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## Blockbusters and Trade Wars: Popular Culture in a Globalized World

By Peter S. Grant & Chris Wood.

Vancouver: Douglas & McIntyre, 2004. 454 pp. ISBN 1553650093.

*Blockbusters and Trade Wars* presents a highly readable review and defence of Canadian cultural policy in the form of a comparison of Canadian experience with that of other countries. The book focuses on the popular media - broadcasting, theatrical feature film, records, books, and magazines - with particular attention to the entertainment industries, especially television, and does not cover "the arts" or performing arts. The authors are Peter S. Grant, one of Canada's leading communications lawyers and the main instigator of the book, and Chris Wood, an experienced journalist and editor.

*Blockbusters and Trade Wars* contains three separate and distinct parts that build one upon the other: the economic foundations of the entertainment industries; government policies commonly used to influence these industries in the pursuit of cultural and economic objectives; and finally the implications of international trade agreements for domestic cultural policies.

Each of the three parts of the book explores a central theme. First, markets for popular cultural products do not conform to the general economic rules that apply to the markets for other goods and services. Second, despite claims to the contrary, satellite delivery, digitization, and the Internet are not about to render ineffective government policy aimed to protect cultural diversity. Third, there exist compelling arguments for keeping cultural products out of international trade agreements and strategies for accomplishing this objective.

The first part of the book provides a description of certain aspects of the economic organization of the entertainment industries. Here there is an effort to address issues with economic analysis, and the argument is illustrated with relevant data. Chapter 3 provides a sketch of the economics of entertainment products and touches on several of their basic characteristics. Each entertainment product is unique, and a very high proportion of production costs is incurred in the production of the master copy or prototype. Thereafter, the reproduction cost or marginal cost is very low (often near zero), which has important implications for the pricing of certain cultural products, such as U.S. television programs, in Canadian and other export markets. The analysis is related to the uncertainty of demand characterized by the premise "nobody knows anything," which is borrowed from William Goldman's *Adventures in the Screen Trade* and applied here to all of the cultural industries. Costs are sunk once production of the prototype is completed, consumer demand is very uncertain until the cultural product is offered to the public, and the risk associated with a given cultural product is high. These characteristics help to explain industrial concentration, vertical integration, and the advantages of market power in the entertainment industries. Where entertainment markets are segregated, the way is open to sales in successive "windows" in accordance with an "orderly marketplace" as well as price discrimination across territories and media.

However, Part 1 of *Blockbusters and Trade Wars* is less satisfactory than the rest of the book because the economic analysis Grant & Wood present is inadequately developed. Their discussion setting out why cultural products are not like ordinary commodities, summarized in a long table in chapter 3, raises questions that are not answered. For example, the authors distinguish insufficiently between cultural products and the common definitions of luxury goods, consumer durables, and intellectual property more generally. There are industries other than the cultural industries, including the pharmaceutical industry, the oil and gas industry, and the automobile industry, that require extensive research and development or the development of expensive prototypes prior to production. These costs must then be amortized over a large volume of consumer sales. There are likewise many other industries that function in an environment of monopolistic competition where competing products are more or less substitutes. Even though the authors are essentially correct in their conclusions, those familiar with economic analysis will find the development of the argument in this part of the book less satisfying than the rest because the discussion proceeds largely by assertion, example, and suggestion. What is more, the economic activities of individual creators, the character of their labour supply, and the nature of their collective interests are not analyzed.

The authors' discussion of cultural policy in Part 2 is generally more robust and addresses seven issues that concern directly the Canadian entertainment industries, particularly television: the definition of national content, public broadcasting, scheduling requirements or quotas, spending rules, the nationality of ownership, competition policy, and financial assistance in the form of subsidies or tax advantages. All of these issues are of central concern to Canadian policymakers. Because the authors present an international comparison, the presentation takes the form of an overview and does not delve into the details of policy in any one country, including Canada. The discussion is descriptive and generally approving of Canadian solutions while tending to present Canadian institutions and policy as in advance of those of other nations and, in some cases, a model for others struggling with similar problems.

