

**French Audiovisual Policy and International Trade: Reaction
and Deception**

Edward Shorney Mills III

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Approved by:

Gary Marks

John Stephens

Liesbet Hooghe

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(Under the direction of Dr. Gary Marks)

The cultural industries and policies of France are undergoing major changes due to increased globalization and Americanization of markets since the end of World War II. The trade related audiovisual policies France acquires can be seen as ineffective. What causes this I assert is a combination cultural path dependency and the growing need to react to global pressures. As it turns out the policies of France are motivated by both stated and unstated goals, rendering the policies unable to meet expectations. It is expected that until an alteration of goals or policies is made France will continue to experience poor performance regarding its trade related audiovisual policies.

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CHAPTER I.

INTRODUCTION

The cultural industries and policies of France are undergoing major changes due to increased globalization and Americanization of markets since the end of World War II. France, which created its ministry of Culture in 1958, uses this body to steer the culture movement of the French populace (Loosely, 230). Through its policies it aims to endow the populace with the necessary cultural identity to grow and mature into what is loosely determined to be essentially French. While culture cannot be reduced to art alone, art does allow individuals to grasp their surrounding environment and social relationship, and empower them to act both individually and collectively and to share a collective memory (Poirrier, 2002). It is no surprise therefore that the artistic creations of France, deemed to be a part of their culture, are protected by various mechanisms. Film and television which are made for the very purpose of embodying social cultural and ideological values holds a very serious key to understanding "being" in France (Dagnaud, p18, 2004). Very few tools used for the purpose of sensitizing the French

to positive and unique values are more effective than those belonging in the Audiovisual sector.

French citizens watch an average of 22 hours of television a week (Donnant 1997:1), and in 2004 the entire french population went to the movies 194 million times (EAO 2005: 35). The film industry in France is also held to be one of the most "artistic", legendary and pioneering industries in the world, having created the first film in 1895 and responsible for many internationally reknowned actors, directors and producers like Depardieu, Aimé, Truffaut, Goddard, Pathé Gaumont, and others (Vernier). Lately, however the status of the French film has been evolving into something that is seen as having a negative effect on the cultural upbringing of French citizens. For over a decade the prominent trend in the audiovisual sector has been toward a more American form of creation or product. Television series are bought in bulk from the states, (the quintessential example being "Knots Landing" that sold 150 episodes for \$50,000 to France in 1987 (Hoskins, 1991)) and if not French imitations are introduced. Take for example the situation comedies "Premiers baissers" and "les nouvelles filles d'à coté". Premiers baissers' striking resemblance to the hit American series "Saved by the Bell" would not be lost on the most ignorant boobtuber. Films too are seen to follow a Hollywood format that is unacceptable to the cultural authorities of France (see below).

Paradoxically, to an amateur economist, the audiovisual industry while not garnering the desired political or cultural results, is possibly becoming more economically viable due the change toward more pop-culture (and allegedly low or base culture) rather than high-culture determined production. French film producers more and more frequently opt for remakes or popular comedy for French viewers or Hollywood blockbusters destined for international markets for example "Jeanne d'Arc, "The Fifth Element" and "The Ninth Gate" (Messerlin 2002: 18). In order to cope with this change and restore social rather than economic benefits, as preferred by the cultural elite, France implements, both national and regional policies in hopes that a reverse in the trend toward Americanized, big budget, blockbusters will appear.

In this paper I argue that the trade related audiovisual policies France has implemented on both national and regional levels have not achieved national goals to their expected extent. Futhermore I argue that the policies France has implemented with the European Union or singulary have in fact had secondary effects, letting in more foreign cultural influences and stifling what the Ministry of Culture had hoped for the French cinematic arts. To support this I will address the following topics: the changing

cultural situation, regional trade blocs and the danger of shared competency to nationalist cultural policies, and recent data supporting a growing American audiovisual industry presence in France, resulting from the current audiovisula policies in force. Added to the increased American presence I will also argue that anti-American based policies have created inroads for other, less dominant and perhaps less insidious, but culturally foreign values and ideals nonetheless.

There is adequate evidence that the Cultural Institutions of France are facing severe pressure to change. The growing number of US films topping the charts in France is but one such piece of evidence. As these institutions are a product of history, the first section will look at the role of the past and path dependancy in situating France in such an uncomfortable place today facing what seems perhaps a "no way out" predicament for the institutions dealing with French culture, the Ministry of Culture, the state as a whole and the audiovisual producers.

Because the past inevitably influences the present and future of French audiovisual policies, the culture and identity that has been built on centuries of living and trying to understand onesself plays an important, weighty and at times illogical role in dealing with other identities

and cultures. For this reason our second section looks at international trade theory and trade reality and how French ideology plays a part in these two areas.

My third section uses data from the European Audiovisual Observatory, the Motion Picture Association of America and other sources to find direct evidence of the cultural backfiring phenomena I argue are occurring in France. Using this data in conjunction with expert opinions expressed in journal articles and relevant literary works, I will try to support my claim that indeed the audiovisual trade policies France has entered into have undermined the national agenda and given ample reason for France to reevaluate cultural policy and trade related cultural policy.

