



THORNTON  
FISHER - 00

Frontispiece: from 'Moving Picture World News Reel' for February',  
*Moving Picture World* 31, no. 10 (10 March 1917), p. 1551.

KRISTIN THOMPSON

# EXPORTING ENTERTAINMENT

America in the World Film Market  
1907-34

NOTICE: THIS MATERIAL MAY BE  
PROTECTED BY COPYRIGHT LAW  
(TITLE 17 U.S. CODE)



1985

BFI Publishing

Duke University Libraries



D02583504R

## 2 Crossing the Herring Pond, 1909-15

In early 1909, shortly after the formation of the Motion Picture Patents Co., American producers began a systematic push into foreign markets. This movement continued until the war began; at that point, there was a brief lull, due to uncertainty as to the length of the hostilities and as to the best means of distribution. Even during the first months of the war, however, American producers and distributors foresaw that they could seize the opportunity to place their films in a permanently dominant position on world markets. As Chronology 2 in Appendix I shows, within a short period, American firms had reorganised their European branches (in some cases moving operations from Paris to London) and were again opening new offices or contracting new agencies.

The expansion of American distribution abroad went on at a rapid pace until the mid-20s, when it abated somewhat. This was partly because the basic structure of the Hollywood oligopoly of companies was substantially complete by that time. There were three 'majors' leading the industry: Famous Players-Lasky (with its distribution/exhibition branch, Paramount), MGM (formed in a merger in 1924; its distribution/exhibition branch was Loew's) and First National. Five 'minors' existed: Fox, Universal, Warner Bros., United Artists and the Film Booking Office. United Artists was a separate type of company, since it did not actually produce films; it distributed them for a few elite independent producers led by Fairbanks, Pickford and Chaplin. Several of the majors and minors were in the late stages of vertical integration; that is, they produced, distributed and exhibited their own films. Paramount, Loew's, Universal and Fox were acquiring theatres and the First National theatre group began regular production in the early 20s.<sup>1</sup> As they expanded at home, these companies generally created foreign distribution outlets as well. When Warner Bros. bought Vitagraph in 1925, it obtained the latter's extensive series of foreign offices. A few smaller, recently created or independent firms were still in the process of expanding abroad. But on the whole, the main expansion that had begun in 1909 was over; by the mid-20s most firms had representation in virtually all viable markets.

### THE USA'S DEPENDENCE ON BRITAIN AS A DISTRIBUTION CENTRE

Although in 1908 Vitagraph, the leader in foreign distribution, had opted for Paris as the headquarters for its foreign laboratory, most firms chose to work through London. Beginning in the spring of 1909, the American members of the MPPC went about arranging distribution there – Essanay gaining its own office, Edison opening a separate film office for the first time, Vitagraph still operating the one it had opened in 1906 and American Biograph, Lubin, and Selig signing with an agent. During 1910, firms from the independent ranks began to follow suit, though most of these would work through agents for the next few years. In the meantime, the Patents Co. members and their agents were establishing additional branches on the Continent.

London continued to be the centre of American foreign distribution between 1909 and 1916; even after its decline in that capacity, it retained its role for the European distribution of American films. Even as the American film grew stronger abroad, the British production sector was declining. Britain had enjoyed a strong export position only in the early years of the century; the nearly total exclusion of British firms from the Patents Co. undoubtedly helped to disrupt this. But by acting as the re-exporter for American and other foreign films, dispatching them to all parts of the globe, British distributors and renters found quite a lucrative field – until the war intervened.

Britain was at the time a logical country to choose for the function of agent/re-exporter. It was traditionally the largest market for many American goods and this was certainly true of films. Aside from the USA itself, Britain had the greatest number of theatres – reportedly about 2,000 in 1911, with 300 of these in London alone.<sup>2</sup>

The system of distribution was entirely different from that used in America. In the USA standing orders and exclusive contracts tied theatres to whichever film service – licensed or independent – they chose. This meant that each producer sold about the same number of prints of each film. Trade journals, especially abroad, called the USA a 'closed market'. In Britain, on the other hand, an open-market system prevailed. Producers sold their films to renters, who in turn distributed them to as many theatres as they could. Since there was seldom an exclusive contract with any theatre for a film, that film might be rented to a number of theatres in the same district. The renters and theatres would all scramble to get popular titles as quickly as possible, since the potential audience would soon be exhausted by this simple form of saturation booking. Theoretically, it would have been more profitable for renters to charge higher fixed fees for smaller numbers of prints, thus extending the usefulness of each title and lowering costs. But with the open system, nearly twice as many titles came into the market as

were needed and there were many renters catering to the theatres. An exhibitor who could not rent the desired film immediately from one renter could either turn to another renter who was willing to buy more prints of the same film or could simply rent a different title. With the star system not yet well-established and short films still the rule, there was less possibility of renters differentiating the products they sold; one film could substitute for another with relatively little difficulty. An American firm or its agent could thus sell many copies of a single film. Under such a system, the renters bore the high expenses of obtaining a large number of prints whose earning life was likely to be short; the selling firm reaped the extra profits.

As a result, Britain was an attractive place to locate a laboratory where a firm's second negative could be shipped for all foreign printing. Other factors encouraged this tendency. Before 1915, there was no tariff on film imports. Also, the British shipping system was the finest in the world. American shipping facilities were, in contrast, weak. Available tonnage had declined during the Civil War and there had been little government incentive thereafter for shipbuilding; the many other expanding fields of manufacture had drawn the necessary capital. The percentage of American exports carried in domestically owned vessels had fallen from 35.6% in 1870 to a mere 9.3% by 1900. American goods were carried primarily on British, French, Japanese and German ships. The demands of commerce with a far-flung empire had led Britain to maintain a large fleet; a reliable estimate suggests that at the end of 1913, British ships carried about 52% in value, 50% in volume, of the world's seaborne trade.<sup>3</sup> Furthermore, British businesspeople had knowledge of international commerce and could cope with the different currencies, languages and other special problems involved.

Such facilities and skills were placed at the disposal of the inexperienced American film firms. In 1910, the *Bioscope* noted the shift in emphasis within the British film industry: 'Slowly, but surely, the English film manufacturers are going in for film hiring, and to all outward appearances are finding that there is more scope for their energies in that direction than in producing films.'

This strategy may have been profitable in the short run, but it helped create problems that were to plague the British film industry for years. By downplaying production in favour of distribution and exhibition, the British firms left the field open for foreign films; with so little screen time being devoted to native production, it became increasingly difficult to interest investors in making British films. French and Italian firms took generous shares of this market, to be sure, but the Americans gained more quickly. One American government official stated in 1911 that American films made up from 60 to 70% of the films imported into Britain. The figure of 60% was

given in a number of consular reports over the next two years. This probably reflects either the American share of imports (rather than of the entire market) or estimates of footage sold and screen time occupied by American films. In terms of the number of titles released in Britain, as listed in the pages of the *Bioscope* (see Table A.II in Appendix II), sample weeks show the American share rising from about one-quarter to just under one-half of the British market. Certainly by the second half of 1911, all the major American firms had representation in Britain and British agencies were snapping up each new independent firm as it came into existence. In 1912, a prominent agent placed the average number of American prints sold in Britain for each film at between five and thirty; a good sale would be closer to 100 and a very popular film might sell up to 200 prints.<sup>4</sup> Within three years, the American film had successfully crossed the Atlantic Ocean - which trade papers of the period frequently referred to as 'the herring pond'.

Although the American firms moved in steadily to capture a substantial share of the British market, they seem to have been less adept at extending their advantage to other markets abroad. Much of the evidence from trade papers and customs statistics of the period suggests that the American industry was content to allow their British colleagues to handle the business of exploiting those other markets and skim off a share of the profits. Although a few American firms opened branch offices in major Continental cities, they seldom did their own distribution there; rather, they sold the rights for one or more countries to local companies. Until the middle of the war, many American offices abroad existed primarily to sell rights and to supply the quantity of prints ordered by the foreign firm taking care of the distribution.

Given the USA's lengthy commercial domination of the world, it seems odd to look back now and realise how naïvely the pre-war film export situation was managed. Apparently in selling the British rights of their films, many firms would, for a relatively low additional fee, simply throw in the rights for, say, the Continent or the British colonies or the Far East or even the world outside North America. This situation aroused little comment at the time, but part way through the war, American firms began to try dealing directly elsewhere and frequently found themselves undersold on the same or similar films by British companies.

