

# Policy and Industry

Culture has always been both a physical act as well as an ideational event. It is a combination of talented concept and production mechanism. Talented musical composers in the past depended on wealthy patrons to sustain them while they made music. These days, a talented television artist such as Joss Whedon depends on production and distribution companies such as Fox to have his ideas realized in actuality, and as he discovered when his show *Firefly* was cancelled, commerce is as important as aesthetics in determining the success of one's art.

Because of the profit-driven nature of the culture industries, they aim toward standardization of product to assure continuity of income. Considering the amount of money at stake, any departure from the standard that is financially successful will for the same reason quickly generate copies, and the new quickly becomes standard. Standardization is also necessary because of the nature of the audience, both national and global. That audience is characterized by a range of educational levels and by a related range of aptitudes for understanding audiovisual messages. The term *lowest common denominator* is usually used to describe the way the "mass" culture industries create products that appeal to as wide a selection of people from the highly diverse audiences they address and seek to please. It has become a commonplace to remark that the general audience prefers simple fare with fairly uncomplicated characters, themes, and plot lines. Mass audiences are said to prefer to see their vision of the world endorsed rather than challenged. This has led to a bifurcation in many forms of culture such as film and music. On one side is mainstream art, which is characterized by standard, easily recognized products that appeal to a broad audience and to a lowest common denominator by making significant compromises to suit audience aptitudes. On the other side is marginal art, which usually refers to the independent sector or the avant-garde, where higher levels of formal

experiment and thematic innovation are possible because the audience is often small, better educated, and characterized by a more critical worldview at odds with mainstream assumptions.

During the decades after World War II in the US, for example, films from Europe, Asia, and elsewhere were made on low budgets with, often, untrained actors, yet they were very popular with educated audiences because they explored issues that were left out of mainstream Hollywood films of that era. While American films of the 1950s portrayed White suburbia as a world of easily resolved emotional conflicts, where social embarrassment might be the greatest harm that might befall someone, films such as Satyajit Ray's *Apu Trilogy* portrayed the difficulties of life in situations of poverty. The problems depicted were tangible and material. By the late 1960s and early 1970s, the Hollywood film industry had adapted and begun to make more realistic films such as *Five Easy Pieces* that dealt seriously with human and social problems. The days of the facile plot resolution were gone, apparently forever. The repeal of the Production Code in 1968, a policy that limited the range of subject matter that Hollywood films could cover and the ways controversial subject matter was treated, also made possible a creative opening in mainstream film production. A change in government policy made possible a change in cultural content.

But the US economy sank during the 1970s, the film industry suffered, and to survive it began to make more "blockbuster" films, ones such as *The Godfather* that were guaranteed to earn enormous profits. As a result, US filmmaking changed and once again became more standardized and more mainstream. The least common denominator returned in such film series as *Star Wars* and *Indiana Jones* that contained racial and cultural stereotyping that would have been unacceptable in marginal films made for more educated audiences. As the dominant tone of the country became more conservative in the 1980s, the film industry played to its concerns and made films such as *Top Gun* that celebrated US military power.

But the alternative, marginal, critical, avant-garde audience was still out there, and the film industry rediscovered it in 1989, when a small company named Miramax distributed *sex, lies, and videotape*, a modest film with no stars to carry it in which fairly ordinary people with common moral flaws seek to work out a complex series of relations that involve friendship, betrayal, and adultery. The existing mainstream culture industry could not accommodate such a vision of life. It required a small marginal production company willing to take the risk. The film was bought at the Sundance Film Festival, and along with such films as *Pulp Fiction*, it established

mainstream outlets for marginal independent films. New digital film equipment made independent filmmaking cheaper at the same time; more people now had access to filmmaking, and the number of independent productions grew. In response, mainstream companies such as Sony Pictures Classic and Warner Independent began to scour the independent film festival circuit in search of the new zeitgeist. What followed was a long string of small strong films designed for educated audiences that ranged from adaptations of the novelist Henry James to fanciful historical reproductions such as *Shakespeare in Love* to quirky and critical foreign films such as *Il Postino* (*The Postman*). Anarchism, the political flavor of choice amongst the avant-garde, began to assume a place of some importance in films such as *The Matrix* and *V for Vendetta*. If one compares the character of the Joker in the 1989 version of *Batman* with the same character in the 2008 version, one notices a palpable difference between a homey goof-off mainstream audiences might chuckle over and a hardcore anarchist with decidedly non-mainstream ideas about what constitutes fun.

While the culture industry for film might be accused of playing too powerful a determining role, largely shaped by the financial mandate to make a profit at the expense often of intellectual and aesthetic integrity, it also demonstrates, for the same reason, a remarkable ability to expand, change, and absorb the new and the different, even when in theory the new challenges the basic assumptions of the economic system.

