
cooperation, hollywood and howe

by maynard collins

Historian Donald Creighton, in *The Forked Road, Canada 1939-1957* disposes of the Liberal budget of November 17, 1947 in two sentences. For the Canadian film industry, however, that budget began a bizarre story of government, civil service and industry collusion and approval of a plan whereby Canada traded its emerging post-war film industry for a few mentions of Canada in bad American feature films and a couple of tourist plugs in some American shorts. The whole premise of the plan is so ludicrous that it is hard to take seriously, to believe that we Canadians were so naive, so easily flim-flamed by Hollywood. But the "Canadian Cooperation Project" lasted a decade, and it did not die by government fiat, nor by industry lobbying, nor by consumer pressure, but simply because economic conditions changed and everybody forgot about it. The basis of the plan which began 33 years ago is painfully clear.

The war was over, but the summer of 1946 the million men and fifty thousand women in uniform overseas had returned to Canada. Coca-Cola plants were going up all over Europe. Canadian industrial capacity was converting to peace-time use. The British economy was in shambles. Canadians scrambled to buy all the newly-available consumer goods they had been denied throughout a depression and a world war. The Canadian dollar was re-pegged at par with the American dollar. The Canadian economy was basically healthy.

But it was caught in a strange bind. The post-war Canadian appetite for consumer goods was creating an imbalance of currencies, for Canadian purchases in the US had to be paid for in cash, while its sales to the war-crippled countries of Europe

had to be financed on credit. In order to prevent a devaluation of the dollar, in his budget of November 17, 1947 Acting Finance Minister Douglas Abbott was forced to announce sweeping quotas, taxes, and import restrictions, including a ban on the importation of American-made film projection and sound equipment.

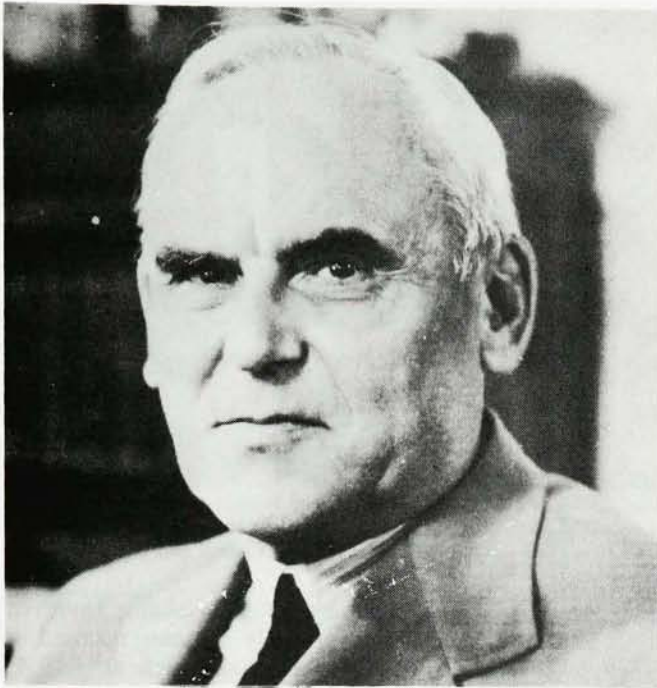
For the time being, no move was made by Canada to restrict the remittal of film earnings to the US. Everyone expected some sort of legislation, though, for there was a big prize at stake: \$20 million dollars in foreign earnings from Canadian movie houses, of which \$17 million went to the US.

In anticipation of government restrictions on American film earnings, the Film Producers Association of Canada (Crawley Films, Audio Pictures, Quebec Productions, Queensway (Rank) Studios, Shelly Films, Trans-Canada Films, Thatcher Film Productions, Cinema-Canada and North American Productions) met with Abbott on November 24, 1947 and outlined a plan to use part of the money to increase the Association's production facilities by 50 percent in order to create a strong Canadian feature film and documentary industry. N.F.B. Commissioner Ross McLean offered a plan whereby the American film industry would be forced to spend \$4-5 million of its Canadian earnings in Canada, as well as opening American distribution to 40 or 50 Canadian shorts.

But the game was not only making movies, it was international finance, and the Americans played smooth but heavy. Eric Johnston, president of the Motion Picture Association of America (MPAA) immediately set up a lobby group to pressure Ottawa against any government action against Hollywood.



At the head table of a dinner given in honor of Adolph Zukor at Paramount Pictures' Canadian Annual Sales Meeting in Toronto were (l. to r.) J. J. Fitzgibbons, president of Famous Players, George Peters, vice-president of Odeon, Zukor and five other guests



"The film industry does not, in our opinion, lend itself to quotas," maintained C.D. Howe, minister of reconstruction and supply

The lobby committee included Francis Harmon, vice-president of the MPAA and J.J. Fitzgibbons, president of Famous Players Canada.

