In 1967, the Canadian Film Development Corporation (CFDC) was established by the Canadian federal government with a $10 million investment and a mandate to foster and promote the development of a feature film industry in Canada. The CFDC was supposed to not only help produce Canadian “popular” culture, but also play a role in fostering a distinctive national identity. Quite simply, the CFDC would invest in Canadian productions to promote a homegrown film culture, which would help offset the need for foreign—i.e., Hollywood—films. Not surprisingly, however, the CFDC found itself in a precarious position by trying to turn a profit, and also satisfy the nationalist and prescriptive mandates of politicians, critics, and media scholars who yearned for a cinema that was proudly and distinctly Canadian. Those tensions reached an apotheosis when journalist Robert Fulford published a scathing review of David Cronenberg’s first film, *Shivers* (1975) – then called *They Came from Within* – in the September 1975 edition of *Saturday Night* magazine. Fulford, writing under the pseudonym Marshall Delaney, told his readers, “You should know how bad this film is. After all, you paid for it.” Fulford condemned the CFDC for using taxpayer money to “subsidize junk.” What Michael Spencer, then the executive director of the CFDC, saw as a “profitable artistic investment,” Fulford saw as a “disgrace to everyone connected with it— including the taxpayer.”

Within a few years, the CFDC collapsed under the weight of angry politicians and cultural critics who ultimately saw no reason why Canadian taxpayers should subsidize certain kinds of films, namely the genre-based projects that Cronenberg and his producing partners, Ivan Reitman and Don Carmody, were busy creating. Producer Don Carmody recalls that during parliamentary hearings in the mid-70s, some called for his and Reitman’s deportation, since both he and Reitman were born outside of Canada. Instead, the government set up the Capital Cost Allowance, which promoted private investment in feature film production by offering tax subsidies to upper-income professionals, thereby removing the burden of film financing from the majority of Canadian taxpayers. The CCA—which was also known as the “tax shelter”—resulted in a sizeable boom period in Canadian film production: feature filmmaking grew from three films in 1979 to a peak of 66 in 1970, and 53 in 1980. Together, the CFDC and CCA launched one of the most successful periods in Canadian film history and launched the directing careers of Ivan Reitman (*Meatballs*, 1979) and Cronenberg (*Shivers; Rabid*, 1977; *The Brood*, 1979).
And yet the historical record shows that the net effect of this economic and creative boom, which evaporated by the early 1980s, only seemed to confirm the criticism of Canadian filmmaking as simply a branch plant of Hollywood.

By the early 1980s, the CFDC was renamed Telefilm Canada and largely avoided funding commercial film projects in favor of art-house fare that was just bland and safe enough to avoid criticism and “Canadian” enough – i.e., more Royal Canadian Mounted Police, fewer serial killer flicks – to satisfy policy-minded critics. In a broader sense, the period between 1975 and 1980 in Canadian film history, though routinely forgotten by Canadian film scholars, spotlights the ongoing tension between art and industry in a country that defines itself by its similarities and differences to its southern neighbor, the United States of America and its largest cultural industry, Hollywood. The period also highlights the way in which English Canadian film history has been framed by an art-versus-industry debate that advocates for the creation of a national film culture not based on popular audience taste but a prescribed notion of cultural idealism.

Advocates of an art cinema, including some of the country’s leading film and cultural historians, have typically adopted a cultural-nationalist position, viewing Canadian cinema as an art form designed to nurture a distinctly Canadian image and promote a distinctly Canadian culture. To this end, the goal of Canadian feature filmmaking is not to turn a profit, but to develop and promote a particular cultural ideology that spotlights “Canada” to Canadians and a global audience. Such a nationalist position can be traced to National Film Board of Canada founder John Grierson, who supported the creation of a documentary tradition that promoted the “civic interests” of Canadians, which included “Canadian achievements in painting and craftsmanship…Canadian folk songs, [and] the contributions of the various race groups to Canadian culture.” Grierson also championed the production of documentaries over narrative features as a means of avoiding the commercial competition with the eight hundred pound gorilla in the room: Hollywood.

