Declining competitiveness in the film industry: the British experience in Japan, 1910–1923

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Throughout the 1900s, Britain and Japan enjoyed a close diplomatic relationship that was best exemplified by their alliance of twenty years (1903–1923). Cultural ties during this period though were more distant. Despite this complex relationship, British film distributors were active in Japan during the 1910s. However, their competiveness would weaken to the extent that they were eventually displaced by the Hollywood studios by the 1920s. Against this backdrop, Anglo-Japanese relations also became more distant following the end of World War I. The common perception is that the political situation related to the war had a significant impact on the decline of Europe's film industries. This paper examines the factors behind the British film industry's struggles in Japan that seem to correlate with the final chapter of the close political relationship in the late 1910s. It will show that actually the post-World War I political environment had little impact upon the decline of the British presence in the Japanese film market. Rather it was industrial factors ranging from changes in film distribution to the quality of films produced that limited the opportunities for British film companies. Such findings have important implications for Europe's film industries today who are confronted by Hollywood's dominance.

Keywords: film industry; competitiveness; Japanese film market; British film industry; Hollywood; Anglo-Japanese alliance

Introduction

For many years, the film industries across Europe have sought to compete with the Hollywood studios who have long enjoyed a dominant position in markets around the world. Efforts undertaken so far to reverse this situation have had a limited effect as various protectionist tools from import quotas to subsidies have not helped and in some cases have distorted the domestic market, which has allowed Hollywood to take advantage (Meserlin and Parc 2014). In fact, this situation has been ongoing since the early period (silent movie era) of cinema when Europe's film industries failed to meet the challenge posed by the entry of Hollywood in both their home markets and even in foreign countries that they had previously dominated. In this regard, Britain's experience as a film exporter during the silent movie era is a relevant historical case example as London was the international hub for film distribution and attracted clients from all over the world including Japan. Although Britain was the

leading source of films for Japan in the 1910s, by the 1920s it would be displaced by Hollywood which coincided with a rapid expansion of Japan's screening sector. Led by large conglomerates, nationwide movie theatre chains were formed which saw the number of theatres grow from just a handful in 1910 to 334 in 1917 making it one of the largest and most developed film markets outside of Europe and America (Gerow 2010).

This growth came at a critical time when the markets in Europe were in decline and British film distributors were looking to other regions in order to offset potential losses. Japan was an attractive market as they had few other choices during the 1910s, China was politically divided, other countries were underdeveloped, and large countries such as India and Australia were already under British administration. But of more importance was the political relationship at the time between Britain and Japan who were allied partners which makes this case example worthy of study. This was the only alliance between a European and Asian power that brought about a whole set of dynamics on the cultural relationship between the two countries.

Britain as an industrialized nation was a key influence and model for Japan during the Meiji period (1868–1912). This is evident across a wide spectrum of the country's modernization efforts from engineering to naval construction (Checkland 1989). Film was also an area for which Britain played a significant role. For example, one of the first motion picture cameras imported to Japan was the British-made Baxter & Wray Cinematograph in 1897 (Komatsu 1997). In the early 1900s, film companies such as Urban, Warwick Trading Company, and British Pathe would set up their business in Japan and import film stock, mostly British but also some from Europe and the United States (US) (Thompson 1985). Similarly, Japanese distributors opened up offices in London to acquire the latest film prints in the early 1900s (Kirihara 1992, 40).

After its early success, the 1910s would be a period of decline for the British film industry. Gradually, its film companies would fail to remain competitive against the rise of Hollywood as it entered a period of stagnation (Low 2011). For many observers, World War I was the critical turning point. The British film industry never witnessed any growth after the war and would reach its *nadir* in the 1920s where only a handful of films were produced. Not only was the film industry struggling but the Anglo-Japanese alliance was also going through a period of decline following the end of World War I.

