

Janet Wasko

Panelist: Hollywood Money: Financing and Accounting

Weidenbaum Center Forum
“Entertainment Economics: The Movie Industry”
St. Louis, Missouri
April 3, 2003

Thank you. I first wanted to thank the organizers for inviting me. I’m really impressed with the organization of this gathering.

I had actually not prepared much formally for this presentation but I will draw from tomorrow’s presentation. Also when I saw the topic and I saw that Harold Vogel was on the panel, I thought, “Well, he’ll take care of all of that.”

What I thought I would do is a little something different. I am not a lawyer. I am not an economist. I’m not a business professor. I’m not a shareholder of any film company. I’m not a representative of the industry. I used to work in the industry, but that is another story. I currently am a professor, a teacher, a researcher in the School of Journalism and Communication. It is not supposed to really even include film, but I still teach and write and try to understand what is going on in the film industry, and try to impart that information to students.

I think there are a lot of students here who perhaps are very interested in film and have come to learn about how the film industry works. You may not find this topic discussed that often in an academic setting. In fact, once upon a time I used to say, “Well, just try to find a course taught in a university that has to do with film economics or the film industry.” I think that it has changed a little bit. But, I still think the overwhelming amount of energy and attention – when you talk about film scholars, film academics and what gets taught in universities – is attention to texts. Attention is given to looking at the content of film, studying film as text, and maybe some attention to genres. I can go on, but maybe it still comes back to texts and more texts. Excuse me if I am

insulting people who are sitting in this room, because you are probably the people who are not doing what I'm talking about. I think film studies is still overwhelmingly dominated by that kind of work with less attention to issues that have to do with the industry, with economics, with legal issues, and so forth.

Well, if that is the case, why? Why might that be the case? Well, there are possibly lots of explanations and maybe some of you have some ideas. One of the reasons might be, though, that it is sometimes very difficult to understand what is going on in the industry for various reasons. To actually understand film economics is a bit of a challenge, especially if you are not an economist or don't work in the industry. Maybe even some people who work in the industry find this problematic. There is a problem with finding really good information and data, and I hesitate to do this, but I'm going to cite Mr. Vogel. At one point he said, "The lack of access to real numbers in this industry is astounding, and it is getting worse all the time. We have no way to judge Hollywood's actual return on equity, nor can we accurately assess the year to year health of the film business."

The claim that it is very difficult to find good information, consistent information, and good data is notorious among people who try to look at the film industry. There are all kinds of reasons. It is a very complex business in some ways. We have been hearing a little about that today. The legal and financial arrangements, the contracts, I mean there are a lot of complexities. Added to the notion of creative accounting, it does present a challenge to studying this industry and trying to teach students who are interested in the industry to understand how it actually works.

Certainly there is quite a bit written about the film industry and the literature has grown considerably. Once upon a time, Harold Vogel's book and a few others were the only ones out there in terms of really getting at, looking at, the film industry and its economic aspects. There are now a lot more books and studies. I am often disappointed, because I pick up many of them and they are basically filled with lots of anecdotes, lots of attention to celebrities and stars, and lots of advice for wannabes to get into the industry. But, I find that a lot of times there is not a critical

sensibility about the industry. And, also very seldom is the industry placed in a more general context. Films and the film industry are looked at in isolation from its actual context.

I was going to go into some arguments that you heard at lunch. That we just can't look at the film industry alone. We have to look at this industry as part of an overall media industry that is now dominated by a handful of companies. I was going to lecture you about that, but we have heard it already. We heard about the cold winds of consolidation. I think that that has to be a part of any kind of consideration of this industry. In fact, I wonder if even teaching and talking about film as an industry makes sense. It really is a part of a much larger industry.

We also have to look outside of the industry. We can't just look at those companies. We have to look at their interactions with other companies, with other financial institutions, pay a little bit of attention to banks, financial institutions, things like that. We have to look at the state, the role of the government in the industry, with the industry, how it supports the industry. Even though it seems as though sometimes the government gets angry at Hollywood not backing what they want, this administration at least. But, there is a lot of interaction and support by the state for this industry, especially in films and other media products to get into those foreign markets that are so important. I think those are important to consider and a lot of times we don't read or hear about those aspects.

I guess I'm not really telling you anything you don't know or even want to know. But, I wanted to just make that point that I think in the academic setting, and especially when we are trying to teach students and individuals about how the industry works we need to take these things in to account, and I think I'm talking to the wrong crowd here, but maybe this will inspire a few questions. I will leave it at that.

Janet Wasko is professor in the School of Journalism and Communication at the University of Oregon.