Of course, the construction of a national cinema discourse by asserting its difference from Hollywood is not unique to Canada; indeed, the purpose of most national cinemas, according to Andrew Higson, is to “try to establish the identity of one national cinema by its relationship to and differentiation from other national cinemas.” In Canada, however, the need to differentiate itself from Hollywood carries with it a clear sense of urgency. Geographic proximity and a shared language, combined with the fact that eighty percent of television and ninety-five percent of films viewed in Canada originate in the United States. In his textbook, One Hundred Years of Canadian Cinema, George Melnyk reaffirms the imperialist argument by comparing Canadian film history to Greek mythology, where “the god of Hollywood, almighty Zeus,” was sent to overpower and Americanize the Canadian masses.

The problem with defining a national cinema through difference remains tied to a prescriptive creation of popular culture. Constructing “what ought to be the national cinema” rather than what is the actual experience of the nation creates what Michael Dorland has called an “idealtypical theory of a Canadian national cinema.” By ignoring what is, nationalist arguments must therefore exclude certain elements that do not fit their prescribed ideal. In the case of Canadian film history, there has been a tendency to define the national cinema by emphasizing animated, documentary, and experimental film traditions – many of which have come out of the National Film Board of Canada; a preference for art-cinema conventions featuring characters often characterized as victims and failures; and a narrative set in Canada featuring distinctly “Canadian” issues, which invariably revolve around issues of cultural identity and multiculturalism. Current scholarship has expanded this paradigm slightly to include issues of gender hybridity and cultural alienation, but ultimately preserve the conception of English Canadian cinema as a collection of marginalized subjects.

Inverting Andre Bazin’s claim that cinema’s existence precedes its essence, nationalist cinema scholars have tended to focus on a prescribed ideal as opposed to the reality of what Canadian audiences actually watch. The tax shelter period, which remains the most critically underrepresented in Canadian film history, is rooted
in the assumption that “anything popular is suspect of being too American.” In a country that routinely advocates a multicultural view of things, cinema is the one cultural industry that remains decidedly discriminatory and xenophobic towards popular forms of cinematic expression. In North of Everything, a 500-page anthology of Canadian film history, editors William Beard and Jerry White make no reference to Meatballs, Porky’s (1982), or any other commercially successful films made during the tax shelter boom.

As Ted Magder has argued, Canadian film scholarship has been “principally concerned with counteracting the influences of foreign ‘mass’ or ‘popular’ culture,” which has had the effect of ignoring the cinematic experiences and tastes of Canadian moviegoers. Like Melynk’s Grecian parable, Canadian audiences are positioned at the mercy of American cultural imperialism. Manjunath Pendakur provocatively claims that Canadian audiences are not only the victim of “powerful U.S. threats to bring Canada to its knees,” but of a capitalist machine bent on denationalizing Canadian cinema and denying Canadian audiences their preferred cinema.

While Pendakur claims to understand what goes on in the minds of Canadian film audiences, Ted Magder cautions that audiences are far more active, creative, and critical in their readings of media messages: “Audiences are active, and the meaning of any media text ultimately resides in the interaction between text and reader. It is, quite frankly, not that easy to know for certain what goes on in the minds of audiences as they consume cultural products.”

It’s only natural, then, that Canadian film history should continue to view the tax shelter years as a hiccup in the national discourse on cinema practice. By ignoring this period, film historians and critics have also rejected an appeal to popular filmmaking norms, conventions, and modes – which invariably refers to American culture. Of course, the Canadian nationalist tradition has historically viewed the relationship between Canada and the United States as an adversarial one in which American culture becomes stereotyped as an “evil, oppressive monster” and Canada as its victim. Jennifer Vanderburgh suggests, “the general characterization of culturally specific English-Canadian cinema considers it to be inherently uncommercial. Conversely, commercially successful Canadian films made with large budgets in the classical Hollywood narrative style are not perceived to be Canadian.”