In 1916, the American agent who sold *Civilization* abroad deplored the custom of including the rights for the British colonies in the sales of the rights for Great Britain. Metro's foreign representative noted the same problem with the Far Eastern market a year later: 'Through including or "throwing in" in their London transactions the rights of their films for the Orient American manufacturers are underselling themselves.' He suggested that 'the remedy is for America to limit the

London agent to his field of operations and not throw in the whole world outside of the United States and Canada.<sup>5</sup> The main reason for this pre-war state of affairs appears to have been the convenience of handling only one set of foreign rights. The American film industry was still expanding and its officials had little experience or knowledge of far-flung markets. In 1919, the *Moving Picture World* analysed London's former place as the distribution centre for American films:

The American producer had at his very doors a market more than sufficient to show him a tremendous return on his investment – and this market was infinitely more easily reached than was the foreign market. He knew the domestic market and didn't know the foreign one. He could deal intelligently with the domestic distributor on the essential matters of price, censorship, etc., but he was forced to admit that he didn't know what his wares were worth abroad or why some of his pictures were impossible for foreign exhibition. London, with a well-oiled organisation, established primarily for the purpose of carrying on trade in all lines with the many English colonies, which, in turn, were local distribution centers, was the logical city in which to sell anything intended for the foreign trade by the 'job lot' process. The price London was willing to pay, whether large or small, represented pure 'velvet' for the American producer. In the earlier days, there was little concern in this country whether the price paid for the rights of a picture for the foreign territory represented the maximum possibilities for the picture or not. A transaction with London interests was easily made, and all concern over the foreign fields was easily avoided.<sup>6</sup>

Thus, outside the most conveniently reached foreign markets, most of the sales made around the world were indirect.

A comparison of Charts 2 and 3, in Appendix III, shows that the vastly larger portion of American exports were going to Britain. The British chart (Chart 3) shows raw and exposed stock combined to mid-1917, while the American exports chart (Chart 2) separates raw from exposed after mid-1913. On the latter chart, it becomes apparent that American sales of exposed film remained remarkably steady during the pre-war years; the main fluctuations that appear there, with large rises in early 1912, mid-to-late 1913 and early 1914, correspond closely to the shifts in American raw-stock exports. Up to the beginning of the war, the American film industry's average monthly film exports were: first half of 1912, 2,675,465 feet; 1913, 2,692,487 feet; January to July of 1914, 2,645,829 feet. Such steady shipments at a time when American firms were expanding their business abroad helps confirm that very little selling was done except through London. In all

probability, the exported films were often negatives, from which additional prints could be struck for British agencies selling them in other parts of the world.

Although sale through London agencies was perhaps not the most profitable method of distributing films in the long run, it did allow the American product to reach far-flung and smaller markets. There were only a few ways exhibitors or distributors in such markets could get films, since there was little or no native production. They could order them directly from the producer, depending on descriptions in trade papers to judge the quality of the film – this was a relatively minor means of selling and buying. More frequently, a local distributor would order groups of films from large firms specialising in export to distant countries. In South Africa in 1912, the largest theatre owners would receive regular shipments of films by post from export companies in London with whom they had standing orders; often these included American films. They would run these, then rent them out to smaller theatres in the country. Another common ordering procedure arose as the number of theatres and larger distributors grew in each country. The distributor, sometimes associated with a theatre chain, would open a buying office in London; buyers could then attend trade shows and order whatever number of prints the home market could absorb. In 1913, for example, the South American Feature Film Co. opened an office in London, to buy British and other films for South America.<sup>7</sup>

But some small or undeveloped markets could not afford many new prints. In India in 1910, for example, there were few permanent theatres – one in Calcutta, one in Rangoon and four in Bombay; other locales were served by about seventy touring cinemas. Pathé was the only distributor with direct sales there and it would not rent, only sell. The main theatres would buy Pathé films direct and sell them used at half-price to the travelling shows; some new topicals and used prints were obtained via the post from London. An even smaller market, Syria, in 1912 used films leased from firms in Paris and Rome, but received them only after they had been shown in Egypt. The policy of moving into such small markets with direct sales had little chance before the war, since Pathé retained its firm hold. An American consul in China pointed out in 1911 that 'A well-known French company had a practical monopoly on the market.'<sup>8</sup> From its offices in Hong Kong, Singapore and other key Far Eastern cities, Pathé could supply the few theatres in the surrounding small countries.

Nevertheless, films other than Pathé's made their way into these distant markets – mainly through London. There grew up a thriving business in 'junk' prints. Again, London was its logical centre; with so many prints being shown simultaneously, a great many used copies would be unrentable within a period averaging about ninety days. An analyst commented in 1914:

Because the life of a film is so short in England, hirers often pursue the practice of selling 'commercial stuff' to continental agents – thus, a subject is reincarnated, as it were, placed in circulation in some foreign territory and thus it pursues a profitable career. This evil has grown up into a good sized leech that bleeds the continental revenue of many American manufacturers.<sup>9</sup>

The 'junk' film travelled to the most distant markets. Special companies existed in Britain to cater to theatres in markets too small to support the purchase of new films. Such companies circulated flyers listing titles and noting condition, price per foot and number of copies on hand; the firms also printed advertisements in British trade papers that circulated abroad. The Actograph Co., London, for example, ran a nine-page ad of this type in 1910 in the *Bioscope*, selling film at a minimum fee of 1½d. per foot; over two pages were devoted to Pathé prints, a half-page to Gaumont, one-third of a column to American Biograph, with a few Seligs and Lubins, and a very few Essanays, Edisons, and Kalem. (The rest were British.) In 1912 the Philograph Film Service had on hand 500,000 ft. of used film beginning at ¼d. per foot.<sup>10</sup> Needless to say, none of the money from such sales found its way back to the producing firms; yet there was little criticism of the practice before the war. Indeed, it was not until the mid-war period, when the American industry moved toward direct dealing around the world, that exporters began to decry the effects of the London trade in used films.

#### THE AMERICAN POSITION JUST BEFORE THE WAR

The USA's delegation of much of its world distribution to firms in Britain makes it difficult to assess the American film's position in world film markets in the early teens. Many of the prints sent abroad do not appear in the Department of Commerce customs figures, since they were made in Britain. (The British Board of Trade published re-export statistics, but these began only in 1915 and they include non-American films as well, with no way of determining the origin of the footage.) There are two central questions which one would wish to ask about this period: how strong was the USA's position in foreign markets and was that position improving at a significant rate even before the war began? We cannot find definitive answers, but there are many bits of evidence from the period which may allow us to make at least tentative judgments. Trade journals and official American government reports gave many details on the film industries of every important market in the world. A summary survey here of these markets may serve to give a cumulative view of the USA's situation; it should also, incidentally, provide a general look at world film distribution in these years just before the war.

#### Britain

We have already seen how the American film companies moved into Britain during the period 1909–12 and gained an estimated 60% of film sales. What was the situation in 1913 and 1914, just before the war? There seems to have been a slight decline in the popularity of American films during 1913; the *Bioscope's* year-end summary declared: '1913 has been notable for the very greatly increased popularity of Continental films, as compared with American productions.' The main gainers were Pathé, Cines, Pasquali, Gloria and Ambrosio – all but the first being Italian brands. The American consul in Sheffield found that the vogue for Westerns was dying down in favour of Italian, French, and British films. (Complaints of the lack of variety in American Westerns were beginning to surface in many parts of the world at about this time.)<sup>11</sup>

In 1914, one British expert attributed the recent decline in American films' popularity to a lack of progress in their quality:

When your producers began to invade the London market, their stuff was far away superior to that being turned out by producers of other countries, but the one mistake of your manufacturers was that they had been too content to rest on their past laurels. While they were doing this, the production side of Europe began to wake up, and it developed to such an extent as to threaten to oust American films from first place.<sup>12</sup>

The European 'developments' probably included the spectacular *mise en scène* of the Italian films of recent years. The low production costs of hiring extras and building sets allowed companies to make films which could compete successfully in world markets; this was one big factor in Italy's pre-war challenge to American and French films.

