**David Ondaatje**

# Tinseltown's global takeover

**Hollywood's Road to Riches**

By David Waterman

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We live in a world fascinated by Hollywood. Our curiosity even extends to tracking the box office receipts of new film releases as if they were professional sports scores.

David Waterman's *Hollywood's Road to Riches* does not attempt to explain this obsession, nor to cater to it with tabloid tales of over-indulged directors, movie stars and producers. It does, however, provide a thorough economic account of how American film studios and their predecessors have exploited our appetite for movies over the past 60-plus years.

Waterman, a professor in the department of telecommunications at Indiana University, documents how the spectacular success of the six major film studios (Universal, Paramount, Disney, Sony/Columbia/MGM, Fox and Warner Bros) since 1945 has been achieved using staggered "windows", whereby American studio-produced movies are released at different times and prices in different media around the world. These windows have segmented the film market according to consumers' sensitivity to price, time, convenience and quality, so as to maximise revenue for each film.

The average American sees six movies a year in the cinema, buys or rents 25-30 videos, pays for 25-30 movies on premium cable or pay-per-view and watches 35-45 movies on basic cable or network television. So successfully have the studios segmented the US market that over a film's two to three-year release schedule, consumers willingly pay to see the same film multiple times.

Waterman examines American studio films' domination of the US market, out-muscling virtually all foreign and independently financed domestic films. One of the principal reasons, it turns out, is television. To compete against TV, the studios channelled enormous amounts of money into fewer, more expensive movies such as *The Robe* (1953), *Ben Hur* (1959) and *The Ten Commandments* (1956). *Cleopatra*, made for a staggering $40 million (£22.5 million) in 1963, is still the most expensive film ever made — the equivalent of more than $250 million today. Current film costs, however, are rapidly closing in on that mark. More than 65 films made in the past few years had production budgets in excess of $100 million, led by *Titanic* (1997), *Spider-Man 2* (2004) and *King Kong* (2005), each of which cost $200 million or more.

These studio films are for the most part written, directed and produced to maximise economic return. They are carefully constructed to appeal to the broadest possible audience, not to indulge auteur film-makers or to appease critics.

The book touches only briefly on violence in film, suggesting that because a growing number of the most successful studio films fall into action, adventure and thriller genres, they are more "violence prone". Waterman avoids addressing the larger question about whether the studios are, in part, responsible for making society increasingly violent or are simply catering to an increasingly violent society. In any case, it would be absurd to claim that the studios are solely to blame. Screen violence is not limited to US films, and arguably few of today's studio action films are as disturbingly violent as Sam Peckinpah's *The Wild Bunch* (1969) or Akira Kurosawa's *Ran* (1985).

International demand for these shallow, violence-prone, happy-ending movies has had a significant economic impact. The film industry makes an important contribution to the US balance of payments and its share of total US economic activity has grown 300 per cent since 1970.

In Europe, American films now account for 72 per cent of all box-office revenues, up from 35 per cent in 1963. They take in more than half the box office in nearly all major markets outside the US, and as much as 80 per cent in the UK and Germany. Italy's domestic film industry, once Europe's strongest, has suffered perhaps the greatest decline; Italian films account for only 22 per cent of domestic box office receipts, down from 64 per cent in 1971. All this no doubt haunts producers and film agencies throughout Europe, giving rise to countless tax and other economic incentives by governments trying to revive domestic film industries and stem the tide of what critics claim is rampant American cultural imperialism.

Waterman posits six main reasons for American international domination. First, Americans outspend Europeans more than two to one, so the US is a much larger film market. Second, younger audiences worldwide speak more English. Third, US media content transcends geographic boundaries. Fourth, European and other foreign film industries have historically been modelled on auteurism rather than on a "bottom-line" approach. Fifth, American political and economic power supports its media companies abroad. Sixth — and perhaps Waterman's most compelling reason — inadequate or misdirected protectionist policies have weakened the film industries in many foreign countries by insulating producers from the realities of the international market.

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***Cleopatra* (1963): still the most expensive film ever made**

Inevitably, the book will appeal to academics trying to make sense of the film business and American entertainment professionals interested in the underlying economics of their industry. However, given the obvious importance of a diverse and financially healthy international film community, it would be disappointing if the book did not also find an audience among the many regulators, censors, producers and media policy officials working outside the US.

David Ondaatje holds degrees in government from Harvard University and law from Cambridge University. He is a film-maker living in Los Angeles.