The problem remains as how to conceptualize a cinema discourse that accounts for the diversity of audience tastes and the reality of Canadian film history. Examination of the so-called tax shelter period provides one way to refocus the rhetorical and ideological arguments concerning what Canada’s cinema ought to be, and acknowledge that commercial success is not anathema to a distinctly Canadian film culture. The false dichotomy between nation-building and commercial success has been the straw man in Canadian critical discourse for decades, exemplified by Pendakur’s analysis of the period:

The fact was that the CCA was not intended to develop a national cinema. The Canadian government chose this policy after voluntary screen quota and
investment policies had failed to produce any significant benefits to Canadian films. The CCA was a means to achieve what the government had not been able to do. If American distributors could not be persuaded to distribute Canadian films... why not encourage Canadian and other investors to finance high-budget films acceptable to the American distributors?

Ultimately, tax shelter laws demanded that Canadian feature filmmaking function as a profit-based industry, but in order to do so, Canadian films had to be able to compete in the international marketplace given Canada's relatively small domestic population. Appealing to a broader audience meant bigger budgets, which the CFDC was unable to provide, and universally themed storylines, which invariably meant genre projects like horror films and comedies. Reacting against this trend, Pendakur noted that Canadian films with a “distinct identity” became “rare,” while Canadian investors and producers focused on producing “American-inspired” genre films. The supposed Americanization of Canadian cinema also led press critic Jay Scott to remark, “The most common criticism of the New Canadian Cinema – [is] that there is no New Canadian Cinema, that there is instead a New American Cinema on Canadian soil.”

The disdain for films of the tax shelter years was widespread and not entirely inaccurate. Many of the films produced during the period were commercial flops, if they were released at all. After two years of financial loses, investors began to realize that feature film financing was a risky business. Richard M. Wise, an accountant, wrote at the time that “investment forecasting in the feature film industry is no easy talk,” and that tax exemptions were complicated and not always worth what investors had hoped. Many Canadians who jumped into film production hoping to turn a quick profit were disappointed by the fact that their films rarely found distribution, their tax exemptions did not amount to money saved, and there was little likelihood of seeing a return on their money.

More generally, tax shelter films came under attack for their similarity to Hollywood genre pictures. Critic Stephen Harkness argued that it was “intrinsically evil to spend money on quasi-American projects.” Other critics assumed that real Canadian filmmakers were suffering under the tax shelter, “wrenched from subjects they knew, in order to direct ersatz American product,” forced to “package someone else’s dreams.”

Recently, Peter Urquhart offered some refreshing observations about the tax shelter period, arguing that “all the films of the tax-shelter boom need to be taken into account” as important documents of “Canadian history and culture.” He suggests, as I maintain, that Canadian discourse is largely limited to a cultural-nationalist ideal that considers popular forms of cinematic practice undeserving of critical attention. Unfortunately, Urquhart ultimately conforms to the same nationalist discourse when he revisits three tax shelter films – *Hot Dogs* (1980), *Suzanne* (1980), *Yesterday* (1981) – and analyzes them in relation to the prevailing theory of Canada as a victim of American imperialism.

The tax shelter’s failure to fit within the critical community’s definition of acceptable Canadian film practice has resulted in their continued obscurity within Canadian film scholarship. When scholars have attempted to address filmmakers from this period, including David Cronenberg, have done so in a way that recognizes other more legitimate forms of discourse. In 1984, Piers Handling, who now chairs the Toronto International Film Festival, aimed to revisit the work of Cronenberg in an attempt to situate the director “as a Canadian filmmaker” by highlighting some distinctly Canadian traits found in his work. Never mind the fact that Cronenberg has continued to work in Canada since his early CFDC days; never mind that he is a Canadian citizen; and never mind that his films regularly feature Canadian cities as themselves. Cronenberg’s roots in horror, and his involvement with the tax shelter period, placed him at a cultural disadvantage. In other words, he was Canadian by birth only.