In 1914, the *Moving Picture World* compared the American and British markets in detail. This excellent description is worth summarising at some length, since it reveals the strengths that made the British market attractive to begin with, and the weaknesses that would, about two years later, cause the American exporters to change their sales policies in relation to Britain. In the USA, about 200 films went on the market per week, of which perhaps 130 had been sold by standing orders before they were even shot. In contrast, close to 350 subjects were offered in Britain weekly, but none would be sold before a trade showing to the renters and exhibitors. Only about 150 might actually be sold and released. This compares with 160 actually released in the USA (some states rights films, particularly foreign, would find no takers in the USA); about 90% of films released in the USA were of domestic make. At the beginning of the war, Britain had about 47% as great a population as the USA (about 46,000,000 vs. 98,000,000); its

land area, however, was only a small fraction of the size of the USA. Britain had only about a quarter the number of theatres (4,000 vs. 15,000), meaning that each theatre served more people (about 11,500 people in Britain, vs. 6,500 in the States). Because of this density of theatres and population, competition was very keen among British exhibitors. That is, because people in a given area had more theatres within easy reach, they could see a film in an early run; then other theatres in the area would have less potential to show it successfully on a later run. In the US, conversely, a title might be months old and still not have played in theatres within reach of some segments of the widely distributed population. Thus in the US prints had a longer life; while in Britain distributors had to supply larger numbers of prints (due to the high demand for first- and second-run bookings). These prints would then be shown intensively and have a short rental life.

Such a policy would help explain the relatively large consumption of films by the British market. The *Moving Picture World's* estimate put the amount of footage sold in the USA at only roughly twice that sold in Britain. But in spite of this difference in footage, the short market life of a print in Britain meant that nearly as many individual titles would be sold there as in the USA. That is, with four thousand theatres booking from the one hundred exchanges in Britain, each exchange served an average of forty theatres. If half the exchange customers booked the film for three days (bi-weekly changes were customary), the basic life of a film would be sixty days. Given some lag time between bookings, the actual life of a film would average ninety days. But Britain also had more major first-, second-, and third-run theatres than the USA. These wanted new films as soon as possible and the hirers had to purchase a large number of prints. One of the most important importers, J. Frank Brockliss, had recently sold seventy-two prints of one Lubin film and over 100 of the popular Imp film of *Ivanhoe* (of special interest because it was shot on location in Britain). Every exchange worth its salt had one or two copies of these films, but, as a result, no bookings were possible after the first two weeks. The exhibitors and producers made money in such circumstances, but the exchanges suffered. (This problem would bring about modifications in the British distribution system in the second half of the teens, with manufacturers beginning to rent direct on an exclusive first-run basis by district.)<sup>13</sup>

#### Europe

After Britain, Germany was the USA's best market before the war. In early 1911, American officials in Germany reported a recent increase in the use of American films. By the beginning of 1912, there were approximately 1,500 theatres in Germany. An open-market situation existed, as in Britain, but with less centralisation. Film companies had representatives in Berlin, but typically the agent would travel to show

the films to local renters. These bought the prints outright and rented them to theatres. By this point a dozen American firms, mostly the licensed producers, had representatives in Germany and in most districts at least one American film appeared on each programme. Figures on new films released in a few periods in later 1912 and early 1913 indicate the sources by country (see Table II).

TABLE II  
*Sources of new films in Germany in 1912 and 1913*

Country of origin	Month of November 1912, 413 new films		Last week of December 1912, 107 new films		First half of January 1913, 197 new films	
	Number	%	Number	%	Number	%
USA	130	31.5	33	30.8	59	29.9
Germany	56	13.6	10	9.3	23	11.7
Italy	114	27.6	29	27.1	52	26.4
France	67	16.2	19	17.8	37	18.8
Britain	31	7.5	10	9.3	17	15.9
Scandinavia	10	2.4	6	5.6	9	4.6

These consistent percentages suggest that the American film firmly held a larger share of the German market than did any other foreign country. In 1913, a *Moving Picture World* observer commented on the stability of the market: 'Almost all American manufacturers are represented in Berlin and if comparatively few of their products are advertised in the trade journals the cause must be sought in a well established market which takes care of itself.'<sup>14</sup>

But in countries that had a stronger production sector than did Germany, the American film did not fare as well. During the years 1909-12, Vitagraph was the only successful American company in France; other companies sold occasional films from London, but these played mainly in the large cities. Vitagraph's John Bunny was considered one of the few foreign stars known in Paris. As of 1912, the Parisian renting business was shared by only three main firms: Gaumont, Pathé and the Agence Générale. Gaumont and Pathé acted in part as agents for other brands and the Agence Générale was simply an agency for a variety of other firms. Vitagraph films, for example, played regularly in the Gaumont Palace Hippodrome in Paris; the Agence Générale at one point purchased five copies of a particularly popular Vitagraph. By late 1913, however, the hold of the three distributors on the French market was weakening as other firms were

entering the field. This offered the possibility that a greater variety of foreign films would make their way into France. *The Battle of Elderbush Gulch* was a big success in Paris at that time and Selig's Tom Mix series became quite popular. But American films were still seen primarily in the larger towns; the major French firms continued their hold elsewhere.<sup>15</sup>

Italy was also a difficult market. In 1912, there were about 1,240 theatres in the country. Reportedly, rentals of 22,000,000 lire (\$4,281,822, or \$41,405,218 in 1982 dollars) were paid for foreign films that year and 13,000,000 lire (\$2,530,167, or in 1982 terms, \$24,466,714) for Italian; most of the foreign films would have been French. The *Moving Picture World's* observer in 1913 characterised the Italian market as a small one, with sales restricted to an average of only five or six copies.

In such circumstances, the Italian producers could not amortise their films at home and were heavily dependent on export. The only American brand firmly established in Italy was Vitagraph, which had an agency there; it also sold occasional Rex and Solax films. Edison also had a representative and a theatre owner imported some Selig and Kalem films. But even one of the biggest American features of this period, Selig's *The Coming of Columbus*, sold only seven prints. There were two basic reasons for this: more new films came on to the market than were needed and prints were sold by a sort of 'states rights' system, with only five districts to be supplied. Competition was keen among a few major companies – Gaumont, Pathé, Eclair, Cines, Ambrosio and Vitagraph. Indeed, as the Italian film gained abroad, it seems also to have decreased the American share of its domestic market. Just before the war, reports declared that fewer American films were being shown in Italy than in previous years.<sup>16</sup>

Outside these major European markets, the success of American films apparently depended largely on the ease of transportation and commerce with Britain. Branches and agents in London did quite well in selling to Belgium and Holland, for example; the sales in these two small countries were reported to be nearly equal to those in Italy. As of 1910, Denmark was said to produce films long enough (two to three reels) nearly to fill its own programmes; import was a minor factor. But Norway, with no production of its own, imported most of its films from France and the USA. American action films were popular in Norway in early 1914, but the market was too small to warrant direct distribution. Films were sold to the twenty theatres in Christiania (Oslo) by representatives from Copenhagen; these prints in turn circulated to smaller theatres until they wore out. In general, American films were doing well in the smaller markets of north-western and northern Europe and in Germany.<sup>17</sup>

But southern and eastern Europe were still largely supplied by

France and Italy. In Spain, Barcelona was the centre of distribution; being on the Mediterranean coast, it could easily receive prints from either country. As of 1907, it was getting most of its films from France and Italy, some from Germany and only an occasional American film. By 1911, some American brands were becoming known – mostly the licensed firms, Vitagraph, Edison and American Biograph. Italian films were used most, followed by French and American. The editor of a Spanish trade journal summarised the main brands: 'Pathé's have for a long time been the best known, although latterly they have had to meet the competition of brands such as Eclair, Vitagraph, Itala, and perhaps also Ambrosio.' Some German firms were becoming known; Nordisk was just beginning to export to Spain. In 1912, the Motion Picture Sales Agency of London (representatives for Lubin, Kalem and American Biograph) opened a Barcelona office. This may have had some effect, since the following year an American official found American and Danish films breaking into Pathé's near-monopoly in the Seville district. But in 1914, the same official noted that only the very best American films were able to compete with Pathé, Gaumont, Nordisk and the Italian brands.<sup>18</sup>

The eastern European countries were of little importance to American firms. In 1910, films were reported to be popular in the Balkans. As with many smaller countries, there were still few theatres – ten in Belgrade, a few in other areas. As usual, Pathé dominated the field; films were obtained from its Austrian and Hungarian branch houses. In 1913, Hungary was getting films from Trieste and Budapest. Italian films were common, as were films of Pathé and Nordisk. American brands were known, with Vitagraphs most common and an occasional Kay-Bee or Bison 101 Western coming in. Greece was at this point an undeveloped market, with no theatres yet opened for the exclusive showing of films. (Small markets around the world often followed the early practice in the film-producing nations, by initially showing films in existing legitimate or variety theatres; in warm countries open-air theatres were also used.) As of 1913, some big French firms had recently opened branch agencies; only a few American films made their way to Greece.

