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978-0-521-04143-0 - Hollywood's Overseas Campaign: The North Atlantic Movie Trade, 1920-1950

Ian Jarvie

Excerpt

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General introduction

A. The problem and its context

Why were American films the dominant cinema fare of Canada and Great Britain after World War I? The answer proposed in this book is that the American film industry, exploiting the lessons learned in the competitive domestic market, was able to take advantage of the disruption of film production in belligerent countries caused by World War I. Production capacity in the United States was raised to the limit and exports cultivated assiduously. Integrated corporations oligopolistically dominated supply at home and abroad. Advantage having been gained, product development and distribution policies were tailored to maintain that market share wherever legally permitted; where there were legal impediments they were disputed.

Overseas trade in American films brought up most of the issues attendant on the global spread of the artifacts of American popular culture in general, and of American mass media materials in particular. Those artifacts include films, popular literary forms (comics, paperbacks), popular music, popular dances, soft drinks, candy and fast food, modes of dress, and – latterly, and most prominent of all – television shows.¹ Not only American artifacts have spread. Jeremy Tunstall has argued that American influence reaches deeper still: The very forms in which mass media communications are delivered worldwide are struck from American templates. Newspapers, magazines, films, radio, and television in every language are modeled on American forms.²

The global spread of American popular culture was a cultural matter and a commercial matter at the same time (Ninkovich 1981). Free trade in culture is usually taken for granted; free trade in commerce, by contrast, is seldom taken for granted, and few countries ever strictly implement it. Free trade in popular culture is controversial both culturally and commercially. The performances of the Toronto Symphony are not monitored for Canadian content by a government agency, but popular music on Canada's radio stations is. There was no British Act of Parliament mandating a quota on the nationality of the novels in bookstores; but there was a Cinematograph

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Films Act of 1927, twice renewed, that required the showing of a percentage of British films in British cinemas. Since the artifacts of popular culture were treated differently from those of traditional or "high" culture, they must have been conceived of as different sorts of things. Films were not in the same trade or cultural category as symphonies or novels.

Consider some ways in which traditional (high) and popular (mass) culture were different. Before the twentieth century, most traditional or high cultural goods traded freely but, it must be admitted, on quite a small scale. Music, opera, dance, the plastic arts were the pleasures of an elite, one that frequently adopted an internationalist outlook on culture. Mass culture, by contrast, was the pleasure not of these internationalized elites but of the inchoate masses of late industrial society, masses with purchasing power and electoral votes. Mass culture, unlike traditional or high culture, was not the unique product of artisans or of a cottage industry; its items were industrially produced on a large scale, part of a consumption-oriented economic system driven to expand its markets and its controls over markets, regardless of national boundaries. Mass culture did not claim to offer disembodied and timeless aesthetic experience, but rather delivered concrete pleasure to suit the quotidian life and fantasies of ordinary people. Such materials responded to, and reflected, the expectations of their audiences. Thus mass cultural commodities contained popular self-presentation of the originating society.

Motion pictures were an early focus of the arguments about whether free trade in popular culture was a Good Thing or a Bad Thing.³ Motion pictures were a new commodity, of a kind not seen before. Their physical bulk as exports involved at most a few hundred items per year (cases containing film cans). Yet they were reusable and reproducible and could generate revenue greatly in excess of that produced by some raw material or manufactured good of comparable bulk. Unlike a piece of machinery or a ton of ore, though, motion pictures as cultural artifacts were taken to be the product of *mentalités*, capable in turn of influencing mentalities. In the post-Hegelian era, which took seriously a newly parochial view of culture, trade in those commodities thought to have cultural significance was singled out for a type of attention not granted other commodities. This attention was directed at both imports and exports of such goods. The import of cultural goods was the import of alien mentalities; the export of cultural goods offered foreigners a glimpse of the exporter's mentality, some but not all aspects of which might be suitable for broadcast.

The development of these lines of thought about popular culture was not without its analogs in debates about traditional or high culture. Members of the intellectual and cultural elites were capable of characterizing foreign music, writing, and opera as expressing the ethos of the countries where they were produced – as "Germanic" or "Italianate," for example – but this seldom led to the demand for direct curbs on cultural free trade (the

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exceptions are important ones). Such demands were likely to be met with the argument that traditional or high culture delivered a timeless and universal aesthetic pleasure that posed no threat to a nation, especially as its rewards were not accessible to the masses.⁴ The small scale of the commerce involved in traditional or high culture was also a factor. Trade unions sometimes objected to foreigners being allowed to perform, but this was an issue of economic rather than cultural nationalism.