This change in fortunes and the way in which Britain responded raises critical questions about how cultural industries are able to adapt to competitive challenges, particularly those presented by Hollywood. Why did the British film industry fail to cement its position as one of the main distributors of films in Japan, both its own productions and those from other countries? And did political factors related to the decline in the Anglo-Japanese alliance play a role?

To address these inter-linked questions, this paper covers the topic across five main sections. The first part covers the literature review on film industries and competitive challenges, the second sets the scene by outlining the context and conditions of the Japanese film market, the third considers whether political factors in the shape of the Anglo-Japanese alliance had an impact on the decline of British film companies in Japan, the fourth examines how the industrial and policy decisions had an effect, while the final part concludes with a discussion that presents some policy implications for Europe's film companies today.

Literature review

The puzzle of why the British film distributors went into decline in the face of Hollywood's international emergence is linked to the debate on why Europe's film industries more

broadly went into decline. It should be noted that in terms of products, British distributors had to rely on domestic and European productions after the Hollywood studios began to distribute their films directly. In theory local productions should have been enough to compete with Hollywood, but such titles failed to satisfy international demand. This represented a change in fortunes for British film makers who were once the pioneers in this industry and enjoyed growing audience numbers at home (Brown 2013; McKernan 2007). This positive start in the early period of cinema did not last as the number of films produced dipped while many of the film companies that were early in the game ceased to exist by the 1920s. It is natural to equate this decline with the effect of World War I which extolled terrible suffering in terms of both human and economic losses for countries in Europe.

Kristen Thompson (1985) in her extensive work on the international expansion of Hollywood shows clearly how its studios took advantage of this situation to gain dominance domestically and then slowly internationally. While her research is invaluable, her conclusion that World War I is a key variable would suggest political factors are largely responsible and also ignores to an extent what happened in Europe's industries before the war. Furthermore, her perspective is mainly from the Hollywood studios which means it does not consider the difficulties for specific countries in Europe such as Britain and their experiences in other film markets. In other words it only presents half the story. Echoing the impact of World War I, Klawans (2000) quotes French film makers of the time who point to this event as the moment when the glory days of Europe's film industries came to an end. This would suggest that British distributors by the late 1910s would struggle to export attractive films from the home market.

Although World War I certainly had a major impact on resources and material available to film industries, other scholars have identified different factors that account for the decline. In some way, to attest the changing fortunes for European film companies on the war is somewhat of a simple approach that overlooks some key structural and technical changes that were taking place. Besides, as Klawans (2000) has noted, the German film industry experienced something of a boom and a degree of international success following the war despite all the damage it had endured. Furthermore, Bakker (2003) challenges the timing of the war as a variable given that Britain began its decline before the outbreak of hostilities. In a sense, we can ask the question of why the German film industry was successful after the war while other countries in the region, specifically Britain became stagnant.

One aspect about Germany is that its film industry did have strong state support. Thus, when looking at Hollywood's international success, some have looked at the political clout that the studios could rely upon to expand its presence in markets around the world. Ulff-Møller (2001) has focused on the film negotiations between France and the US in this regard and the involvement of the State Department. While this is true to some extent, it does not explore why there was such disparity in the level of attractiveness between films from Europe and those from Hollywood, such an explanation requires a look at economic or industrial factors rather than political forces.

In providing his economic assessment on the decline of Europe's film industries, Bakker (2003) proposes the effect of sunk costs as an explanation. Central to this approach is the comparison of how films were financed in Europe and the US as well as the business strategies adopted by Hollywood. He states that film production in itself is very much a form of sunk cost, similar to R&D in other industries. These sunk costs though escalated in the US film industry due to growing market size and the intense competition among its film companies. As they expanded abroad, the European firms would come into

competition with them and struggled to match the growing costs (Bakker 2003, 17–34). Two aspects stand out from this analysis, the first is that these US companies engaged in more lavish productions which would equate with the improving quality of the films they produced. Secondly, Bakker identifies changes in distribution practices by these companies as a factor that led to an increase in sunk costs. These are two areas that can be explored further in respect to the experiences of the British film industry in Japan.