One *Bioscope* article from 1913 gives a more precise indication of the USA's place in eastern European markets. The author had researched the number of films of each production company that were imported into Romania during 1912. Of a total of 1,472 films, he found this breakdown: Pathé, 426; Eclair, 186; Gaumont, 393 (giving France a 70.7% share); Cines, 58; Pasquali, 31; Savoia, 32; Itala, 28 (Italy, 10.1%); Kalem, 38; Thanouser, 26; Vitagraph, 83; Lubin, 52; Edison, 24; AB, 18 (the USA, 16.4%); B and C, 16 (Britain, 0.9%); Messter, 13 (Germany, 1.1%); and Heron, twelve (unknown, 0.8%). Assuming the distribution patterns for most eastern European countries

were similar, we can infer that France far surpassed the USA in this region before the war.<sup>19</sup>

The same was true for Russia, which was one of the more lucrative European markets. In 1911, there were about 1,200 theatres there; this was not a large number relative to the population, but it allowed a sale of at least a dozen prints. These came into the country as positives from European agents. As of 1911, French and Italian producers, with representatives in the major cities, carried the field; the only American brands shown were Vitagraph, Edison and American 'Flying A'. Through the next few years, consular officials in Moscow and Odessa stressed the necessity for American firms to obtain representation in Russia: 'There is no doubt that many films made in the United States would meet with good success if properly introduced, but as it is they are all sent through exchange agents in Europe and as a result France and Germany are better known than the United States.' Such urging aroused little response. In 1913, the main brands being used in Russia included Pathé, Nordisk, Cines, Gaumont, Gloria, Deutsche Bioskop, Eclair, Itala, Echo, Ambrosio, Denmark, Tanagra, Continental, Film d'Art, Vitagraph, Eclipse and Milano. Just before the war began, about 90% of the films shown in Russia were imported and although there are no figures available, we can assume that only a small share of these were American.<sup>20</sup>

#### *Central and South America*

The pattern of competition American films encountered in Europe makes considerable sense, given the geography and the established film production in certain key countries. But when we look at other markets, it is apparent how inexpertly organised the pre-war American export business was. Central and South America present some striking examples of how the American methods failed to adapt to local market conditions. If the American film industry could not control markets so close to itself, how could it succeed in the Far East or in Africa? Yet even directly adjacent Mexico obtained its films primarily from European distributors.

In 1911, Mexico had few permanent theatres – a small number in Mexico City, one in Vera Cruz. The rest of the country saw films in travelling exhibitions. Pathé dominated the market; the showing of an American film was a rare occurrence. Even Panama, with its close ties to the USA (the Panama Canal was currently being built) obtained only about one-half its films from the USA in 1914. In 1912 a theatre owner in Durango, Mexico, told why he showed mostly French films:

He attempted to import all his films from the United States, but . . . the length of time required and the uncertainty of regular shipment made the venture a money-losing proposition. He further stated that

the explanatory matter was all printed in the English language, an innovation which proved anything but popular.

Time and again during the period one finds similar complaints from various far-flung markets about the use of American films with the original English-language intertitles. The attempt to translate all films into local tongues seems to have begun only partway through the war.<sup>21</sup>

There were also consistent complaints during this period that American films were too expensive when purchased from the USA. For example, in late 1913, a theatre owner and distributor in Colon, Panama, declared that he showed about 85% American-made films. Up to October of that year he had obtained these from the USA; but it turned out that he could get American films cheaper by buying them from London firms and he had switched over. This price differential remained in force for some years and we have the spectacle of American films crossing the Atlantic in negative, being printed and the positives being shipped back once more into the markets of Central and South America. Indeed, it was easier at this point to ship goods from Britain to South America than from the USA (in part because Britain's dominant position in supplying South America with coal necessitated frequent sailings). Only with the major changes that took place in shipping and world commerce during the war was it feasible for the American film supplies to gain the advantage in these markets.<sup>22</sup>

There were other problems to contend with in Central America and the Caribbean region. Many markets were just too small for American firms to consider them worth pursuing. A Philadelphia theatre chain in 1913 investigated the exhibition possibilities in Puerto Rico, but its representative concluded that there was little to be done there in the near future, due to the small population and the poverty of the people; tent theatres were showing used prints at the time. Also, French firms had moved in early and picked up what little business was to be had. Pathé and Eclair had branches in Mexico City and Guadalajara, from which they supplied the widely scattered theatres of Mexico.<sup>23</sup>

The large South American market would, during the war, become a major factor in the USA's takeover of world markets and later in its retention of control. European firms dominated South America before the war; the income from it and similar markets allowed the French and Italian firms to amortise expensive productions which would not pay for themselves in those countries' domestic markets. Without such foreign markets, the Europeans would make smaller profits and have less capital to invest in lavish, competitive films. But American firms failed to gain any substantial place in the pre-war market. In 1910, the four part-time film theatres in Bogotá, Colombia were reportedly obtaining virtually all their films from French and Italian companies.

As of 1911, a major importer in Montevideo, Uruguay, supplying Brazil as well, used European films almost exclusively, obtaining only a few scenics from the USA. In 1912, a major Brazilian importer hired the French firm of Aubert as his European buyer. By 1914, there were two major exchanges in Lima, Peru. One bought no American films; the other dealt in a few – mainly Tom Mix Westerns.<sup>24</sup> In Central and South America, the American film had a smaller share of the market than in Europe; importers depended primarily upon Continental brands. When they did obtain American films through London exporters, these might well be used prints, bringing no income to their original producers.

#### *Australia and New Zealand*

Few foreign markets succumbed so thoroughly to the American film during the war as did Australia and New Zealand. While the American share of the British market reached a maximum of about 90% by the 20s, in Australasia the estimate invariably given was 95%. Although British firms initially had a considerable hold on this market and fought to retain it, the American film was well on its way to taking over even before the war.

The Australian market had developed late, but swiftly. After the initial visit by the Lumière programme before the turn of the century, little had been done in the way of exhibition. But by early 1908, there were six local dealers in cinematograph equipment, as well as a branch of Pathé (although the latter did not open its regular film office in Melbourne until the following year); these catered to the growing fad for the movies. In 1909, the *Moving Picture World's* Australian correspondent reported from Sydney:

The Edison Manufacturing Company have a branch here, but their films are seldom seen on the screen. Now and then you see one with the brand on, but there is no doubt that the Continental makers have got the pull. Lately a lot of Lubin's films are being shown in this city, and good work they are.

The Edison 'branch' was probably either a phonograph sales office or an Australian agent. When Pathé opened in Melbourne later that year, it took over as the sole agent for Edison, but few of the latter's films were shown. As of 1910, an American official found that the number of American films imported was only one-seventh the number of British and less than one-half the number of French; but 'the United States is now making more progress in Australia than any other nation, and the demand is becoming general for American films in preference to English or French makes'. In September, a British consul confirmed this trend for the *Bioscope*; another article commented with some

apprehension that Britain's hold on the Australian market was now primarily in the area of exhibition equipment.<sup>25</sup>

One factor in popularising the American films was the major exhibition and distribution network of American entrepreneur J. D. Williams. In 1911, Williams owned the largest theatre chain in Australia, as well as the International Film Service, which distributed British films and the MPPC members' films. Few unlicensed American brands were being shown in Australia yet; this was probably because films came through London, where the independent firms were just getting established. Partly as a result of Williams' efforts, American films were becoming popular in Australia as of 1911; as in many areas of the world, Westerns were the most successful.<sup>26</sup>

New Zealand distributors also obtained their films through London. In late 1911, an observer wrote to the *Moving Picture World* declaring that over one-half the films shown were American. Vitagraph, AB, Edison and Lubin led the field, with a few Seligs and independent brands in use. The American consul in Auckland confirmed that 50% of the imports were American.<sup>27</sup>

In 1913, Charles Spenser bought the exchanges of the Greater J. D. Williams Amusement Co., thus taking over control of the film business in Australia. (Williams went on to various enterprises abroad, including being one of the founders and the first general manager of First National.) Spenser hired a buying agent in New York, helping establish a more direct supply of films into Australia. Indeed, once the war began, Australia was one of the first markets to which American firms shipped directly. Along with South America, it was a key market for gaining and maintaining the American hegemony.<sup>28</sup>

#### *India and the Middle East*

American films proved slower at invading another large part of the British Empire – India. We have seen that prior to 1913 India could only support a few permanent theatres, supplied mainly by a Pathé office and by used prints obtained from London. This situation changed little over the next two years. By 1912 Bombay had gone from four theatres to five; Pathé was still the biggest supplier. Other brands that showed occasionally were Itala, Cines, Urban, Gaumont, Edison, and Vitagraph – mostly in used prints. More theatre construction took place in 1913. Calcutta gained three and there was at least one in Madras; their patrons were mostly Europeans. But the USA made no inroads into Pathé's control; an occasional Edison film came in from London or New York. A consul in Bombay suggested that an American dealer in used prints might do well.<sup>29</sup>

The only significant market for films in the Middle East at this point was Turkey, which covered a good deal more area before the war than after. In 1910, its scattered theatres received films from Italy and

France. Permanent theatres were on the increase, with ten in Constantinople by mid-1911; Pathé had a representative there. A few British and American films supplemented the French and Italian ones. In 1912, American films were reported to be popular in some areas of Turkey, though they were still far outnumbered by Continental brands. As of 1913, the business in American films was growing.<sup>30</sup>

#### *The Orient*

Despite the USA's success in Australia and New Zealand, it made no similar advances in the Pacific markets to the north. The Orient gives perhaps the best indication of any major area as to how thoroughly Pathé had saturated world markets before the American export drive began; it also provides further evidence that distribution through London re-exporters initially undermined the American producers' move into new markets.