If the relation between culture understood as fabricated object and culture understood as a way of life is often economic in character, it is often also a matter of government policy. Many governments seek to counter the power and influence of private economic entities, which play a sizable role in determining what culture is made, by creating “public” television and radio networks. One of the first, the British Broadcasting Corporation, was established in the 1930s self-consciously with the goal in mind of offsetting the influence of “popular” and privately owned, for-profit American radio programming, which was perceived by the British as “lowbrow” or as appealing to tastes that had not been made sophisticated by education. Lowbrow entertainment would be more likely, for example, to be characterized by bodily humor and might lack complex narratives or characters.

The struggle between governments and private economic players continues to the present day. One of the most important recent conflicts concerns the effort by France to protect indigenous cultural production, especially in film and television, from being weakened or destroyed by much stronger private sector cultural producers such as the American

film industry. The French decided to protect their domestic audiovisual industries at a time when talks were underway to “liberalize” world trade. Liberalization makes trade between countries as free as possible from government control by removing barriers such as tariffs, quotas, and customs restrictions. Such world trade talks were initially meant to cover all commercial goods. But in 1994, France declared culture to be an exception and argued that cultural goods, because they had a high degree of ideational content and were bound up with the health of the national culture, were not in fact commercial in character. Yes, they were bought and sold, but their cultural value in maintaining a distinct French cultural way of life had also to be taken into account. They helped to define French culture. If all French cultural production disappeared because it could not match the market power of American cultural products, harm would be done to the idea and the reality of a distinct French cultural identity. There would be no more French film or distinctly French literature. The argument assumed that one culture, because of language, history, and a common way of life, is different from another and has a distinct identity apart from others. The French argued that American mass cultural products such as Steven Spielberg’s film *Jurassic Park* create an international “monoculture,” much as McDonald’s, when spread all over the world, runs the risk of fostering international culinary uniformity. In monoculture, culture everywhere would be the same. There would be no Chinese movies, no Australian movies, and no African movies. Only Hollywood would thrive because it is the most efficient, skilled, and popular film production source. According to David Ricardo, whose theories of international economic liberalization guide the effort to make the world marketplace entirely free of government supervision, some countries do some things better than others. If American makes better movies, then others should buy films from America and ship to America the things that they make best, such as French wine and cheese. France should stop trying to make films if they cannot compete on the world market. Let American make the movies since they do that more efficiently, and let France stick to what it does best – cooking, wine, and tourism.

The pure theory of economic liberalization clearly ignores the question of cultural identity and marginalizes the issue of cultural survival. The French made their case by noting that, were the market allowed to determine what audiovisual cultural products the French consumed, French products would not fare well, and French cultural production would wane, especially in film and television. American films account

for 85 percent of world box office revenue, while European films account for just 5 percent of the US market. In 1998, of the top 100 grossing films worldwide, 88 were American and 7 of the remaining 12 were co-produced in the US. With a few British exceptions, all of the films on the list of top 100 grossing films of all time are American. American film producers clearly have a knack for making popular films that have worldwide appeal. A study of how they are made shows why this is the case. American filmmakers have mastered the art of efficient narrative; very little time in US films is devoted to dialog that is not connected to the evolution of the storyline. In contrast, French films are renowned for being “talky,” for including dialog on philosophical and personal issues that is not efficiently connected to the narrative. Moreover, American films have “high” production values that depend on strong funding not available to filmmakers in other parts of the globe. *Jurassic Park* costs huge amounts of money to make, money that is not available in other nations. The average cost of making a film in the US in 2007 was nearly \$80 million, compared to \$7.4 million in France.

The French government instituted policies based on the idea of “cultural exception” in 1994. And the European Community (EC) government followed suit. In France currently US film producers are limited to 60 percent of the market. While the EC requires that all television channels carry at least 50 percent European programming, France has increased that amount to 60 percent, with 40 percent devoted to national French programming. This allows such “talky” shows as *Apostrophe*, a popular book discussion program, to thrive. At the same time, France taxes movie ticket receipts and uses the funds to subsidize domestic filmmaking, something American critics say should not be allowed because the US government does not do the same thing for its filmmakers. French filmmakers are given loans that have to be repaid only when the films they make turn a profit. The results of these quotas and subsidies are striking. The French share of the French film market in 1996 was 35.4 percent. In other countries where similar protections for domestic filmmaking are not in place, the share is uniformly lower. In Spain, American films in 2002 accounted for 70 percent of the market while Spanish films only had 12 percent. The protections put in place in 1994 in France clearly had an effect. In 1995, the US share of the French market fell to 54.2 percent from 60.5 percent. In Europe in general, where similar protections of domestic film industries have been put in place, the share of the market rose to 28.8 percent for European films in 2007 from 25 percent in 2005. Compared to the 85

percent market share it holds worldwide, the US attained just 59.1 percent of the market in 2007 in Europe. So protection does seem to nurture domestic film production.

