

U.S. producers have a long-standing competitive advantage in the industry that is not likely to be eroded by marginal changes in the structure of Canada's domestic industry. Improving the competitiveness of Canada's feature film industry quite simply requires making more films that a greater number of people want to see. Commercially promising Canadian films will be distributed by the majors, since it is in the major's self-interest to do so. Commercially, unpromising Canadian films will require government subsidy regardless of who owns the distribution sector.<sup>58</sup>

While Globerman quickly dismisses the importance of access (perhaps too quickly), his emphasis on commercial production is important. With respect to incentives to foster Canadian production, the question for Canadian film policy is whether policy is mainly industrial and therefore focused on creating a viable industry capable of competing globally, or is policy cultural and therefore focused on communicating Canadian stories to Canadians. Globerman argues that direct public subsidies will promote the latter, but likely will discourage the former because subsidized production need not be as responsive to market demands.

This does not mean that there is no place for public support of a film industry in Canada, but it does mean that all measures must be well thought out. Public funding will likely contribute to Canada's cultural objectives, but they may not meet Canada's industrial ones. First, government intervention reduces the need to respond to market forces both domestically and internationally. Second, some of these measures may not make much sense in a global entertainment market. Co-productions are becoming more and more the norm. In this environment, protectionist measures built around narrowly defined definitions of "Canadian-content" are unlikely to stimulate a durable competitive advantage for Canadian film producers.<sup>59</sup> Furthermore, these measures will be difficult for Canada to maintain as Canadian industry seeks access to other markets. The challenge is to define a realistic objective in Canadian film policy, and assess what kind of measures will achieve these ends. These measures that are intended to serve cultural goals need more clear definition and focus. These cultural goals need to be perceived as separate, or least more distinct, from industrial objectives. Clearly, industrial and cultural goals cannot always be separated from one another, but it is necessary to make some distinctions. Moreover, all Canadians, not just the Canadian cultural industries, need to have a voice in the formulation of Canadian policies.

#### **B: The United States Industry**

Since around 1960, foreign markets have generally accounted for about one-half of major United States' producers total sales in the film industry.<sup>60</sup> In 1994, global sales were

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<sup>58</sup> Steve Globerman, "Foreign Ownership and the Canadian Film Industry," *Canadian Journal of Communications*, Vol. 16 (1991), 204.

<sup>59</sup> Globerman, 205.

<sup>60</sup> Steven Wildman and Steven S. Siwek, *International Trade in Films and Television Programs* (Cambridge MA: Balling Publishing Company, 1988), 1.