As of 1912, in the Straits Settlements, for example, Pathé had a virtual monopoly. There were only three theatres in Singapore and six in the rest of the Malay Peninsula. But Pathé maintained an office in Singapore, from which it could also supply the surrounding small countries. Other brands, such as American Biograph, did make their way into the market – but these, too, were sold by Pathé. In 1913, there were twelve to fourteen theatres in all of Malaya; brands in use included AB, Pathé, Gaumont, Itala, American Kinematograph (Pathé's American-made films) and Comica. Theatre owners claimed that ordering American films directly from their manufacturers was impossible, since the prices were nearly double what London exporters asked for the same films. In 1915, two small exchanges had opened in competition with Pathé and these supplied some American films, presumably also obtained via London.<sup>31</sup>

China was potentially a vast market, but it had few theatres before the war. These were primarily in the port cities and catered to the European population. In 1911, Hong Kong had six theatres, which dealt mostly with Pathé's local agency. An American official reported that some American films were used but were obtained mostly through European exchanges. American firms had not yet bothered to go after Chinese business. Pathé also monopolised the small port cities' business, such as in Swatow, with its two theatres. Only one American firm had a representative anywhere in the area which could supply such towns – Lubin, with an agent in Manila. Shanghai and Canton each had three theatres as of 1913 and, again, Pathé controlled them both. Indeed, Pathé-Phono-Cinéma-Chine, with its branches in Calcutta, Bombay, Hong Kong, Tientsin and Shanghai, was in a position to supply the whole region.<sup>32</sup>

Japan was a more flourishing market, but the American position there was equally minor. At the time of the opening of the first

permanent film theatre in 1903, most of the films shown were obtained from Pathé, Urban, Warwick and Gaumont. Yoshizawa and Co., the owner of that theatre and the first producers of films in Japan, opened an office in London in 1908 to buy European films and equipment. A second production company and distributor, Goshi Kwaisha Fukuhodo, opened a similar London branch in 1910. As of 1911, a Yoshizawa representative said, both firms 'are endeavouring to introduce into Japan American, Italian, and other films, which hitherto have not largely been imported'. In 1912, the American consul at Yokohama found few American films playing and there is little evidence of growth in that market before the war.<sup>33</sup>

The only Oriental market in which the USA had a considerable standing at this point was, not surprisingly, the Philippines – its only colony in the region, acquired in 1898. In 1911, Manila had about 25 theatres, mostly run by Americans and favouring American brands. But one exhibitor complained that 90% of the prints from American exchanges were worn almost beyond being showable, with splices, torn sprockets, ends and titles missing and 'Every subject taken on a very, very "rainy" day.' Even such prints were difficult to obtain regularly; exhibitors would buy whatever they could from sources all over the world. This exhibitor suggested the reasons for this neglect:

Every exchange and factory of repute in the United States had been so rushed with business that the former could not consider the question of rentals [abroad] until their own circuits had been supplied, while the latter, apparently, were too busy to consider the sales, owing to the points of policy and territory not having been looked into.<sup>34</sup>

This relegation of the Orient to the status of a 'junk' market would eventually end as the USA looked abroad for alternatives to European markets lost during the war.

#### *Africa*

Throughout the period this study covers, the African continent was the least significant market for American films. Egypt was completely dominated by French film interests. Few other countries were developed enough to warrant attention. The major exception was South Africa. In 1910, the film business was in a primitive condition there, with no distributors operating. As in India, three big theatre owners in Cape Town would simply buy films directly from Europe or the USA and sell the used prints to smaller theatres. For example, the Elite Picture Palace began running all of Edison's releases as of late 1910, obtaining them from Edison's London office. As of 1912, there were forty theatres in the Johannesburg district; the methods of

distribution were similar to those in Cape Town. But in mid-1913, about eight film exchanges merged to form the African Film Trust, controlled by I. W. Schlesinger, an American; this company would dominate the South African film business for years to come and would aid in the move to an increasing dependence on American films. (This situation resembles the one we have seen at work in Australia, where another American built up a major distribution/exhibition chain using American films.) Already in 1913 'Among the films popular in South Africa are a good many of the American make: Vitagraph, A.B., Kalem, Lubin, Nestor, Rex, Solax, and many others.'<sup>35</sup>

We may now return to our two basic questions. What was America's position in world markets? And was the USA moving into world markets at a significant rate before the war? Prior to the war, American films were clearly predominant in only three major markets abroad: Britain, Germany and Australasia. In a few others it may have been headed in the same direction - for example, in South Africa and small northern European markets like Belgium, Holland and Norway. But we still find a large portion of the globe served almost exclusively by French, Italian, and British firms - South America, much of Central America, the Middle East and India, the Orient, Russia and eastern Europe, and the Mediterranean countries. The USA certainly had the advantage of the largest domestic market for amortising its films, but Italy and, particularly, France had offset that advantage by capturing a larger overseas market among the smaller, more easily saturated areas. Perhaps the Americans would have gained the upper hand ultimately, but it is not clear that they were making substantial progress in that direction in the early teens.

#### THE FILM INDUSTRY AND THE GENERAL EXPORT SITUATION

The American film industry's push into foreign markets began in earnest in 1909. It came in the midst of a general increase in American commerce abroad. The American economy had grown hugely since the end of the Civil War and foreign trade participated in this growth. In the period 1900-13, exports had grown by 76%, imports by 113%. Despite the greater growth in imports, the balance of trade was in the USA's favour; one of its biggest surpluses came in 1913. Moreover, the types of exports were changing. While foodstuffs, and particularly grain, had made up 39.8% of the total exports in 1900, their portion fell to 20.7% by 1913. But exports of manufactured goods, in which category films would fit, rose from 35.4% in 1900 to 48.8% in 1913. The rise in the total value of exports is apparent in Fig. 1.<sup>36</sup>

As trade increased, the USA moved into wider markets. In the 19th century its main markets for foodstuffs had been the richer nations of

FIG. 1  
Changes in the total value of exports, 1891-1931



Europe, primarily Britain. Early in this century, sales to Germany, France and Italy were on the rise. But more significantly, Europe's share of overall American exports was declining. In 1900, Europe was 74.6% of the USA's market; by 1913, the share was down to 59.9%.

During the last decade of the 19th century there had been fear among the European producers that Europe would be commercially 'Americanised', but during the early years of the 20th century it became clear that the commercial struggle between Europe and the USA centred not on the European market, but on the undeveloped markets throughout the rest of the world.<sup>37</sup>

This diversification of markets would prove essential in the American film industry's takeover; certainly there can have been few product areas in which the struggle ended in such complete success for the USA.

In general commerce, the move into broader world markets proved a necessary accompaniment to the shift toward the export of more manufactured goods. In manufactures, as well as specifically in film, the Europeans had their own industries; they needed fewer American goods in this area than in raw materials and foodstuffs. While in 1912, 60.9% of all American exports went to Europe, only 30.8% of finished manufactures went there. But the move into non-European markets went slowly, since European countries had already established themselves in such markets during the 19th century. The USA was most successful in developing North American markets, less so in South

America and Asia, and even declined in a few markets; during the period 1900-13, the changes shown in Table III occurred in the USA's share of each region's imports.