Finally, in seeking to answer the question of why the British film industry stagnated, Brown (2009, 2013) looked at changes in the distribution and exhibition of films in the domestic market that had a major impact on the film producers themselves. These are important business considerations to look at when addressing the key focus of this study on why British distributors lost their competitiveness in Japan despite the previous advantages that they held as well as the obvious inherent attractiveness of the country.

Despite the evident effect of these industrial factors, the impact of political issues upon the decline of the film industries remains a strong idea, particularly in regards to World War I and Europe. It is therefore worth exploring this in the context of the outcome of World War I in Asia, specifically for this paper it is the changes in the Anglo-Japanese alliance and Britain's presence in Japan's film market. Before this is examined, a brief outline is provided on British companies in the Japanese market for context.

British film distributors in the Japanese market

When British film companies entered Japan at the beginning of the twentieth century, they were more or less both producers and distributors. At this time there was great optimism within policy circles about the future of Anglo-Japanese relations. The alliance had been forged in 1902 and was considered by both sides as a diplomatic triumph, particularly in the aftermath of the Russo-Japanese War 1904–1905 (Nelson 2016; Nish 1985). The expectation was that ties between the two countries would strengthen across all areas. Film exports were readily flowing throughout the 1900s and London was one of the main hubs for Japanese distributors to acquire films, including those from the US. This highlights that Britain held a unique position in that it not only supplied its own films to Japan but was also a gateway for Japanese distributors to acquire international films. Despite the outbreak of World War I and its interruption of Europe's film production, the majority of productions screened in Japan were from Britain, France, and Italy (Thompson 1985, 74). In 1916 for example, films from these countries accounted for almost 80% of overall screenings, but in the following years there would be a rapid decline down to less than 20% by 1919 (Raine 2014, 109). It is crucial to note two factors that occurred during this period. Firstly the Hollywood studios would open up their branches in Japan, Universal would be the first to do so in 1916 (Anderson and Richie 1982, 448; Thompson 1985, 74). This would cut out Britain as the middleman between the US and Japan. Secondly, the number of films produced by Britain and other European countries would decline greatly as they failed to recover after the war. Arguably more important than the number produced though was the fact that among the few films produced, their attractiveness for audiences was very low. By the 1920s, the other Hollywood studios would establish their branch offices in Japan (Kirihara 1992, 42) and Britain's role as both producer of films and distributor for the Japanese market would fade away.

On the face of it, the linkage between the number of films produced and the declining presence of British companies in film exports to Japan would seem linked. However, this overlooks the fact that the number of films produced by Britain did briefly *increase* in the 1920s, but this did not help regain their presence in Japan. In fact, this was not a brief trend

as it would continue into the 1930s, for example, in 1931 Britain produced a hundred and twenty two films. On paper this looks impressive, but it did not translate into an increased market share abroad. Hollywood's share of foreign sound films in Japan was 90% for the same year (Thompson 1985, 143). It should be noted that the increase in British film productions was mainly as a result of the domestic film quota imposed in 1927. There has been some reassessment of the films produced after the imposition of the film quota and whether they merited the label of "quota quickie" (Chibnall 2009). Regardless, such productions did not translate into an increased market share either domestically or in other countries.

These findings would suggest that the number of films produced is not a key factor compared to the quality. A quote from Henry Kotani, President of Shochiku, in 1922 is very telling in this regard, "we receive large amounts of the Gaumont films, or German and Italian productions, but spectators particularly love American films" (Thompson 1985, 141). This quality aspect is a critical variable as it is not only about assessing the sophistication of the audience but also highlights that the political relationship had little impact when it comes to cultural industries. In fact, the story which emerges is that audiences in Japan were interested in informative films from Britain during the Meiji period when there was great interest in the outside world (Checkland 1989). However, as the economy grew and living standards improved as well as crucially a more urban population formed, focus turned to entertainment films from Hollywood (Gerow 2010).