The period 1920–50 is simply a specific research period, by no means the whole of the matter. The problem of the rise of the American film industry to domestic and international dominance before 1920 is one that has been ably tackled by other historians. The work of Garth Jowett, Douglas Gomery, Lary May, Kristin Thompson, and Richard Kozarski is notable. By 1920 new historical realities were in place. After 1950 movies declined in relative commercial and cultural importance in comparison with television and popular music, but the lineaments of debate about American dominance continued, and the debate continues to this day. The shape of the problem, the parameters of debate about it, and the explanations offered in the case of films are much the same as those offered now that attention focuses more on television and music. Thus our research into the film situation and the many attempts to explain it will have a certain air of *déjà vu*, reminding us of arguments heard just yesterday, in discussions of the trade in television programs, cable systems, and satellite transmission.

B. Outline history of discussion of the problem

During and after the 1914–1918 war Hollywood films achieved world dominance with a completeness which astonished people in many countries and which has still not been fully explained.

– Jeremy Tunstall, *The Media Are American*

In seeking out why it was that American films dominated the cinema screens of Canada and Great Britain in the period under study, various possible lines of inquiry suggest themselves. Market domination could be explained by the product (films), by the consumers (audience), or by the suppliers. Breaking these possibilities down, we could look to:

- (a) qualities of the American films themselves;
- (b) absence of qualities in competing films;
- (c) audience taste in Canada and Great Britain;
- (d) audience distaste for competing films;
- (e) the operations of the American industry that manufactured, distributed, and marketed the films; and
- (f) the operations of American economic imperialism in general and media imperialism in particular.

All these lines of inquiry are fruitful and have been pursued at various times. The organized American motion picture industry itself thought that

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(a) and (b) explained its domination. Contemporary British and Canadian observers of the situation feared that (c) and (d) were the explanation. Factors (a)–(d) all focus on the demand side of the issue. By contrast, factor (e), which I favor, concentrates on supply. Factor (f), a Marxian thesis, bypasses the classical economic analysis of supply and demand for an explanation in which both demand and supply are managed or manufactured by larger historical and political forces.

History, I take it, is the search for explanations of past events that puzzle us. The search has to be disciplined by primary evidence. The relevant evidence extends beyond the films. The political, social, and economic history of films cannot be separated from the general political, social, and economic history of the times. A general view of history that appeals to many writers about films is Marxism. Marxism reveals the plot of history, and the task of the historian is to work out the details. Thus the question of why it was that American films dominated the cinema screens of Canada and Great Britain between roughly 1920 and 1950 has been explained by the “media imperialism” thesis, the view that American domination of the mass media was part of the apparatus inevitably required to sustain the exploitation of the rest of the world by American capital. Dating back in film studies at least to the communist writers F. D. Klingender and Stuart Legg’s *Money behind the screen*, in 1937,⁵ this thesis was recycled by Guback in 1969 and has become a received view.

Such non-Marxist literature as there is on our question divides, as noted, between those who seek explanation in the films and the audiences and those who seek explanation in the industry. A rough differentiation would call the first “explanations from demand” and the second “explanations from supply.” One of the earliest and best explanations from demand was penned by John Grierson, later famous in the documentary movement in Britain and Canada. Grierson had traveled in the United States in the 1920s and familiarized himself with sociological thinking, so that when he was asked to prepare an analysis of the domination of British screens by American films in the 1920s and also to seek out opportunities where Britain’s film industry might compete, he produced in 1928 a penetrating document.⁶ Treating films as a social institution, Grierson fastened on the audience satisfactions American films delivered. American films were, he held, optimistic in outlook, full of practical example and vitality. British films, by contrast, lacked encouragement and did not make you feel good. Grierson commended the production values of American films, their blending together of sex, adventure, and violence. The star system was peculiarly apposite to individualistic cultures. He thought the opportunity for British producers lay in epic films, films about the Empire, and short, semieducational films.

