government is willing to spend, in addition to the moneys gathered from other sources, such as provincial funding and private funds just to hope to attain the 5% objective of capturing domestic box office receipts. If the best Canadians filmmakers are not sustained in their operations, then there is little hope for the Canadian feature film industry.

## CONCLUSION

In this study, I sought to understand why the federal government of Canada decided to support a feature film production industry. I also wanted to understand the reasons responsible for the design of this support. The context in which Canadians feature films are made prompted me to do this. It is almost absurd to think that in an industry where film budgets can reach up to several hundred millions of dollars, with matching marketing budgets, that the Canadian federal government puts forward tax payers money, in order to compete against the awesome productions. And for what? To substantiate such feel good catch terms like 'film matters' used by politicians to circumvent genuine debate? Or to soothe the anxieties of Canadian nationalists? Or better yet to cater to a particular artistic community?

In order to solve the riddle that is government support for the feature film industry I have applied a Protean analysis of the film policy formulation process based on the principles of the historical variant of neo-institutionalism. The application of this model established that the film policy formulation process resulted from a critical rupture with the traditional fashion in which all previous federal cultural policies had been formulated. This traditional fashion was bed rocked in what has been termed prescriptive moralism. That is, a sense of what culture should be, regardless of the wide spread acceptance of what this culture is.

The champion of prescriptive moralism in Canada was Vincent Massey, the Canadian aristocrat par excellence, if ever there was such a thing. To him and his like, feature films in general were seen as 'low-brow' culture, and as such unworthy pillars of

the idealized vision of what Canadian culture should be. Massey presided a Commission that was mandated to remedy the underdevelopment of Canadian national culture. The recommendations regarding film of this Commission are one of the last manifestations of this sense of prescriptive moralism.

Soon after the Report of the Commission was made, something happened in Canada. It is this something that is responsible for the federal government deciding it would develop a feature film industry. This occurrence is in fact a dynamic convergence of both exogenous and endogenous factors causing one process to end and another to begin. This study identified the endogenous causes as the federal government's heavy implication in the designing of the country's economy and industries, a new belief that is was the necessary government extend itself in the affairs of contemporary cultural industries, and the emergence of human resources capable and willing to make feature films. The exogenous reasons were the advent of television and the emergence of international co-production agreements. Television caused a breach in the hermetic grip that Hollywood had on Canadian audiences, whereas international co-production agreements granted Canadian filmmakers the chance to pool their limited resources with filmmakers from other countries in order to share the cost of producing a film project congruent with the vision of each filmmaker.

Once the federal government initiated the formulation of a policy to aid the development of a Canadian feature film industry, federal cultural policies began to move away from the values Massey believed in and represented. As the federal government augments its support for the feature film industry, and as the means to do so get more



elaborate and intricate, increasing distance is put between where federal cultural policies are now and where Massey is. That is, in a relinquished past no longer compatible in today's world characterized foremost by multi-culturalism.

However some things never change. While leaving Massey behind in what seemed to be an innovative push into a new direction, the federal government did what it had previously done for national culture: create an institution. The federal government has only known to create institutions for culture: the CBC, the NFB, the Canada Council for the Arts, the CRTC, and now Telefilm, CAVCO and the Department of Canadian Heritage. In hindsight, we should not be surprised that the federal government is a victim of its own culture and collective memory. In other words, is it fair to expect the federal government to do something it has no idea how to do? This condition of being bound by knowledge is revealing of the Protean quality of the Canadian government.

Proteus's problem was people seeking to abuse his prophesying abilities to tell the future and reveal absolute truths. In order to escape this abusive manipulation, Proteus did the only thing he knew to do: Change in multiple guises each more terrifying than the next. Resnick believed that we could learn about the Canadian state and government by using Proteus as an analogy for studying the changes and forms government takes when doing whatever it is government does. He believed that during these changes we could perceive truths about the diffuse form and quality of state and government. As a result of this study, I now believe that we can grasp more truths about the state and government, from the similarities we find in the continual exercises of government. Exercises like formulating a feature film policy that has culminated with the creation of an agency,

which just adds to the already heavy weave of the community of Canadian cultural institutions. In sum, what I have learnt about the government is that it can never truly be innovative. Furthermore sometimes attempting to be innovative perpetuates consistency.

I'm afraid that this condition has spread to the feature film industry because of its relationship with the federal government. In other words, the government's desire to be innovative by creating the CFDC and the funds it operates has translated into the dependency Canadian filmmakers have on federal funding. In this situation I equate dependence with an inability to be innovative. Specifically, the inability to be innovative in regards to how the federal seeks to develop the feature film industry has caused this one to be locked into a cycle of dependence on public funds. Shutting down Telefilm Canada and its numerous programs, and suspending the tax credits could cause innovation to occur. However, it would likely be the end of the industry. Maintaining the present approach after the From Script to Screen Policy expires, regardless of whether it has reached its objective, would simply perpetuate the status quo.

From a policy perspective, our options for the future are limited. Unless the government makes feature film policy a top priority, do not expect measures that could genuinely have a positive effect on the feature film industry in Canada. To begin with, I'm not sure we know what measures could be innovative and generate the type of effect that would contribute to further production, and the building of Canadian audiences. If the idea of such measures existed, their implementation, or rather the lack thereof, would be the hottest issue to strike the film business in Canada since the advent of Television. In other words, if any one has an idea that no one has heard before, please stand up. This

policy dead-end leads me to the idea of resentment.

Despite acknowledging that Canadian filmmakers will be dependent on public moneys for quite some time, I would not say that this study has been one of resentment. Just because Canadian filmmakers need collective help to produce feature films, does not mean that Canadian federal film policy has been a failure. In 1968 there was no feature film industry to speak of, at all. Facing daunting obstacles, the federal government remained committed to its objectives, and today we do have a feature film industry. It may be small. It may be fragile. It may be imperfect. But it does exist, and its fruits will be with us for quite some time. Fundamentally, as Canadians, that's what we wanted. Movies we can call our own, and share with the world.

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