If the quality aspect is more important than other factors then the period after World War I requires careful examination. This was a critical juncture in Anglo-Japanese relations as the alliance entered a period of decline and there was increasing distrust within Japan toward British policies (Hosoya 1982). If the aftermath of World War I was a key cause for decline as other scholars have advocated then two key questions related to the political context need to be addressed on why British film companies struggled in Japan. The first is on whether the growing US presence and dominance in Asia created a shift in interest to its cultural products and whether dissatisfaction among the Japanese public over British policies contributed to Britain's decline in the film market. These will be explored in the next section.

Political factors: alliance in decline

The end of World War I marked the beginning of decline for British global power, particularly in East Asia where its influence and reach came under great strain (Goldstein 1994, 5). To an extent, the Anglo-Japanese alliance had been very successful throughout its lifespan in sustaining British interests in the region. When the alliance was up for renewal in 1905, it was viewed very positively among most of the major political parties and even the press in Britain (Nish 1985, 299). However, the situation at the end of the World War I placed new pressures on the alliance and on the perceptions each side held of the other. This part will explore the political context behind the changing fortunes of British film companies in Japan and the emergence of Hollywood.

Did the US replace Britain in Asia?

One of the great changes that occurred with World War I was the emergence of the United States as a more active global power. Not only did it become more involved in Europe through its participation in the war but it also intervened more directly in shaping the international architecture of East Asia. One of its primary concerns was the future of China in the face of incursions by Japan (Davis 1979). After World War I, this was reflected by increasing pressure on Britain over its alliance with Japan which did not match with the

planned multilateral framework the US was conceiving. This pressure continued into the 1920s when the Washington Conference took place with the mandate to address destabilizing issues in East Asia and achieve an agreement on arms control. Throughout the negotiations, Britain and even Japan agreed to end the alliance and replace it with the Four-Power Treaty (Nish 1982, 30–31). With this, it was clear that Britain's presence in East Asia was no longer in a great position of unilateral strength. Was the US replacing the UK and shaping multilateral institutions to extend its power? And given the context of how the State Department was supporting Hollywood's global expansion (Ulff-Møller 2001), would this translate into increased cultural transmissions?

The reality is more complex. At the end of the war, Britain was still in a relatively strong position in the region through a combination of its existing colonies, economic linkages, and naval power. The economic links with Japan consisted of two critical parts, loans from British financial institutions and imports from British India, particularly cotton which would form the bulk of Japan's exports to the US. This nexus continued throughout the 1920s and into the 1930s (Akita 2002, 8). In terms of naval strategy, the Washington Conference presented an opportunity for Britain to maintain its primacy and avert a rivalry with the US as well as with Japan, a scenario London feared would weaken maritime linkages with its empire (Goldstein 1994, 14). In fact, the 1920s presented both Britain and Japan with two common challenges, naval strategies in the region and political turmoil in China that required close cooperation between London and Tokyo (Nish 1982, 30). It becomes evident that despite the abrogation of their alliance, bilateral ties continued in a similar fashion until other issues and new political forces arose in the late 1920s that would drive the two apart.

Was Japan dissatisfied with Britain?