Jeffrey Richards (1984) and Peter Stead (1981, 1982, 1989) have taken Grierson-type ideas a good deal farther, offering evidence that class and

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regional divisions in Great Britain made the West End odor of so many British films unacceptable to large numbers of cinemagoers, who much preferred the exotic but not totally strange idiom of American films.⁷ (Although there are only hints of evidence, a similar line of thought applied to Canada, at least to its English-speaking population.)⁸ A limited audience loyalty to the local film product, and favorable attitudes to the American product, are certainly part of the answer to our question. Audience resistance is not something readily overcome, nor is a partiality for the competition. Nevertheless, demand does not invariably conjure up appropriate supply, and satisfying foreign demand was never at the top of the American film industry's agenda.

What is the explanatory value of supply? As all commentators note and emphasize, the American film industry primarily catered to the U.S. domestic market.⁹ That domestic market happened to be quite large, virtually as many seats as the rest of the world's cinemas put together. Considerable entrepreneurial and organizational skills were required to market and distribute commodities throughout the length and breadth of that vast country. There was regional diversity as well as ethnic complexity, and in our period rapid urbanization was under way (see §D). Thus, American film entrepreneurs faced domestic challenges in supply and demand. Their success helped prepare them for the international market.

A number of writers – the anonymous authors of *The British Film Industry* (1952); Douglas Gomery (1979) and those influenced by him; and, most notably, Kristin Thompson (1985) – have concentrated on the advantages of the industrial organization of the American film industry. The industrial policies honed in the United States domestic film market were applicable abroad; they consisted primarily of division of labor, economies of scale, vertical integration, and substantial expenditure on publicity. Concentration on the strategic function of distribution, and the vertical integration of firms upward or downward from that middle position, were also lessons applied both at home and abroad. The U.S. companies that operated abroad were distributors, not producers. They followed a policy of wholly controlling distribution through foreign subsidiaries rather than operating through local agents. Since American films were in heavy demand, the distributor's position was one of considerable power over foreign exhibitors. It was also, of course, lucrative. The lucre so generated was used to buy into whatever local film industry there was – studios, production companies, chains of cinemas – or was loaned out to make films. Common to all of this was a longer-term vision in which these companies saw themselves trading overseas year after year. Thus they thought strategically as well as tactically. If trading conditions were difficult, negotiation, compromise, pressure, even boycott were options to choose in light of possible payoffs in the future.

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C. The approach of this book

This book describes a struggle for market control. The commodity traded was motion picture films. The issue was free trade in this commodity. The aim of the United States after 1917 was to consolidate its dominance of the international trade in films and to defeat foreign attempts at protection; Canada had no clear aims and merely patrolled the edges of the trading floor, making faces. A glare from the American side was usually sufficient. Great Britain was divided against itself. Powerful elements of its elites (for cultural and political reasons), as well as certain production and union elements in the film industry (for commercial reasons), favored strong protective barriers, support of a local production industry, and an aggressive export policy to pay for all this. Other elements of the film industry were against such protection (for commercial reasons) and, had they been asked, many cinemagoers would have agreed (for cultural reasons). A series of lulls, truces, and phoney wars preceded the gradual ebbing of hostilities in the 1950s. The action shifted to other commodities.

The issue of free trade in commercial goods was doubly complicated when the goods in question were motion picture films. These mass cultural artifacts challenged the power of ruling elites in Canada and Great Britain and undermined their cultural self-confidence. Resistance to the domination of American films between 1920 and 1950 reveals much more than do divisions over free trade in general. It also reveals the strain and tension caused by the emergence of the mass society and mass culture of a mass democracy.

Just after the end of World War I, when our study begins, the U.S. motion picture industry totally dominated the screens of Canada and Britain, which showed most of what the United States produced, made little of their own, and exported still less of that. A potent medium of mass culture in Canada and Britain was thus supplied by and dependent upon a foreign power. The mass culture of the United States was a particular challenge to Canada and to the United Kingdom. The United States had its origins in a group of rebellious British colonies, which, having gained independence by force of arms, proceeded to found a nation and a political culture explicitly antithetical to much that was held dear in European countries, including Britain. More directly challenging, the United States developed an expansive and universalist political ideology, which in effect invited the masses of the world to admire it, look to it, and either come to or copy the American model.¹⁰ But before the era of mass media, the United States had remained apart, admired from a distance by the British Left (Pelling 1956). When American mass media exports arrived, they contained subversive democratic and social ideas (Hollins 1981).