Critics of the policy of cultural exception argue that protection will eventually weaken French film production. By not competing, French filmmakers lose the impetus and means to make their products better. This, the argument goes, accounts for why only one in five French films gets exported to the US and why, of the top 25 films by box office gross in Europe in 2007, only one film – *La Môme*, which never made it to the US – was French (nineteenth place). Protection, the argument goes, also decreases an industry's chances of competing successfully in the world market. Europeans are nowhere near attaining the 85 percent global market share US films routinely secure.

But it is worth noting, nevertheless, that European film production is gaining in strength rather than weakening as a result of these policies. In 2005, Europeans made 789 films, up from 761 in 2004. During the same period, American film production fell from 593 to 453 films. The average annual increase in public funding for audiovisual production in Europe during this period was 10 percent. So there seems to be no correlation between government subsidies and a weakening or loss of industrial vitality, as the critics of the policy suggest. Moreover, the anti-exception argument fails to take culture into account as a reason for why Americans do not watch or want to watch French films. French film culture is less committed to mass audience conventions that make films popular in America, and American culture, which is deficient in the way it sensitizes students to foreign cultures, may account for why Americans find European films in general to be too alien and too difficult to comprehend. They are not “entertainment.”

Nevertheless, the fact that so few French films are as popular with French viewers as US films suggests that the greater funding available to American filmmakers does pay off at the box office. The continued, unbroken skill development that is the legacy of the US's industrial history in film production (no wars shattered the US industry and skill development continued through World War II, drawing on expatriate Europeans such as Fritz Lang, Jean Renoir, and Alfred Hitchcock) gives American films an edge even with “loyal” French viewers. The differences in popularity are not extreme, however. French films such as *Taxi 4* and *Ensemble, c'est tout* (*Together, It's Everything*) earned only slightly less (\$5.3 and \$3.3 million

gross, respectively) than American films such as the twenty-fifth-place film *Ghost Rider* (\$5.3 million box office gross) in 2007. One must bear in mind as well that France only has 63.4 million people, compared to 305 million in the US. And the US has nearly 40,000 screens compared to 30,000 for all of Europe. The American industry can therefore count on high levels of domestic income that allow expensive and internationally appealing products to be made. Nevertheless, France's national market share in 2006 was an impressive 44.6 percent, and seven of the top 10 films were French.

National market share for one's own films does not make up for an absence of a share of international markets. European films attained a 4.9 percent market share in the US in 2007, but only 11 percent of those films were French. French film culture would appear to be talking to itself, not to others. This would seem to bear out the argument that France's film subsidies foster national cultural insularity. Anti-exceptionalists argue that they require a knowledge of French culture and history to be appreciated and are seen by an increasingly specialized audience. A single national style is inimical, the argument goes, to real cultural diversity.

But diversity of another kind is an additional benefit of the French and European policies. Films from "third" countries in Africa, Latin America, and Asia are provided a space in the European market that they would not otherwise have if market forces alone were determinant. As a result, from 2002 to 2006, 1,324 new films from third countries were distributed in Europe, accounting for 18.5 percent of all the new titles. This opening in the market has coincided with an increase in film production in third countries. European policies that restrict American market power are thus helping to nurture filmmaking in areas of the world that lack the financial clout the US industry possesses. The proportion of new films in Europe that came from third countries increased from 14.7 percent in 2002 to 21.4 percent in 2006. During the same period, few if any African films were distributed in the US, a loss in terms of broadening the awareness of Americans regarding other parts of the globe that is not easy to tally numerically in the way that a gain or loss in market share is.

In addition, the argument for liberalization in the relation between government and the culture industries assumes that one country's products are better than another's if they succeed in reaching a wider audience and earning more money. This purely economic argument leaves out two considerations.

The first is the standard we use to determine quality. American films are popular worldwide because US filmmakers have mastered particular forms of filmmaking that are based in predictable, easily recognized conventions. Everyone around the world knows what to expect when they go to an installment of *Mission Impossible* or *Pirates of the Caribbean*. These forms are simple and uniform from one film to the next; they resemble the forms that one finds in cultural stories from around the world, stories of heroes and of combat or of love and intrigue between rivals. They lack complexity and are insular in their own way. They may not be nationally or culturally insular, but they focus audience attention on a very limited set of concerns from life. They do not explore beyond the boundaries of the generic forms. To an extent, then, they promote a greater insularity of vision than French films that deal with specifically French topics and that require, to be understood, some knowledge of French culture. Such films generally seek to expand the perspective with which people view the world and understand life.

