

interplay must be understood in order to create appropriate domestic measures. Measures that seem more about protecting industrial interests and less about preserving a space for Canadian culture to prosper are more likely to be challenged. For example, with the Polygram case it was the distribution policy that was challenged. Many would argue that the Canadian policy has worked to protect industrial interests, but has done less to ensure Canadian production and exhibition. The film review currently underway by the Department of Canadian Heritage should examine what are the real challenges to the Canadian film policy. In other words, is distribution the culprit or is there something more complex at play?

The goal for Canada should not be to compete on the terms of the Hollywood majors, but on the terms of the best independents from around the globe. The 1997 film, *The Sweet Hereafter*, for example, did not generate the considerable revenues that *Titanic* achieved on a global basis; however, its production costs were \$4 million as opposed to \$260 million for the latter film. This film constitutes a Canadian achievement. Its success needs to be compared to other similar productions, not ones with budgets 80 times as large. Furthermore, Canada cannot find a national solution that does not view the entertainment industry as a global industry. Canadian production needs to see the world as their market in order to access the distribution required for higher production budgets. This raises questions about Canada's cultural goals; it seems that a product can have national character and international appeal. *The Sweet Hereafter* appears to demonstrate this. It also raises questions about what kind of support will help the Canadian industry. The question about the relationship between public support and commercial viability needs further study. Furthermore, if Canadians want access to the world, they must consider to what extent they can achieve this when they are perceived to be protecting their own market.

iii) *Meeting the Global Challenges*

The global entertainment industry has undergone significant change in recent years. These changes challenge policy-makers around the globe. What is clear is that new international trade and investment obligations will continue to challenge the ability of governments to protect domestic industries from competition. Technology will continue to re-invent the entertainment industry. The commercial challenges presented by Hollywood's global strength are significant for Canada and most other countries; however, the economic reality of the global entertainment market cannot easily be altered. Canadian policy-makers must understand these constraints and develop both realistic objectives and means for achieving these objectives.

In order to understand the appropriate direction for Canadian film policy, it is necessary to examine the industries in both Canada and the United States. The next section will look at support measures and provide a detailed analysis of production, distribution and exhibition in both countries. This analysis will demonstrate how two different realities result in two different views. It is these differences that, at times, result in conflict. This conflict results from real philosophical differences. It reflects Canada's greater role for government. It reflects a different attitude about the concept of cultural industries. Conflict occurs because the industrial goals of