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FILM INDUSTRIES IN THE BALANCE SHEET
THE VALUE OF POLITICAL ECONOMIC APPROACHES TO CINEMA STUDIES


Charles C. Moul, editor of this collection of essays, begins his project with disarming confidence: ‘Innovation, competition, and collusion…economics has always been the irreplaceable tool to study the motion picture industry’ (p. 1). By the end of A Concise Handbook of Movie Industry Economics it’s almost impossible not to agree with him.

Despite the fact that his book has been compiled from six authors’ essays and despite its deployment of various analytic methodologies, including repeated diversions into detailed algebra (definitely not my area of expertise), there is a surprising coherence to the Handbook. The result of a conference on Entertainment Economics, each chapter inexorably builds a picture of how Hollywood operates as a global commercial business. In part Moul achieves this by skilful ordering of the essays: from Janet Wasko’s opening discussion of the methodological background, to issues arising in the production process; eventually moving through to the question of final profitability, the book neatly mirrors the sequential momentum of the industry itself.

In each chapter there is an internal mirroring as individual authors methodically bust industry adages, raise pressing questions and devote considerable attention to the ongoing nature of the research. An especially relevant essay is Jehoshua Eliashberg’s chapter on contemporary exhibition issues. As cinemas thud to a close around us, Eliashberg poses the question, ‘Is the US market (still) overscreened?’.

Eliashberg points to the downward adjustment of screens in the US since 2000 and that in the two years prior to this trend screens grew at a rate which outnumbered the rise in audience admissions. He then tests his question against international data (screens per capita) and drills down into specific cinema exhibition practices—distinguishing between first and second run screens, for instance, to get a more accurate comparison than that suggested by the raw statistics. It’s all fascinating, if just for the twists and turns that the detail delivers to the central question. But this chapter becomes even more resonant when it is read in conjunction with the accompanying essays on new distribution technologies (S. Abraham Ravid) or film release strategies (Charles C. Moul and Stephen M. Shugan) or profitability for example. The latter chapter, by Charles B. Weinberg, examines the idea that movies might in fact be ‘loss leaders’ rather than the principal product produced by Hollywood studios and it goes on to propose a series of formulae for determining optimal release times for ancillary products (video, DVD and so on).
Other essays question the profitability of casting stars, the influence ratings have on box office takings, the precise impact of critics (or word of mouth, or the reputation of the director) on attendances, and the wisdom of releasing during holiday periods. And don’t be deceived by the undemonstrative tone. It would be a mistake to see this book as simply an accounting of the often complex numbers that underpin the Hollywood system. The book is at its best when it is attempting to interpret (and account for) the behaviours of Hollywood’s stakeholders—the executives, the producers, the audience and so on.

It’s hard not to extrapolate to the Australian situation where there is so very little analysis of the film industry in this vein. The political economy of the domestic entertainment industries has invariably meant one thing to local commentators—copious analysis of the interaction between government and industry. But as this book points out, government regulation is only one aspect of what can be written. It might be prescient to reflect (from an antipodean viewpoint) on the example provided by Janet Wasko:

For instance, why are Hollywood films popular with audiences all over the world? Some might argue that American films are just better than other nations’ productions. Rather than celebrating Hollywood’s success, political economists are interested in how U.S. films came to dominate international film markets, what mechanisms are in place to sustain such market dominance, how the State becomes involved in this process, how the export of film is related to the marketing of other products, the consequences for indigenous film industries in other countries, and the political/cultural implications. For a political economist, Hollywood works as an industry that manufactures and markets commodities (p. 11).

With rare exception (Turner, O’Regan, Cunningham stand out as bright but lonely beacons) few local commentators seem willing to ask these questions as a contingent sequence. Take for instance the frequently posed enquiry: Why are Australian films so unpopular with local audiences? Invariably this largely rhetorical question is answered in terms of the specific merits of the films themselves (their perceived ‘quality’ and their bearing as the product of government policy initiatives) rather than by a detailed analysis of the systemic and specific conditions of the Australian production, exhibition and distribution nexus.

I suspect the heart of the problem for Australian analysts lies in the aligned emergence of the national cinema and its corollary—cinema studies—in the early 1970s. There is currently very little academic writing that distinguishes the Australian film industry from the hopes held for a national cinema in this country. This over-writing of the national cinema onto almost any literature about the domestic industry has a number of consequences, not the least of which is an
unfortunate moralising whenever the industry or its by-product (the films themselves) are discussed. Films or film policies are invariably weighed for their capacity to benefit the national good rather than in relation to other criteria such as their positioning in a series of local and global economic transactions, the specific determinants of their relationship to an audience, the role of accounting and legal standards in determining industry practice, the tantalising problem for predicting and estimating demand.

A further limitation of Australian film commentary, which this book neatly exposes, is the increasing inability (at least since the introduction of production subsidies in 1975) to separate ‘Australian film industry’ from ‘production industry’. Prior to 1975 the idea of the film industry in Australia was principally conceived in terms of the commercial activities of exhibition and distribution. Since the systematisation of production as a realm of government policy these relatively sustainable businesses have been relegated to a background role as focus is given over to the activities of filmmaking.

In this context I found A Concise Handbook of Movie Economics to be a riveting read—an eye-opener for its ability to show the benefits of a dispassionate analytical framework and for asking, extending and challenging the sorts of questions that those in show business have a (literal) investment in answering. And so, despite its focus on Hollywood, indeed perhaps because of it, there are many reasons for Australian film scholars to give this volume serious consideration.

*Deb Verhoeven*