The subversion was felt more palpably in Canada, which had from time

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to time staved off armed American attempts to fulfill its manifest destiny as the successor state to all of British North America (and indeed of French, Spanish, and Russian North America).¹¹ That separateness had been sustained in Canada's English-speaking parts by cleaving to a loyalty to the mother country and to a vision of Canada as those British North American colonies that did not rebel. (The minority French-speaking population of Canada presents a complication best left to the detailed discussion in Part I.) During the period we shall be examining, a transition was taking place as Canada moved away from the United Kingdom toward political and economic independence. This transition was being negotiated while Canada tried to maintain distance from the United States. The intrusion of American mass culture in vast quantity was (and is) considered by some to be a threat to this project.¹²

All of Britain and much of Canada shared a language with the United States, so after the arrival of sound at the end of the 1920s there was no "natural" communication barrier around their cultures. Thus the United Kingdom and Canada saw American motion pictures as a cultural and even a political threat to their continued distinctness and viability.¹³ The very fact that their own internal masses were attracted to and patronized American films presented the possibility of the insidious growth of a rootless and disloyal body of opinion.

American films, developed and usually paid for in a domestic market of great size and affluence, were an attractive commodity to export. The end product was compact, easily shipped, reusable within limits, and self-promoting (movies sell moviegoing). Copyright was retained, so that as long as the film drew audiences, its owners drew revenue. During the time when films were silent, there was nothing foreordained about the American film industry's domination of world trade in films. The disruption of European film industries by the World War I, however, offered the American film industry a window of opportunity.

Sound films were a great challenge to American hegemony because English, unlike pantomime, had no claims to be a universally understood language. However, by that point (1926) the American film industry was strategically placed and sufficiently well financed to exploit sound technology, to buy up some of the patents, to battle foreign patent holders, to standardize the systems, and, to entrench English as the sole acceptable medium of the American mass media. The ready implementation of sound had the consequence of closing for a time the American domestic film market to non-English-speaking countries. By the time the European countries converted to sound (several years after the United States) the costs of challenging America's by now well-established dominance ensured that they were never able to regain their pre-World War I position on American screens.

Of all the foreign markets that the American film industry penetrated

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and dominated, the largest, by any calculation, was the United Kingdom; the closest was Canada. What was the view of these overseas developments within the United States?

The policy of "liberal developmentalism" (as Rosenberg 1982 calls it) in the United States eventually led to strong support from government agencies for American exporters, including film exporters. There was no specific policy to promote films, although viewed from abroad it seemed there was. On the contrary, there was some unease among ruling elites about just what the United States was selling when it sold films abroad. These doubts scarcely inhibited the promotional effort. Canada followed the lead of Britain, which endeavored to create a national policy, in the form of public legislation, with the dual aims of curbing and reducing the American market share and fostering a home industry that could penetrate the American market. At times British efforts were partially successful; at no time were Canadian efforts successful. At all times the Americans publicly protested that Britain and Canada were not playing fair.

These were the background differences of interest that led to the trade struggle. One party being found in possession of the field, and in overwhelming strength, the outcome was perhaps foregone. In Canada there was a relatively rapid coming to terms with this appraisal of the situation, and a subsequent maneuvering that had mainly to do with obtaining favorable terms for surrender. In the United Kingdom there was a protracted struggle that at one point seemed to be pushing back, but overconfidence led to overextension. In the end Britain lost interest in the struggle, and it is doubtful if British officials ever achieved a realistic appreciation of the situation. Historians in the United Kingdom reproduce some of the self-deception to be found in the official documents.

Given the strength of the enemy, why did the British choose to fight? Both sides misappreciated the situation. The apparently breezily confident U.S. motion picture industry was far from confident and had a poor grasp of the relevant economic strengths and weaknesses of its major opponent, Britain. Hence it continued to act aggressively even when rounds were won. Similarly, the British appreciation of their situation was faulty. The fundamental secrets of the success of the Americans were opaque to them. They put it down to chicanery rather than strategy. The result was the wasting of millions of British investors' pounds in a quite futile attempt to take victory away from the United States.

Previous accounts of this trade war have undervalued the explanatory power of mutual misappreciation of the situation. They have also focused on the tactics of specific rounds and thereby missed the grand strategy of the struggle. This book attempts to get at the grand strategy, for I believe it is at that level that we can best explain the victory of the U.S. motion picture industry and its realization of its fundamental aim of maintaining

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its domination of the world trade in motion pictures in each and every significant market. There are a number of more specific contributions that this book makes to the history. Aiming to get at grand strategy, it is assumed that the organized industry and its interactions with government are the sites, and the sources, that need study. Hence documentation is largely drawn from the extensive files to be found in the public archives of the three countries concerned. Secondary sources have been used sparingly, and press sources scarcely at all.