It is often forgotten that Japan actively participated in World War I on the side of the Entente Powers and attacked Germany's naval base in China. The Siege of Tsingtau (Qingdao) in 1914 helped to prevent German forces in the Pacific from attacking allied interests in the region and allowed countries like Britain to concentrate their naval forces on the Atlantic theatre (Stephenson 2017). In this sense the Anglo-Japanese alliance achieved exactly what it was designed for; burden-sharing in the vast Pacific region. However, decisions by the global powers at the end of the war would create negative perceptions within Japan about how it was being treated despite its growing power. These grievances were centred on three main contentious issues, the first was related to the former German territories in China that the Japanese military had occupied and for which Britain was reluctant to recognize despite past promises. The second was the issue of Tokyo's racial equality proposal at the Paris Peace Conference which sought to place emerging nations on an equal footing with the established powers in the League of Nations, again Britain did not provide enough support. Finally, the third was the framework of the Washington Treaty which favoured Britain and the US at Japan's expense and created another sense of unequal treatment at hands of British officials (Nish 1982). Did these combined events at the end of the war provoke a backlash against Britain and its cultural influences in Japan? This depends very much on which group to look at in Japan as domestic opinions and feelings diverged greatly. Despite the great disappointment, many elite politicians still held favourable views toward Britain and the alliance even thought it had ceased to exist. Nish (1972, 384) describes feelings amongst the Japanese public at the time as "nostalgia, tinged with regret." Yet there were those who did

not hold such fond memories of the alliance and advocated more nationalist approaches.

Some may suggest that as ties between Britain and Japan declined, the US moved in and supported Hollywood to make inroads into Japan. But to this point, it should be noted that there was also a great deal of anger felt toward the US. At the end of the war, pro-China policies within the US administration had frustrated Japan's expansion into the Asian continent, specifically key areas such as Manchuria and Mongolia. For Japan, it's dealings with China were seen as strictly a bilateral affair and US intervention during incidents such as the Twenty One Demands were viewed negatively (Stephenson 2017, 163).[1] Further disappointment was manifested when the US along with Australia opposed the inclusion of the Racial Equality Proposal. Despite these negative viewpoints, the growth of Hollywood films in Japan was not greatly affected during this period. Politics played little role, in fact as Tosaka (2003, 144) states Hollywood was "empire by invitation." Simply audiences in Japan enjoyed high quality films whether from foreign or domestic producers.

During the 1920s, nationalism became an emerging force in Japanese politics but there was little evident impact on the film industries. The political scene during this time was characterized by secret political groups who found greater traction following the disappointing outcome of the Paris Peace Conference and the Washington Naval Treaty, but they remained on the fringes until the late 1920s (Paine 2017, 95–100; Orbach 2016, 194). There were incidents of boycotts against Hollywood films in the early 1920s by such nationalist groups, but these were largely ineffective and were ignored by theatre operators and the wider public (Tosaka 2003, 158–160). Prominent in this case was the boycott of Hollywood films in 1924 where nationalist groups managed to force a number of film theatres to close their doors. Yet a few chains and importantly the public defied the boycott which ended unsuccessfully (Itatsu 2008). By and large, the general public still favoured US films until the mid-1920s when Japanese film companies began to produce more competitive films.

Competitive factors: industry in decline

If the political context related to World War I and its aftermath does not provide a sufficient explanation for why British film companies struggled in Japan, then the industry and business factors need to be explored further. Based on the literature, this section considers the Japanese case and how industry variables affected the British distributors who traded or operated there. The three main competitive factors are changing market conditions, attractive products, and internationalism in film making.

A new blockbuster: the emergence of the rental market

In the early period of the British film industry producers and distributors were the same. These film companies were some of the early pioneers in the international film industry having developed some of the leading technology behind film-making. In a sense the early period of cinema was dominated by inventors and engineers rather than business people and investors (Brown 2013). During the period 1897–1906, films in Britain would be sold by production companies to traveling exhibitors who would tour around the country showing the same film at carnivals and festivals. This suited the early film companies who could rely upon the profits from one film to fund the next. Given that these exhibitors would use the same print of film as they toured around the country, they did

not have to worry about time limits or even the audiences too much. It was more of a one-off spectacle than weekly entertainment (Brown 2013, 105–106).