The wooing of the Canadian politicians began after a meeting between Fitzgibbons and American-born C.D. Howe, Minister of Reconstruction and Supply, at a luncheon at the Rideau Club in January 14, 1948. Fitzgibbons and Harmon met with Donald Gordon, Deputy Governor of the Bank of Canada, Lester Pearson, Secretary of State for External Affairs, Ernest Bushnell of the CBC, and others.

Here the Canadian Cooperation Project was launched, to lay to rest all talk of quotas, taxes, fees, remittances, or freezes.

On January 21, 1948, Johnston wrote a letter to Fitzgibbons, outlining the basic aims of the Project:

1. To make a short film explaining Canada's trade-dollar problem to American and Canadian audiences;
2. To increase coverage of Canadian subjects in American newsreels;
3. To have some short films about Canada made by US film companies;
4. To obtain distribution of some NFB films in America;
5. To insert some Canadian sequences in US feature films;
6. To make a series of radio recordings by US stars extolling the virtues of Canada as a vacationland;
7. To distribute fewer "low-toned" gangster films in Canada and
8. To appoint a staff man for liaison of the Project.

Not too much for \$17,000,000.

The key personnel of the CCP were: in New York – Eric Johnston, President of the MPAA; Francis Harmon, Vice-President; and, Taylor Mills, New York co-ordinator. In Hollywood – Blake Owensmith, whose function was to insert Canadian references in Hollywood features whenever possible. In Toronto – Don Henshaw, of MacLaren Advertising Agency,

who co-ordinated the plan in Canada. Two other persons were also key to the success of the Project, although not officially a part: J.J. Fitzgibbons of Famous Players, which was owned by Paramount Pictures, acted as a conduit of information between Canada and the US, and organized certain distribution and exhibition aspects of the CCP; and later, Laurence A. Steinhardt, the newly-appointed Ambassador to Canada from the US, transmitted information from Parliament Hill to Toronto, New York and Hollywood and offered advice on lobbying and negotiations.

Somehow, C.D. Howe, who never mis-read a balance sheet, didn't seem to quite understand what he had agreed to. In various speeches to the House of Commons he mentioned a 'quid pro quo' (prompting one Opposition member to reply "The only 'quid pro quo' that would interest us . . . would be . . . United States dollars"), "the development of production in Canada," and "contracts . . . covering some \$2 - \$3 million of feature production in Canada." Not surprisingly, these remarks prompted expectations of a great boom in Canadian film production. What he was asked if any 'quid pro quo' would reduce the balance of payments by 100 percent, he stated: "The objective may be that, but we will settle for less." In fact, Canada settled for one hundred per cent less, and in return for exempting motion pictures from restrictions received only a few mentions of Canada in some American feature films, a few Hollywood-made tourist films on the beauty of skiing in Banff, skating in Quebec and fishing in Northern Ontario, and the sale of a few stock shots of Canada to US producers.

Howe, who admitted he himself did not go to the movies, set film policy for a long line of Canadian cabinet ministers when he said, "The film industry does not, in our opinion, lend itself to quotas." It is easy to imagine the ghost of Howe intoning this line again and again into the dreams of a succession of Liberal Secretaries of State.

With Howe, unwittingly or not, leading the way, most analysts expected a great increase in Canadian film production, even the beginning of a real features industry in this country. The MPAA, while set up for the very purpose of preventing such an occurrence, was not above empty promises of a film crew in every garage. At a lavish New York luncheon for Donald Gordon, Deputy Minister of the Bank of Canada, Taylor Mills, MPAA co-ordinator of the Project, announced a ten-picture deal between Renaissance Studios and Monogram Pictures. Audio Pictures of Toronto opened a new studio in anticipation of increased production. Eagle-Lion announced two productions to be shot near Calgary, with a budget of \$2 1/2 million.

Of course, none of these deals, nor others announced, ever got off the ground. As far as Hollywood was concerned, the CCP was only a plan whereby American companies would make a few tourist films. Already American producers had been forced to liquidate blocked dollars in at least six foreign countries – Italy, France, Holland, Norway, Sweden and Australia – by producing films there or by sending location companies over. They had no intention of doing the same in Canada; they wanted that \$17 million going untouched into the USA.

Negotiations continued through the early months of 1948. In April, Fitzgibbons, Francis Harmon, Taylor Mills of New York and Blake Owensmith of Hollywood arrived in Ottawa for some serious lobbying. This culminated in a luncheon in the Quebec Suite of the Chateau Laurier, where the purposes of the

CCP were outlined to the guests and examples of Project endeavours were listed: **Calgary Stampede**, **Snow Capers** and **Big Game Angling**.