To get up to the heights of grand strategy, I shall proceed slowly by examining first the faint traces the struggle has left in the National Archives of Canada and elsewhere (Part I, “A small market – Canada”). Why begin there? We could compare this expository technique to a movie that begins, not with a long or establishing shot, but with a close-up of an intriguing detail. The relatively small size of the Canadian market, the easy victory of the Americans, help explain why we find so little archival material in Canada. Nevertheless, events and actions there are special cases of the issues later to be found in the British evidence, which help explain them, but which also direct us on toward the American evidence.

The next stage is an examination of the substantial evidence of struggle left in the papers at the Public Record Office in London (Part II, “America’s biggest foreign market: The United Kingdom”). The exposition at this point could be compared to a film’s opening close-up being followed, not by a long or establishing shot, but by the camera gradually pulling back to a medium shot. The detail begins to make sense, but, manifestly, there is more to come. For the entire thirty years covered by this book, British officials and businessmen clung to the fond hope that some strategy or other would create a second Hollywood on the Thames. They could acknowledge no inherent advantages lying with the Americans (except the size of their market); they discounted the burgeoning economic strength of the American industry; and they had only a glimmer of the effective strategy that was producing the American success. Not that a better grasp would have enabled them to win; rather, it might have made them reassess their aims.

After scrutinizing in this way two of the film markets that were dominated by American films from roughly 1920 to 1950, we turn to the extensive public records about films available across the United States: central government files in Washington, DC, and in the various Presidential libraries; studio files available at several universities and other locations; and personal papers of important figures (Part III, “The U.S. motion picture industry and its overseas system”). At last the exposition pulls back to a long shot that enables us to correct our first efforts to understand the Canadian and British situation, to try to integrate it with the view from the United States, and to begin to construct the omniscient point of view of the historian. It transpires that although market dominance was not gained by strategy, it was held

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by strategy, and challenges were beaten off by strategy. Some of that strategy was conscious, some was not; some was hit upon by happenstance and even over resistance. Nevertheless, "strategy" is the best name for it.

D. Historiographical, methodological, and background matters

"What actually happened" is, of course, a loaded phrase. Many things actually happened, and only some are selected for attention here. "Explaining what actually happened" is also a loaded phrase, because what constitutes a satisfactory explanation is hotly disputed. My principles of selection are fairly orthodox, fastening on governments, major firms and trade organizations, and the actions of strategically positioned individuals in both, as the locus of action and of explanation. My view of a satisfactory explanation is one that accounts for most of the well-known facts, is testable, and follows the model of the logic of the situation (see Jarvie 1972, chap. 1).

This study straddles economic history and diplomatic history, two subjects with very different approaches, and covers three countries, so something needs to be said about the overall picture of these three societies that is built into this study of the film trade between them. The economic history is institutional and driven by the idea of corporatism; the diplomatic history rests on the idea that the key players are certain strategic elites and organized public opinion. Beyond this, each country works differently. The relevant variables are, first, the size, concentration, and distribution of the population of potential moviegoers and the infrastructure of cinemas to serve them; second, the governance of the country, with respect to the locus of jurisdiction for films, the relevant organs of government, and the formation of opinion in governing elites; and third, the level of economic development in general and of the film industry in particular.

To begin with, Canada. This sprawling country, with its population strung out just north of the border with the United States, had until the late 1920s a predominantly rural population (Intro Table). Yet, despite that, its urban areas generated greater box-office revenue than its scattered rural areas. A large percentage of the total national box-office revenue was generated in the two biggest centers of population, Toronto and Montréal.¹⁴ These two cities were also the centers of finance and business. However, the locus of national political power was not to be found there. The Federal government, Parliament, party headquarters (Liberal, Tory, CCF), and the associated bureaucracy were located in Ottawa, an artificially designated capital city some distance from either large city and not itself a major cinemagoing center.¹⁵ Import tariffs and direct taxation were then Federal matters, but otherwise films were adjudged a Provincial responsibility. Provincial political power was scattered among the regional centers of Halifax, Charlottetown, Fredericton, Québec City, Toronto, Winnipeg, Regina, Ed-