The big change occurred when the growing popularity of films naturally led to the establishment of permanent movie theatres in the cities with the first opening in London in 1906 (McKernan 2007, 129). These theatres would soon become the primary way for films to be shown to the public, overtaking the traveling showmen. But the main effect would be that these movie theatres would need not only a continuous supply of films but that simply buying outright one film print was not profitable and would not satisfy a regular-attending audience. Given this new dynamic, renters emerged who would acquire films from producers and then supply them to movie theatres for a fixed period of time (Brown 2013, 105–110). While this proved to be a successful and favoured model among the exhibitors, the film producers opposed this practice and would go out of their way to boycott sales of film to the renters. This proved to be counter-productive as renters secured films from other sources and the producers ended up being shut out of their own market. Many of the original film producers soon bowed out at a time when US film producers with larger financial resources began to move in and establish their own distribution branches in London (Brown 2013, 110; Bakker 2003).

The way in which this links with the Japanese market is noticeable. Movie theatres in Japan began to expand at around the same time as Britain and these venues proved to be very popular among an increasingly urban audience. Given the tendency among Japanese theatre owners to show multiple films in one billing or the "block-booking" practice, they also favoured renting films (Tosaka 2003, 40). This worked out for the studios from Hollywood who preferred to rent out their films as it gave them more control over the way in which they were distributed and marketed (Raine 2014, 108; Tosaka 2003, 157). The slow and reluctant progress among British film companies into the rental market put them at a competitive disadvantage in both the home market and the international one which in turn led to a decline in their role as distributors.

Another critical element that occurred around this time is the decline of London as the "clearinghouse" for film prints (Withall 2014, 72; Thompson 1985, 63–64). As noted previously, Japanese distributors frequently visited London to acquire the latest prints of not just British films but also those from other countries (High 1984, 50–51). Two developments happened that would reduce the role of London in the film trade. Firstly, as US film companies began to vertically integrate their business in the 1910s they would open up trade offices around the world to distribute directly their films (Thompson 1985, 71). In this sense, they bypassed London as the market place for films. Secondly, as highlighted before, the reluctance of British film companies to engage in the rental market put the supply of domestic films for Japanese distributors at risk. In fact, some film producers even went into the rental business leaving very few production companies to supply the market (Brown 2013, 110). Even as these independent distributors emerged, there was little for them to supply as they were left with only a limited number of European productions from France and Italy which also declined in numbers during the late 1910s.

Patriot Games: the lack of attractive films

Of the British film production companies that remained after the rise of the rental market, few considered any competitive strategies for their struggling business. Instead their approach to film-making would be counter-productive in the face of more attractive films from abroad. It is remarkable that many of these companies throughout the 1910s

sought to avoid successful trends that were taking place internationally in film making and had proven popular among audiences. These would include the star system, visual effects, and entertaining genres like action and comedy (Hawkridge 1997, 133–135; Withall 2014, 74–75). When looking at the genres of films produced in Britain, comedies rarely accounted for more than 10% of productions throughout the 1910s. The market was dominated by dramas. It was only in the 1930s that the number of comedies would increase to 50% by which time the film market was saturated by "quota quickies" (BFI Filmography).

When British film production companies faced intense competition in the 1910s they turned to topics they believed would guarantee them success. These included adaptions of classic pieces of English literature such as Shakespeare and Dickens as well as films that celebrated more patriotic topics related to the British Empire. This approach was not about using modern story-telling techniques but simply seeking to appeal to British middle-class audiences and even create a sense of respectability for the industry (Brown 2013, 111). Such films had little appeal internationally and therefore meant that British distributors had little to offer compared to their Hollywood counterpoints or even local Japanese companies. It is perhaps no surprise that there was a decline in British films in Japan as the audiences there favoured more entertaining films, mostly from Hollywood. Furthermore, whereas in the past there was little to distinguish between British and US films, by the end of the 1910s there was a distinct characteristic that formed Hollywood films and Japanese audiences would identify attractive features such as lavish productions, complex stories, and glamourous stars with American productions. Hollywood studio executive Joseph Schenk provided a telling viewpoint on the approach by British film companies when in 1925 he wrote in *Bioscope,*