TABLE III  
*Changes in the American share of imports, 1900-13*

	1900 %	1913 %
North and Central America	13.5	25.0
Canada	60.0	63.4
Mexico	50.6	53.9
Cuba	44.2	52.8
British West Indies	26.5	42.9 (1910)
South America	2.8	6.0
Argentina	11.8	13.8
Chile	12.5	13.0
Orient	4.7	4.7
China	7.5	8.5
Japan	20.9	15.8
India	1.7	3.8
Australia	12.2	11.6

American firms encountered a number of obstacles in these markets – essentially the same problems film exporters faced. European exporters were already established there; there was widespread European investment abroad; the Europeans had superior shipping facilities; European firms often made goods for specific markets (note here the American film exporters' failure to translate intertitles); European banks had networks of branches abroad to supply credit; European firms were more likely to establish direct-sales offices; they were more willing to extend long-term credit; lower production costs in Europe led to lower prices; and European firms had more knowledge of local packing regulations and needs. Since the turn of the century, American industry had been moving to correct these problems by using some of the same methods. Perhaps most importantly, though there was a continued dependence on sales through agents, the use of export departments and foreign branches was increasing. By 1913, the upcoming Panama Canal opening stimulated American shipbuilding; more available tonnage on non-European routes would greatly facilitate the export of goods to other markets.<sup>38</sup>

On a small scale, the American film industry was following these trends, though in a somewhat laggardly fashion. Other American goods were being made and handled by established, well-organised industries which had long since saturated their home markets. Film companies, faced with the necessity of expanding at home and abroad at once, usually took the easier route by limiting their direct representation to the few largest markets, selling via agents elsewhere. This meant that French and Italian competitors continued to hold major places in world markets. But the American film industry had done well for itself, moving within a few years into second or third place. Along with the rest of the American economy, the film industry would be catapulted into the leading position by the war's radical alteration of existing conditions.

#### THE AMERICAN POSITION IN THE FIRST YEARS OF THE WAR

The war spread over Europe in the week of 28 July to 4 August 1914. On the first day, Austria declared war on Serbia. Germany followed on 1 August by declaring war on Russia and on Russia's ally, France, on 3 August; it invaded Luxemburg on 2 August and Belgium on 4 August. On 4 August, Italy declared its neutrality and at midnight, Britain declared war on Germany. Other countries began allying themselves with either side, a process which continued until, by the end of the war, most of the world's nations were at least nominally engaged in the hostilities.

The ultimate effect of the war on the world's supply of films was to reduce greatly the production of the leading European countries, France and Italy, and to allow the American exporters to take over the markets which those countries had supplied. Reactions in the American trade press just after the beginning of the war indicate that members of the industry quickly foresaw the possibility of such a takeover. In September, the *Moving Picture World* accurately predicted that: 'Within the next year or so the demand for American films in Europe will be large enough to justify a greater "invasion" than Europe has ever known before.' (Appropriately, this invasion metaphor became almost universal in discussions of expanding the American film trade abroad.) It also suggested the methods by which American firms could, and indeed later did, extend their control over markets abroad:

The real problem in Europe will be the problem of distribution. . . . Every country in Europe has peculiar conditions which require expert treatment. The prospective of increased demand for American-made films will greatly smooth the way of distribution, but much remains to be done. It may be questioned, for example, whether the distribution via London is in all cases the best.

Whatever has been done up to now in extending the sale of the American film in Europe has been done via London. There is no doubt that more distributing stations on the continent will be needed in the future.<sup>39</sup>

A few commentators also realised early on that a key to American takeover would be the supplying of films to non-European markets formerly dependent on French and Italian films. The editor of *Export American Industries* pointed out in October:

While the source of supply formerly dependent upon the rental markets is gone as a result of the European cataclysm, it will be possible for them to re-establish their former relations with European film manufacturers after the war is over and the countries involved have recovered from its disastrous effects. But this is merely a possibility, and just how likely affairs may take that course depends entirely on American film producers. In other words, the latter should not merely look to the present, but should build for the future.

This was to be the USA's strategy in the second half of the war, in the long run enabling it to hold the world market after the war. Articles also began appearing in trade papers giving specific advice on how to export more effectively. In a November essay bluntly entitled 'Cashing in on Europe's War', the export manager for the Nicholas Power Company urged readers to consider neglected markets in Asia, Oceania, Africa and Latin America, giving a rundown on the differences between direct and indirect dealing with such markets.<sup>40</sup>

There is no question that many in the American film industry realised immediately the possibilities which the war opened. They knew also, in theory, what should be done to take advantage of those possibilities. But the industry was in no position to act instantly to take over world markets. As we can see from Chart 2, in Appendix III, total American film exports took a slight dip after the war began; they began to climb significantly, if sporadically, about eight months later. We might expect to find such a pattern, with difficulties in shipping, the loss of markets within the European war zone and the lack of direct-sales facilities abroad, helping to delay a major American push abroad. Chart 2 makes the timing of the takeover clear: during the second half of 1915 and especially in early 1916, American export increased and we can assume that the actual move to dominance on world markets occurred then.

#### France

At the beginning of the war, French production was completely

decimated. The French trade papers ceased publication immediately. But fortunately John Cher, the excellent Paris correspondent for both the *Bioscope* and the *Moving Picture World*, kept close tabs on the situation and reported it to those journals. The French film industry began to suffer a slump even before hostilities actually broke out. People were taking their savings out of banks and hoarding them; theatre attendances fell sharply. The theatres closed down completely when the mobilisation orders came. As of 16 August, things were improving in Paris; the Pathé Palace re-opened; Gaumont and Pathé had re-established their topical services. Eclipse, which had been responsible for printing Selig films in its Paris lab, managed to send a batch of prints to London.<sup>41</sup>

Cher interviewed the various French producers, giving a good picture of the industry just after the war's beginning. The Red Cross had taken over most of Eclair's facilities and many of the company directors were in uniform; only the *Eclair Journal*, the company's newsreel, was continuing to appear. Cosmograph had ceased production altogether, its studios serving as barracks; the office still operated, but the head of the company was in the army. Gaumont's Paris office was still open. Pathé's staff was mostly in the military; all but one-twentieth of its French facilities were being used as barracks. But Charles Pathé declared confidently: 'We've got sufficient films in stock to assure the regular release of weekly programmes for the next six months. You can reassure your readers that the firm of Pathé Frères will continue to supply their customers throughout the world.' (As we shall see, Pathé did so only by shifting its base of operations almost entirely to the USA.) By late August Pathé was hiring amateur camera operators to keep its newsreel service going. But the scarcity of French topicals meant that the distributors had to depend increasingly on American newsreels.<sup>42</sup>

Pathé's remark about having six months' worth of negatives on hand suggests another reason why the Americans could not immediately take up the slack left by the decline in French production. French companies continued to operate for some time on such backlogs. At first, many had hopes that the war would only last a few months and there was a belief that it might not disrupt the world's film commerce too greatly in that time. Also, Italian film-making did not fall off so precipitously. There were 23 Italian companies producing early in the war. But even though the country was officially neutral, that status was shaky. Mobilisation was going on and production conditions deteriorated from the start.<sup>43</sup> Danish and British production kept up fairly well during the early part of the war. Hence there was an interval of about eight months when American films simply maintained their pre-war levels or even declined.

### *Britain*

There were two main reasons for the slight dip in exports at the beginning of the war. Although the USA was not at war, it was effectively cut off from some of its European markets; most film dealing with Germany went on through London and other means of reaching that market had to be found. But the more immediate problem in the early weeks of the war was the lack of shipping facilities. This resulted in short-term uncertainty about whether American branches and agents in London could keep up supplies at all.

At the very beginning of the war, British shipping came to a near standstill. Most lines cancelled their August sailings. On 4 August, the State Insurance Office opened to insure cargoes carried on British ships; its purpose was to avoid the price inflation in Britain that would result from the high premiums charged by private companies. The scheme benefited non-British companies using British ships. In actuality, the danger from enemy attack proved relatively small in these early weeks. Britain had the strategic advantage at sea from the beginning of the war, just as Germany had it on land. By the end of 1914, Britain had cleared the seas of German commercial and military vessels. There were, however, real setbacks to British shipping that affected trans-Atlantic trade. Britain needed ships for military purposes and early in the war pressed about 4 million tons into transport duty. Certain ports were designated for military purposes; others had part of their facilities reserved for military use. (Such actions would result in occasional delays in the American film companies' trade.) By mid-August, shipping lines went back into operation. During the first six months of the war, general imports into Britain were down only about one-quarter from the six months just prior to the war.<sup>44</sup>

The London offices and agents of American brands had only slight problems with supplies at the beginning of the war. The *Bioscope* surveyed some of them. Bishop, Pessers & Co. declared they had Balboa negatives on hand and expected no interruption of service; J. Frank Brockliss promised the same for his brands for August and September. Thanhouser could go to the end of the year; Vitagraph had lost 40,000 feet of negatives in transport, but had replacements on the way. American Film had negatives through their 28 September release. Only the Pathé Frères Cinema Ltd had major problems; no negatives were coming from Paris and hence there was some delay in release dates. But Pathé negatives were coming from New York without difficulty. With the initial shipping delays minimised, the American firms simply took to keeping negatives on hand further in advance, to offset any delays or losses in shipping. Edison, for example, hastily sent 30,000 feet of negatives to London in the last two weeks of August.<sup>45</sup>

These large American negative inventories and shipments took the

place of the imports which failed to enter Britain from Continental producers. The *Bioscope* expressed a somewhat nervous gratitude for the USA's aid:

Unprepared for the sudden cutting off of our sources and supplies – outside America – we were threatened with a film famine during the early days of the war. America seized the opportunity which presented itself, and though her action was purely a business one, we must realise our indebtedness to American firms who stepped into the breach. With fairly large stocks in hand and the way open – thanks again to our Navy – to throw large consignments hastily across the Atlantic, they stood in a favourable position.