Despite the tidal wave of criticism against the tax shelter policy, two of the most commercially successful films in Canadian history were made during this troubled period. To date, *Meatballs* and *Porky’s* have a combined box office gross of over $150 million. According to producer Don Carmody, investors looking for a modest tax break
were actually disappointed that their investments turned into a sizable profit, which resulted in higher capital gains fees.²⁸

On a critical level, *Meatballs* and *Porky’s* can tell us something about Canadian filmmaking practices and the Canadian experience. These films revel in their familiarity with Hollywood norms and conventions—particularly those found in comedies. They are not so much proof of Canada’s colonization, but examples of how Canadian filmmakers engage with and appropriate the structural, narrative, and aesthetic values of classical Hollywood cinema. That Canadians are able to produce films which might be labeled as “too American” is in fact indicative of a quality that can be seen as wholly Canadian: an intimate relationship fostered through ongoing participation and immersion with a culture that is not entirely their own.

Following the tax shelter fallout, producers like Don Carmody continue to work within Canada but remains hamstrung by the narrowly defined logic of Telefilm’s funding structure, and the private sector’s reluctance to invest in feature films. “Investors would feel a lot safer investing in oil and gas than movies,” Carmody says.²⁹ He admits, however, that the recent appointment of Stephanie Azam, director of marketing and distribution for English Canada at Telefilm, has opened the door to more commercial projects, including Carmody’s recent hockey comedy, *Goon* (2012), which is set in Canada, stars Canadian actors (including Jay Baruchel and Eugene Levy), and was shot and edited in Canada. In most other cases, however, Carmody relies on cooperative financing with other countries to support larger budgeted features such as *Silent Hill* and the *Resident Evil* series. As one of Canada’s most successful and award-winning producers, Carmody acknowledges that his professional reputation in Canada is far different than in the United States. He notes, “In the States, I’m just a successful producer. In Canada, I’m the guy who makes Hollywood-style genre pictures.”³⁰

It is not surprising, then, that Carmody hesitates to advertise his films as Canadian features for the simple fact that Canadians routinely approach domestic films with a “mixture of prejudice and suspicion.”³¹ Even *Goon*—which wears its Canadiana on its hockey jersey—isn’t being marketed as a distinctly Canadian film project. Film scholars have regularly pointed out that Canadians consider Canadian films to be “educational or duty-bound” activities, not exercises in enjoyment. If cultural critics and scholars continue to ignore the history of Canadian popular cinema and the viewing habits of Canadian audiences, then we can look forward to another generation of what Charles Acland has called “a site of lost national potential.”³²
Benjamin Wright is the Provost Postdoctoral Scholar in the Humanities in the School of Cinematic Arts at the University of Southern California. His research addresses the intersection between style, practice, and labor in contemporary Hollywood cinema. He is currently working on a book-length study of how digital editing and mixing platforms have influenced the social, aesthetic, labor, and technological structure of post-production sound professionals in Los Angeles. He received his PhD in cultural studies and film studies from Carleton University in Ottawa, Canada.

I would like to thank M.M. Champagne for assisting me in the research of this article.

Endnotes

1 This article concentrates on the establishment of a feature film industry in English Canada, which excludes Quebec. Unlike English Canada, Quebec has a vibrant and successful feature film industry that is well regarded by critics and audiences, both in Canada and abroad. For a history of Quebecois cinema, see Janis L. Pallister, The Cinema of Quebec: Masters in Their Own House (Madison, NJ: Fairleigh Dickinson University Press, 1995).
2 Robert Fulford (as Marshall Delaney), “You should know how bad this film is. After all, you paid for it,” Saturday Night (September 1975), p. 83.
4 Fulford, p. 83.
5 Interview with Don Carmody conducted by the author on 10 March 2012.
12 Magder, p. 249.
13 Ibid., p. 249.
15 Magder, p. 249.
18 Pendakur, p. 179.
19 Pendakur, p. 185.
20 Magder, p. 192.
24 Scott, p. 31.
26 Peter Urquhart, “You should know something—anything—about this movie. You paid for it,” Canadian Journal of Film Studies 12.2 (Fall 2003): p. 68.
28 Interview with Carmody.
29 Ibid.
30 Ibid.
31 Magder, p. 249.