> British producers do not consider what the public requires. They do not produce good pictures. They simply produce pictures and shove them out to the world. You have no personalities to put out on the screen. The stage actors and actresses are no good on screen. Your effects are no good and you do not nearly spend as much money. (Withall 2014, 72)

The great debate: nationalism vs internationalism

Although the British film industry came under great strain with World War I, this was not the key factor in its decline. As was shown, it had already experienced difficulties and had not really adapted effectively to changes that were taking place internationally (Bakker 2003; Brown 2013). The trend to engage in films that catered more to British audiences was a theme that would become even more evident in the post-war environment.

Following the end of the war, there was a great debate within the film industries of Europe about how to rebuild their business and how to proceed in the face of Hollywood's increasing dominance. Essentially this came down to whether the focus should be national or international in terms of market focus (Thompson 1996). Central to this ongoing debate throughout the 1920s was the German film industry itself which favoured a more international approach and therefore experienced a period of success as its market base grew (Withall 2014, 78–81). Unfortunately the mood in Europe was very much negative toward Germany and boycotts were in place against imports of their films, thus the focus was the home market for countries such as Britain and France (Bakker 2003, 55). Along with boycotts, the film industries of Europe began to view the internationalism approach to film making negatively. This was a distorted view that was entwined with misgivings about Hollywood and its commitment to internationalism in its activities. Simply,

the European film companies wanted nothing to do with this sort of business (Thompson 1996).

The focus on the home market not only affected the types of films that would be produced but would also become the focus of government intervention, a move that would cement this trend for the long-term as can be see in what happened in Britain toward the late 1920s as the government finally recognized the previous decade of decline. In seeking to revive the fortunes of the British film industry and restrict the influx of Hollywood films, the government instituted the Cinematograph Film Act 1927. This was a quota placed on movie theatres to show a number of British films on their screens for a fixed period. While this did lead to an increase in films made, most of these were what were known as "quota quickies," cheaply-produced films that only served to meet the quota demand (Chibnall 2009). Consequently most of these films gained little interest and were rarely at all exported, the producers thought that as long as their films were shown in domestic theatres they did not need to think about an international audience.

This shows that even if the number of films produced increased, it did not guarantee the presence of British companies in foreign markets like Japan. At this point, the Japanese market had become fiercely competitive even for US film distributors. In 1926, Japanese films would for the first time overtake Hollywood productions in their percentage of the market (Tosaka 2003, 161; Raine 2014, 109). It is notable that the Japanese film industry was able to gain their domestic market share in 1920s while their British counterparts struggled to do so in their respective home market. Hollywood gained the dominant share of the British market as early as 1911 and never lost this grip (Thompson 1985, 35; Hawkridge 1997, 133–135).

While there were no film quotas imposed in Japan, there was a segregated system for screening films. In effect there were cinemas that only showed foreign films and others which catered for domestic films, there was even a third type that showed both. For the chain of cinemas that exhibited foreign–only films, they were billed as "high-quality entertainment" and had their own distinctive characteristics that attracted mostly students and white collar workers. Furthermore, they also commanded the highest ticket prices and were the most profitable for the industry (Tosaka 2003, 140–149). The domestic theatres though did have a broader coverage across the whole country and were larger overall in numbers. Whether this helped the Japanese film industry to gain its competitiveness in the 1920s is debatable, but what is of interest is the fact that the Japanese film industry did adopt similar practices to Hollywood such as vertical integration of its business and the star system (Kirihara 1992; Gerow 2010, 116–122). In many way its shows that Japan was keener to learn from international experiences and this translated into a greater share of the domestic market.

Discussion

It has been over a hundred years since the British film industry lost its domestic market share to Hollywood and the situation has not changed. The decline in its domestic market share also manifested in a weakening of its international competitiveness, notably in the growing Japanese market. Despite the British government implementing protectionist measures in the late 1920s to rectify the situation, the industry never fully recovered. The lessons from this experience raises some important questions related to the current issue over how Europe can regain its competitiveness in the face of Hollywood's dominance.