The author also predicts a return to normal, with European producers catching up – a hope based on a shorter war than ultimately materialised.<sup>46</sup>

During the period August 1914 to April 1915 there was little change in the position of American films on the British market. Once the transportation uncertainties of the early weeks were settled and the extra supplies of negatives received, the British war slogan 'business as usual' applied to the film industry. Theatre attendances remained good due to the high level of employment, the desire of the public to see newsreels and the need for escape.

### *The Rest of Europe*

Since the USA was officially neutral, it could continue to supply films to Germany, through Scandinavia. One observer reported early in the war that Berlin theatres were mostly open, with Danish and American films still popular. In April 1915, the American consul in Breslau found American dramas, comedies and Westerns doing well; *Judith of Bethulia* had just completed a successful run. He suggested that 'Dealers should also supply every house with a colored slide of the American flag to be shown at the end of every American film.' There were no reports of difficulties in getting films into Germany, despite the blockades, and American film exporters continued to regard it as a good market until early 1916.<sup>47</sup>

Elsewhere in Europe the American films did poorly during these first eight months of the war. Belgium was completely cut off, with its theatres converted into Red Cross centres. At the beginning of the war, Swiss theatres had to close for lack of supplies; the ties with Paris, Berlin and Milan were all cut off. Spain also experienced a reduction in imports from Britain, France, Germany, Italy and the USA; distributors resorted to re-issuing older films. By early 1915, American films were still having little success in Italy; the war scare and economic hardships were affecting theatre attendance.<sup>48</sup>

Transportation difficulties made eastern Europe, including Russia, almost impossible as a market for American films during the war.

#### *Central and South America*

The situation changed little in Latin America as well. As of about March 1915, American consuls reported that French films still dominated in Mexico; in Costa Rica, French and Italian films were the most popular, with a few American Westerns showing.<sup>49</sup>

The American film industry became interested in the South American market as soon as the war began. It was the one area mentioned universally in trade paper articles on the possibilities of taking advantage of decreasing European supplies. Compare these discussions, all of which appeared in the trades within the first few months:

Attention of the American producers is directed to the South American market which will be seriously affected by the suspension of the Continental companies . . . It is just possible that the failure of the customary supply may induce our South American neighbors to consider our product.

When peace reigns once more in Europe, one of the first harbingers of the return to normal living will be the re-opening of the picture theaters. And their programs will be made up of American-made films. Then will come the greatest prosperity the American manufacturers of motion pictures have ever known. With their South American market not only established, but developed way beyond its present capacity; with the European market forced to rely almost exclusively on their productions; and with the domestic market bigger than ever, American-made films will not only lead the world – they will constitute it.

Indications point to a picture war in South America and already several 'independents' have an invasion of that territory under way in an endeavor to get control of the situation now that the war has cut off the European supply of films.<sup>50</sup>

But in spite of this attention and optimism, it was not until 1916 that American firms really succeeded in South America. In the first half of 1915, distributors and exhibitors were able to get supplies from Europe. Films entered Argentina through Buenos Aires, where two major companies controlled much of the business: Max Glucksmann, Pathé's agent, and the Sociedad General Cinematografía, Gaumont's agent. They also handled other brands of film and there were small importers. Although French films were most popular, Vitagraph, Edison, Lubin,

Broncho, Thanouser, Selig, and Kalem films found some use. Rio de Janeiro was Brazil's central distribution point; agents there represented Pathé, Eclair, Gaumont, Roma, Celia, Pasquali and Nordisk. Other brands in use were Itala, Ambrosio, Aquila, Gloria, Messter, Monopol, DKG, Deutsche Bioskop and Lion's Head. Not a single American firm had a representative; the few American films came via Europe. A consul in Brazil expressed cautious hope: 'In spite of the war, films are still being received from Europe, though in smaller numbers and more irregularly, so that the present should be an excellent opportunity to increase the use of the products of the United States.'<sup>51</sup>

Paraguay got its films from Buenos Aires by river and hence used mostly European brands as well; some Vitagraphs and Universals made their way there (and were still being shown with English intertitles). The same was true for Uruguay; the two big Buenos Aires distribution firms had branches there. But supplies were beginning to fall off by about March 1915 and theatres were depending on re-releases. The American consul in Montevideo urged, 'The popularity of American films is unquestioned, and manufacturers not already in the field should not delay if they intend to enter.' Colombia, on the other hand, was showing virtually all French films. An American official investigated why and found that most of the films the American firms had bothered to send were poor genre pictures: 'Stop using Colombia and the rest of South America for a "waste basket" in which to dump the plays the American public refuses to see.' He also found those American films which were translated used bad Spanish.<sup>52</sup>

#### *Australia and New Zealand*

On the other hand, the Australian market for American films continued to improve. Within two weeks of the war's beginning, American firms were turning to more direct dealing: 'Australian buyers, though already getting many of their American pictures by way of San Francisco and Vancouver, are perfecting arrangements to get more by those routes.' New Zealand's import figures for 1914 and 1915 also show an increase in direct shipments:

	1914	1915
From the USA	£12,155	£21,888
From Britain	£16,507	£22,715

Much of the film coming from Britain would be of American make, but the larger gain for the USA shows that fewer shipments were being made via London. An Australian import tax imposed in early 1915 failed to reduce the flow of American films. As of April, about 70% of the films in use were reportedly American. By this point, several major

distributors – West, Spenser's, the Greater J. D. Williams Amusement Co., Amalgamated Pictures and Pathé Frères – had merged to form Australasian Films, a firm which dominated that market until challenged in the late teens by American direct-sales branches. As we have seen, Spenser's, Williams, and Pathé were all largely dependent upon American films and that tendency continued in the new firm.<sup>53</sup>

#### *Other Markets*

The situation in other distant markets remained little changed during the first months of the war. India still depended largely on used film from Europe. About 40% of China's films were 'junk'; only about one-quarter of the total film used there was American in the early months of the war.<sup>54</sup>

#### THE FOREIGN FILM IN THE USA DURING THE WAR

In Chapter 1, we saw how the foreign film was making something of a comeback in the USA just before the war, partly as a result of the sale of feature films on the states rights market. But as Chart 1 in Appendix III shows, with the approach and beginning of the war, imports fell off; they continued generally to decline until after the war. Indeed, there was a lag of more than a year before imports began to increase significantly again, resulting from the interval necessary for European industries to rebuild their production in adverse economic situations. The brief resurgence in the last third of 1917 probably resulted from two factors: the temporary decline in American production after the USA entered the war in July and the creation of a backlog after the introduction in July of import/export restrictions. But apart from this, the war caused a gradual reduction in the significance of foreign films in the American market.

Chronology 1 (in Appendix I) shows that early in the war those producing countries which had so far been little affected by the war continued to move into the USA. Several Italian firms opened branches (for example, Savoia) or signed agents (Gloria and Milano) in early 1915. Hepworth's American branch was still active, as was Great Northern. But by late 1915, most of these firms were in trouble. In December, both Ambrosio and Hepworth sent representatives to trade-show films and met with only slight success. Such films sold on only an occasional basis thereafter. Great Northern was the last foreign company to continue regular releases while depending entirely upon imported films; it declined and was out of business by the war's end. After 1916 there were no branch or agency openings noted in the trade press; business from abroad depended increasingly upon the growing number of import/export agents in New York, who bought up seasonal outputs or single films, mostly for sale on the states rights market.<sup>55</sup>

The only foreign companies which prospered in the USA to any

extent throughout the war had begun producing there already. Three French companies had set up their own studios and begun releasing films before the war: Eclair, Gaumont and Pathé. Eclair continued to operate for about a year, independently of the parent French company – too independently, as it turned out. One official of the American branch had reorganised it into a series of smaller firms under a holding company in an effort to reverse the original company's losses. In September of 1915, the French Eclair sued to bring its subsidiary back to its original form; this in effect knocked the American branch out of the market permanently.