The luncheon was a star-studded affair. Representing Hollywood and Washington were Harmon, Fitzgibbons, and US Ambassador Ray Atherton. Being fatted for the kill were the heavyweights of the Liberal Party and many top-ranked mandarins of the civil service, from Trade and Commerce, the Dept. of Finance, External Affairs, the Bank of Canada, the Foreign Exchange Control Board and National Revenue, including Howe, Abbott, Graham Towers, Louis Rasminsky, J.J. McCann and Lester Pearson, all bright stars of the post-war public service stewardship of Canada.

The Canadian government bought the MPA plan, and all talk of increased Canadian film production came to a halt. Howe and Hollywood were now in agreement on the limited purpose of the plan: in exchange for leaving the \$17 million alone, tourism and Canada would be boosted by inserting as many plugs for Canada in as many American films as possible.

In July, 1948, there had been some communications problems between Hollywood and Ottawa which came to the attention of Howe, so he appointed Archibald H. Newman as liaison man for the Project. His duties were to keep the various aspects of the plan moving smoothly and to puff up the mostly intangible results. Newman set to work putting the record straight: the CCP was not intended to increase Canadian production, he announced, and the Canadian government would "not put a quota on the films of any nation." In the CCP report of 1949, he stripped all sham from the Project and admitted that "at no time has the industry specifically agreed to make films in Canada."

The position of American Ambassador, Lawrence Steinhardt, became an interesting one. Although he was not officially a part of the CCP team, he took an active part in the lobbying process, supplying political intelligence to the US film industry and becoming very chummy with Howe. Possibly he had added incentive to his task, in as much as his family had financial interest in the Warner Bros. studios.

In late 1949, Howe's exchange of confidences with Steinhardt was to land Newman in some hot water within the CCP. In August, Newman had gone to Howe complaining that some American companies were stalling on their commitment to the Project. Howe passed this information on to Steinhardt, who then wrote to Harmon in New York, warning him of the possible consequences if the company (in this case Twentieth Century-Fox) didn't at least appear to comply: "I would be derelict in my duties were I to fail to invite your attention to the fact unless all the members of the Association take immediate measures to satisfy the Canadian authorities that each of them is participating wholeheartedly in the Canadian Cooperation Project, all the members of the Association must be prepared for the imposition of restrictions on the import of American motion pictures into Canada, or, in the alternative, be prepared to have at least a part of their earnings in Canada frozen." Steinhardt advised Harmon to set everything else aside and run up to Ottawa to assess the political feeling and take the necessary steps to correct the situation.

The lobbying was successful and the Project was dutifully renewed for another year. Newman was soundly rebuked by Taylor Mills for getting the CCP caught up "in the maelstrom of his personal anxiety," and Steinhardt was informed by Howe the next week that Newman was about to be "super-



Members of the Canadian Co-operation Project gather to lay to rest all talk of quotas, taxes, fees, remittances or freezes: J. J. Fitzgibbons, Mrs. Owensmith, Blake Owensmith, Leslie Chance and N. Frank Freeman

ceded," perhaps to be replaced by Fitzgibbons. However, opposition to the Project never really became organized or effective and it was dutifully renewed each year until 1957, when it mercifully and quietly disappeared. The original monetary crisis which spawned the CCP had lasted six months, the CCP, itself almost a decade.

The results: well, the figures on US tourism in Canada are inconclusive. Viewed one way, they indicate a rise in the number of American tourists, but a smaller percentage increase than tourism from other countries. Comparing Canadian tourists travelling in the US against Americans in Canada, this country suffered a net loss in tourism revenue during the period the CCP was in operation.

Canada was mentioned in a number of American features, usually as a place where gangsters had fled to or where couples had honeymooned. Blake Owensmith had dutifully made the rounds of the studios each day, persuading writers to insert Canadian plugs wherever possible, such as the famous line about "red-winged orioles from Canada" that Jimmy Stewart cannot say with a straight face in **Bend of the River**, or the "mountaineer from Winnipeg" in **Three Secrets**.

The lessons of the CCP are painfully clear. A nation was so mesmerized by the glamour of Hollywood, by Shirley Temple, by Jimmy Stewart and by Mary Pickford, that it would trade a chance to begin to create its own cultural identity on film for a position as a footnote to the American identity. Even cabinet ministers were not immune: after Robert Winters, Minister of Resources and Development was squired about Hollywood, the CCP was able to say that "we... have sewed him up tight 100 percent on the project... We will certainly have a very strong man in our corner in the Cabinet for any future matter..." Beware Canadian civil servants who visit Hollywood!

Of course, we are all so much more sophisticated now. Our Department of External Affairs knows much more about international dealings that it did in 1946. Doesn't it? We would never trade a personal, Canadian cultural filmic identity to tag along on productions from other countries. Would we? Canadian films now can compete on an equal basis with imported products in our own market. Can't they? Thank God we have progressed so much in thirty years. □