The second consideration is the need to preserve cultural diversity worldwide. European policies that protect domestic culture industries foster diversity by protecting cultural forms that would die out if they were obliged to compete on equal terms with far more financially powerful players such as the US film industry. Without such protections, a few might survive who could imitate the US model of success by making films with simple narratives, highly conventional characters, and uncontroversial themes. But many others who favor complex narratives, unconventional characters, and critical themes would not thrive, and what would result would be a great deal of uniformity in global culture.

Ultimately, the debate comes down to a question of value. Which do we value more – an economic model that places the ideal of perfect freedom for powerful players, who could dominate and monopolize all markets, over all other considerations, be they aesthetic or cultural, or the ideal of preserving different cultural traditions for that end alone without any economic justification being necessary. If indeed we succeeded in creating a global monoculture in which only US films were seen because they were the most successful at reaching a common global audience, would that be a good thing? Would it be justified by the fact that money was being efficiently made by American owners of the US film industry? As with so many things, it is a matter of choice.



## Student Exercise

Governments often institute policies designed to guarantee what is called the public interest. A public interest is one that serves the good of the whole community rather than the good of one particular group or private interest. The French government chose to serve such an interest when it decided to limit the market share of American films in France and to make it possible for French culture industries to survive and help preserve France's distinct cultural identity.

This decision was based on the recognition that the unregulated economic market favors those with financial power. By definition, their interests are private rather than public; the purpose of their activities is to make wealth for themselves, not to do good for the entire community.

While private economic actors portray themselves as purely private and not at all dependent on government support or assistance that obligates them to serve the public good or community interest, the media that distribute radio, television, new media, and film to us often consist of a mix of public and private mechanisms. While cable lines are private, they must come to your home over telephone lines on public land donated for that purpose, and while radio and television stations are themselves private in most instances, the broadcast band or what used to be called the *airwaves* is owned by the public and supervised by the government, which distributes it to private business owners.

The limited number of broadcast bands, some would argue, places an obligation on private owners or users of those bands to be sure to serve the public good in their programming because not all points of view will be represented by the limited number of owners of the airwaves. This argument gave rise to something called the *Fairness Doctrine*.

Determine what the Fairness Doctrine was, and write a brief summary of its meaning and its history.

What purpose was it meant to serve, and why did the US government feel that the doctrine was required?

Try to determine if the doctrine actually did influence the content of programming or did achieve the ends it was designed to serve.

The doctrine was eliminated in 1987 by conservatives who argued that the doctrine restricted free speech. They claimed broadcasters were afraid to air controversial material for fear of losing their license. Do you think the doctrine fostered or restricted the discussion of controversial material? Can you find any evidence to support your position?

Consider the following evidence that the absence of regulation (such as the Fairness Doctrine) on controversial issues actually leads to a limiting of viewpoints. Of 432 stations that had sold advertising time to one side of a ballot issue while the doctrine was still in force, 31 percent initially refused to accept that they had an obligation to present an opposed view; 44 percent of that group still refused to broadcast the opposed viewpoint once informed of their obligation. In other words, without an authority to make them represent all sides of a controversy, the side without the wherewithal to buy airtime would be underrepresented. The absence of the doctrine would in fact chill free speech because it allowed money, not ideas, to determine the outcome of public debate. Not all broadcasters were reluctant to air opposing viewpoints to those willing to pay. All of those who did accept the obligation of the fairness doctrine, on the other hand, did air opposing positions. Non-enforcement, in combination with changing market conditions fostered by deregulation, would seem to limit controversy.

Has the elimination of the doctrine made any difference?

Has access to the media by small, less powerful, or marginalized groups or voices decreased? The conservative side of the political spectrum is quite powerful in America, and it accounts for a major portion of the owners of the large media outlets such as Fox News, whose Rupert Murdoch is a famous conservative. Have right-wing voices in the mass media increased as a result of the elimination of the doctrine? And has access by left-wing points of view decreased – at least in the mainstream mass media such as television network news? In 1990, there were just 100 conservative talk radio shows; by 2003, there were 1,350. Did the elimination of the Fairness Doctrine play a role, do you think, in this development?

Is television news any different now than it was, say, 40 or 50 years ago when the doctrine was in force? The doctrine prevented the

news from being used for purely partisan purposes. Is that still the case?

A major argument against the continuation of the doctrine was that new media such as the Internet multiply the number of outlets for diverging points of view and different political opinions. There is no longer scarcity of the kind that made the doctrine originally necessary. Do you agree? Does the multiplicity of Internet outlets balance the power of, say, a Fox News or a CNN? Should such powerful media entities still be required to address a “public interest”? Would that constitute a restriction of their rights of free speech? Or should the loudest and most powerful media still be held accountable?

### Sources

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