Gaumont was more successful, though on a small scale. The chronology of events is somewhat unclear. Gaumont apparently divided its American operations in mid-1910, continuing to release only its French films through George Kleine. An American studio opened in Flushing under Herbert Blaché. It seems to have made a small number of films before the war. As of 1 January 1912, Gaumont left Kleine and began releasing independently through its American branch. When the war began, the Flushing studio was initially disrupted by the call-up of its French personnel. But Gaumont advertised for scenario submissions early in 1915, indicating an intention to step up production. By the time Léon Gaumont paid his first war-time visit to the USA in April 1916, the American branch was doing its own films and was also responsible for several series for other companies: the *Mutual Weekly*, a scenic series called *See America First*, and *Kartoon Komics*. At this point Gaumont was releasing via Mutual, but went over to states rights sales about two years later. All in all, Gaumont's war-time work in the USA kept it established in the market, but it gained no substantial place there.<sup>56</sup>

Pathé's activities during the war are of considerably more interest, since it had been the single largest company on the American market as of 1911. Given its break with the General Film Co. in 1913, it could conceivably have moved into the ranks of the independent feature companies and become one of the majors in the post-war Hollywood oligopoly. It did not do so, apparently because of some fundamental miscalculations Charles Pathé made.

The year 1913 was a turning point for Pathé Frères. In February it acquired the *Film Service*, a British distribution firm, and began renting directly in Britain. During the year, Charles instituted a new policy in Europe, phasing out production and instead releasing independently produced films. In January 1914, Charles came to the USA to institute the same approach. Then, in May, Pathé broke with the General Film Co. ranks. Which side really desired the split is not clear, but the move fits in with Pathé's goal of becoming a distribution firm. J. A. Berst testified at the MPPC trial that he had initially opposed the formation of the General Film Co.; he was persuaded to participate

in it but had never been satisfied with the arrangement. These views may have been hindsight, but they may help to account for Pathé's move away from the MPPC. Possibly, too, Berst and Charles Pathé foresaw the outcome of the case and wanted to establish a new distribution system. Whatever the reasons, Pathé launched its offensive in May by running ads accusing the General Film Co. of breaking its contract by refusing to distribute the newsreel, *Pathé Weekly*. Pathé then set out to establish its own exchanges in the USA to circulate the newsreel.<sup>57</sup>

During 1913, Pathé had established an American subsidiary, the Eclectic Film Co., to distribute features. Its founder, Arthur Rousset, was the one who arranged for the production of *The Perils of Pauline* (released from April to December of 1914). In July 1914, Pathé switched its American operations over to its European system of only releasing films produced by other companies – except for *Pauline*, which Pathé made under contract to Eclectic. Charles persistently touted this system, comparing his firm to a book publisher. When the war began, Pathé was still releasing some films, probably its French product, through General Film. The number of weekly releases declined in late August and September; in October, the licensed programme replaced Pathé with David Horsley's Ace Comedies. That month Pathé transferred its main office from Paris to London; the war was going badly and it seemed that Paris might fall. Charles announced in London that, due to the variety of sources from which Pathé obtained negatives, the loss of the French studio's product would not prevent Pathé from supplying its world exchange system. The variety of sources was no exaggeration; Pathé had for years built its large release schedules from a hodgepodge of film brands, shot all over the world. In early 1913, the brands included: American Kinema (Pathé's American-made films), Belge Cinéma, Comica, Eclectic (again, its own American films), Germania, Holandsche, Iberica, Italian Art, Imperium, Japanese, Modern Pictures, Nizza, Pathé, Russian, SCAGL (a French company in which Pathé had an interest), Thalie, and Thanouser. But Charles' prediction that these sources would keep his company going proved too optimistic. A number of the countries involved were cut off by the hostilities; others failed to maintain supplies. By a month into the war, Pathé's English release programme depended on its own American Kinema films and a few minor American independent brands (for example, us Comedies, Denver, Chicago, Michigan).<sup>58</sup>

In October, Charles went to the USA from London. Sadoul has interpreted his actions as a sacrifice of the French film industry's interests to those of Pathé's stockholders. According to Sadoul, Pathé Frères had ceased to grow by the beginning of the war. Its capital had risen from 5 million francs in 1907 to 30 million in 1912–13, but the

1914 profits were almost the same as in 1908. Dividends had fallen sharply. But the share of Pathé's profits that came from the American market had grown since 1908 to over 50% (the French share was only 10%). What Charles did, Sadoul claims, was to leave the French industry in a shambles by opting to concentrate on the American market.<sup>59</sup>

Charles had to contend with a crisis in the USA. As a result of the break with the General Film Co., Pathé had no distribution for its non-feature programme and was near bankruptcy; there were rumours of a sell-out to Fox. But Pathé borrowed to open an exchange network. By November 1914, Eclectic had broadened its operations and was releasing Pathé narrative films, newsreels and *Pauline*. In January 1915, Charles announced the formation of a new company, Pathé Exchange, to replace Eclectic. By March the national network had grown to twenty-two exchanges.<sup>60</sup>

For the remainder of the war Pathé flourished on the policies Charles had originated. The serials were a tremendous hit everywhere they showed. Similarly, Pathé's concentration on shorts proved profitable. Harold Lloyd's lengthy series of comedies, produced by Hal Roach, were released and re-released by Pathé. By the late teens, Pathé Exchange was known as the main distributor of independent serials and shorts. In the short run, the approach was a success, carrying the company through the war. But in the longer run, the companies which emerged in the post-war era as the leaders of the American industry were those which concentrated on features and which built up their holdings through vertical integration. Charles Pathé had chosen to do neither. His preferred product, the serial, declined in status and popularity by about the time the war ended. In effect, serials were B products by the 20s and not so profitable as they had been. Similarly, though shorts continued to be a staple part of film programmes for decades to come, they were seldom as prestigious or lucrative as in the mid-teens. Without a strong grounding in the feature area, Pathé Exchange remained simply one of the biggest firms in the less important independent wing of the industry. Pathé also swam against the stream by dropping most of its production side. The firm had originally been one of the earliest and most extensively vertically integrated film companies in the world; it made projection and production equipment, produced films, distributed them and even began making its own raw stock – something no American firm ever tried. In France, it also began buying up theatres at about the same time that the major theatre chains were forming in the USA. Yet Charles Pathé, with his book-publishing model, chose to back away from this strategy. Had he fully maintained the vertically integrated structure of the pre-1913 period and moved into features as well, it seems quite possible that his firm could have emerged from the war in

a position to challenge such strong rivals as Famous Players-Lasky and First National. As it was, his failure to do so may have lost him one of the last chances any foreign firm would have to establish a significant and lasting hold in the USA. In 1921, its American stockholders and management acquired control of Pathé Exchange from the parent company in Paris.<sup>61</sup>

### 3 Cashing in on War, 1916-18

'This war was made for America.'  
Léon Gaumont, 1916<sup>1</sup>

#### THE GENERAL AMERICAN FOREIGN TRADE SITUATION DURING THE WAR

The decades leading up to 1914 were largely prosperous and stable for the leading industrial nations. The gold standard was still in use, making it easier to control currency fluctuations and to make payments between countries. London was the world's financial centre, based on Britain's position as a strong creditor nation; the fruits of the industrial revolution and a worldwide empire made this leadership possible. In spite of the USA's high exports and favourable balance of trade, it was still a debtor nation. Foreign investments, particularly from Britain, France, Holland and Germany, had been attracted by the tremendous prosperity in the late nineteenth-century USA; railroad securities and various industrial stocks promised a high rate of return.<sup>2</sup>

Just before the war, the USA seemed the likeliest candidate to overtake Britain as the world's most powerful nation. Its export surpluses would eventually have counteracted its foreign debt to the point of making it a creditor nation. But the war hastened the process considerably. As soon as war broke out, foreign investors rushed to sell off a large portion of their holdings in the USA. American investors, spurred by profits from the wartime export boom and eager to develop new markets abroad, invested heavily in non-European areas. And, in spite of the nation's neutral position, as of October 1914, the American government permitted private banks to loan money to the Allied nations to finance the war effort. In addition, once the USA entered the war, the government itself extended credits to these countries. By the end of the war, the USA held substantial debts abroad.<sup>3</sup>

The USA's position was also strengthened by a wartime export boom. As Fig. 1 (on p. 47) shows, after a slight dip in the early months of the war, total American exports soon climbed rapidly, reaching a peak in the late war and early post-war periods. This