One of the book's authors has been involved in Canadian broadcast regulatory proceedings for many years, and the book's discussion of policy issues is authoritative except where it addresses issues concerning Canadian film and television program financing. For example, the authors state that Telefilm recently integrated into the Canadian Television Fund (CTF), (p. 154). In fact, only Telefilm's former Broadcast Fund has been integrated into the CTF,

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and their other activities related to theatrical feature films, new media, music, festivals, and the certification of co-productions are administered outside the ambit of the CTF. The authors say that the CTF has a hand in one-third of all English-language and one-half of all French-language Canadian TV shows (p. 300). They do not identify the source of these statistics but they are presumably referring to TV shows in the underrepresented program categories that the CTF finances, and not all Canadian programs. In fact, as indicated in the CTF Activity Report for 2002-03, the CTF finances a total of about 2,600 hours a year in the two languages and the CBC English-language network alone provides about 5,900 hours a year of original Canadian television programming, even before one considers the contribution of the rest of the broadcasting system, so the CTF cannot be funding a third of all English-language Canadian programs. The authors say that Telefilm has required applicants to its Television Fund to produce a letter from a Canadian broadcaster committed to airing the program since the mid-1990s (p. 310) when, in fact, this requirement has been a *sine qua non* condition for financing since the beginning of the Broadcast Fund in 1983. The authors claim that Telefilm experimented with a first-come, first-served approach to reduce the discretionary uncertainty in awarding so-called licence fee top-ups, with embarrassing results involving line-ups outside the agency's Toronto offices (p. 310). In fact, it was the CTF's Licence Fee Program that experienced this embarrassment and not Telefilm. But in the final analysis, the issue of the government financing of films and television programs does not occupy a central place in the discussion - Telefilm and the CTF are absent from the index at the end of the book.

The third part of *Blockbusters and Trade Wars* contains the most original material in the book and addresses contemporary international trade issues that could potentially render inoperative important elements of the cultural policy tool kit described in the previous section. The discussion provides a comprehensive introduction to the recent history and direction of the major international institutions, interest groups, policy decisions, and trade agreements. Included are the General Agreement on Tariffs and Trade (GATT), the General Agreement on Trade in Services (GATS), the World Trade Organization (WTO), the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement, the OECD's Multilateral Agreement on Investment (MAI), the Canada-U.S. Free Trade Agreement (FTA) and North American Free Trade Agreement (NAFTA). According to the authors, countries that succumb to the terms of the GATS, for example, will have their policy tool kit reduced to two measures - competition law and public-service broadcasting.

In the end, without playing down the difficulties surrounding any strategy, Grant & Wood favour the pursuit of a new international instrument on cultural diversity (NIICD) within UNESCO, even if the United States ultimately refuses to endorse such an initiative. This said, they also favour rapprochement with the forces of trade liberalization, not resistance against them. According to the authors, "[T]he perfect ought not to become the enemy of the good." This is in keeping with the approach of the Canadian government's Sectoral Advisory Group on International Trade (SAGIT) representing cultural industries, of which Peter Grant is a member.

This book represents an exercise in *haute vulgarisation*, insofar as the authors have produced a well-organized, well-researched, and well-written book of considerable substance that is aimed at policymakers and those whose work involves the entertainment industries while, at the same time, keeping its contents accessible to a non-specialist audience. To facilitate access for their audience, the authors have consolidated potential footnotes and a bibliography into bibliographic essays at the end of the book that identify the sources for each chapter and indicate further readings of relevance and interest.

The emphasis in *Blockbusters and Trade Wars* is on the organization of firms and industries in the entertainment sector and on the successes and failures of government policy in influencing the cultural industries to enhance the national interest and social welfare. Within this framework, the book provides a very good overview of the major structural issues raised by the globalization of popular culture.

**Reviewed by Robert Armstrong, Communications Médias inc., Montréal**

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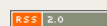


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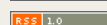
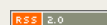
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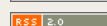
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PRINT ISSN: 0705-3657

ONLINE ISSN: 1499-6642

WE WISH TO ACKNOWLEDGE THE FINANCIAL SUPPORT OF THE SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL FOR THEIR FINANCIAL SUPPORT THROUGH THE [AID TO SCHOLARLY JOURNALS PROGRAM](#).



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It said that a full-blown trade war between the US and China would put a significant dent in economic recovery. Its chief economist said further trade barriers would hit households, businesses and the wider economy. "Trade policy reflects politics and politics remain unsettled in several countries, posing further risks," said Maurice Obstfeld. Advertisement. US-China trade war: a tale of two Chinas. US-China trade row: The story so far. Most recently, China announced new trade tariffs on \$60bn of US goods, including products such as liquefied natural gas, produced in states loyal to

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