The first issue is on the type of films produced. This is not so much on the genre of the films as such but rather on the direction in which these films are produced. Should they cater more to international tastes? That is can films both appeal to both domestic and international audiences? Past examples, such as the British experience in Japan, present a rather complex picture. While it may be tricky to classify what makes a "national" or "international" film, when artistic choices are shaped by government policies to favour a domestic audience or companies placing only enough effort to meet quotas, the results are often negative. This was clearly evident when Britain chose to pursue a more national discourse for its film industry which was enforced when the film quota was imposed in 1927. While some have retrospectively looked back at the resulting "quota quickies" in a more positive light (Chibnall 2009), it is clear that they did little to enhance the British film industry as a whole. In fact, those successful films produced after 1927 had little to do with the quota and more to do with the adoption of more contemporary film-making techniques and genres. Furthermore, British films did actually regain some market presence in Japan during the late 1920s (Raine 2014, 109), but this was a very small percentage and came at a time when Japanese productions and Hollywood blockbusters were dominant. It was already too late.

Another issue is whether quality or quantity is important for international competitiveness in the film industry. Protectionist approaches such as the adoption of quotas would suggest that quantity is the preferred outcome. Again, the experience of Britain in Japan and even its domestic market shows that simply increasing the number of films does not guarantee that they will attract large audiences or even the interest of distributors. High-quality production and sophisticated levels of film-making techniques have proven to be popular and enhanced the revenues of film companies. An interesting example here is Bluebird Film, a subsidiary of Universal, who enjoyed a strong performance in the Japanese market during the late 1910s. They produced dry melodramas yet adopted modern techniques that helped to enhance their international appeal (Bernardi 2001, 98–99). It is possible to think that the British film companies could have utilized a similar approach and therefore provided distributors with more attractive and competitive products to offer as Hollywood went its own way.

The last point is on how a film industry should respond when the market it operates in becomes more competitive, either because of foreign or domestic rivals. As seen with Japan in the 1920s, its domestic industry rapidly caught up. In assessing this period, Tosaka (2003, 163–164) speculated whether the Hollywood studios could have commissioned their own local productions to maintain their competiveness as they did in Europe. In the end they did not pursue this approach as ironically enough the Japanese market remained relatively open and the US producers did not feel the need to invest in local productions.

Conclusion

The British film industry's experience in Japan can be characterized as a missed opportunity to expand its international presence. The focus has too often been on the impact of World War I upon the film industries of Europe which led to their decline. As shown with the example British distributors in Japan, political factors related to the situation in post-World War I environment had little effect. As it turned out, the failure to adapt with competitive challenges in Britain put the main film producers at a disadvantage and thus left little for distributors to supply, Hollywood went its own way and those production companies from Europe faced similar problems as British producers.

Here the business industry factors provide a more convincing explanation. This paper has presented three critical points as explanations, changing market conditions, lack of attractive films, and single focus on the home market. The rise of the rental market caught the British film producers who were also distributors by surprise and their reluctance to adapt led to a prolonged period of stagnation that became very evident at the end of World War I and with the rise of Hollywood, which meant they could no longer mask the poor quality of their films. This links with the lack of attractive films whereby those producers who remained in the business incorporated more nationalistic topics while they failed to adopt modern film-making techniques. Finally, with the end of the war and a new opportunity to change their direction, the film industry stuck with the previous approach and focused on the limited domestic market. This experience shows that ensuring business competitiveness in the film industry is a key component toward achieving success.

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Note

1. Having seized German concessions in China, the Japanese government issued its "Twenty-One Demands" to the Chinese authorities in 1917. This was a political ultimatum that demanded specific concessions, much of which were widely condemned by the international community, particularly the US (Nish 1982; Gowen 1971).

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