A discussion section will seek to explain the explicit goals of the Ministry of Culture. By evaluating secondary data we will see how these goals were not met, and how undesirable secondary effects were also created. The Discussion wraps up by creating an hierarchy of goals and revealing the implicit goals intended by a French elite using the aforementioned explicit goals.

Concluding remarks will summarize the proceeding arguments and presented evidence and suggest new areas for exploration that may lead to more suitable policies given the actual goals.

CHAPTER II .

CULTURE

In France the role of the state can be very influential even (or especially) in the realm of culture. The question of the role of culture as it affects current trade related cultural policies in France, begins with the creation of the Republic of France, and hence French citizens, following the Revolution of 1789. France has a strong tradition of state intervention going back hundreds of years (Loosely 2003: 227) The successful creation of modern France, it was believed, relied upon creating French citizens and a strong state apparatus. The concept of creating citizens is not unique, Italian minister Massimo d'Azeglio is quoted as having said " having created Italy, all that remained was to create Italians". More recently the question of the possibility of a European citizen has been posed by Habermas. Habermas, arguing in a very French-like way, favors an institutionalized type of identity formation (Habermas, 2001). However, for this work such questions will be left to those scholars who ponder such abstractions in depth.

A crucial element to French culture that cannot be forgone in understanding the trajectory of audiovisual policy is the relationship between the state and her citizens. Succinctly, the French state is given substantial powers to make policy with little interest group input. The statist model of governance, that France is known for, tends to be very centralized, lending the government tactical advantages by way of "institutional arrangements, organizational processes...a powerful executive... and a strong bureaucracy, *legitimized by history and reinforced by culture* (Schmidt, *State to market*, 1996)."

From this arrangement it seems that the survival of a system where government has a relatively free hand to make policy is predicated upon a culture that accepts their word as truth. The achilles heel evident to Schmidt (1996: 69) in this form of government is that when the "state cannot introduce new formulae, paralysis may set in, especially in foreign trade." Has the French Elite been unable to develop an efficient audiovisual trade policy, thus giving rise to a deteriorating market for the artistic French film? This is very possibly the case.

Once a cohesive identity had been satisfactorily established after the revolution of 1789 a strong sense of culture emerged as well, and in various disciplines,

including the audiovisual arts; painting, music, literature and film. Many of the representations of these disciplines of art are claimed to be unique from other cultural representations in that they are a form of *high culture*. The belief in the importance and existence of high culture in France is still strongly adhered to today (Van Hemel 1996: 68).

In the late 20th century, after the creation of the Ministry of Culture in 1958, a succession of French Ministers of culture have aimed to use the ministry's mandate to proactively influence the political determination of the French people, in large part through teaching and availing French high cultural creations, actions which have led to specific trade related conflicts. Ingrained into the French psyche, the cinematic arts are a sacred popular art also allowing the elite of France to prop up their proud feelings associated with the revolution (Daugnaud 2004: 10).

CREATING THE REPUBLIC.

The importance of the post revolution experience in France comes from the unbreakable link of language and identity. While this is not the major focus of this work, it is nevertheless important to note the unlimited power of language to represent the common link between people and to

convey meaning and sway public opinion and aide in policy formation. This idea of using discourse to change policy direction is explored by Schmidt and others in theorizing EU policy formation (Schmidt 2002: 899,). And it is language's presence within audio-visual cultural products that one can begin to see the potential need for protection of this effective policy determinant that the french so adamantly seek.

After the overthrow of the monarchy, one of the tasks of the Jacobin inheritors was to create a Republic of French people. The measures carried out to accomplish this attempted to standardize the daily habits of citizens across the country, in efforts of consolidation. This standardization consisted of education systems, weights and measures and language. The deep-set importance of language as a republican value is exemplified by Pierre Rosanvallon in his text *L'etat en France de 1789 a nos jours*, with this quote "*Des 1790, on cherche par exemple a unifier la langue et a aneantir les patois*"¹. (Rosanvallon, 1990). Yet it was *Abbe Gregoire* who presented the unification of language as "*la clef de la constitution d'une Republique une et indivisible*"² (Certeau, 1975).

¹ Since 1790, we have been trying, for example, to unify language and eradicate dialects.

² ...the key to the one and only Republic.

Even prior to the French Revolution, the *Academie Francaise* had been active in ensuring the purity of French since 1635. French is a language that saw its first text written in 842 and which replaced Latin in the ruling monarchy in 1539 (*Academie Française*). Therefore, the roots of french cultural dependency on language and, to a certain degree political regime, first took hold over one thousand years ago.

Beginning with the Revolution and continuing during subsequent political regimes, the connection between language and culture took on a serious and proactive role in maintaining that which is French. While public discourse relayed to the people through speech or the written word may seem to be an obvious political tool, it was not until late 1950's that a ministry of culture would be created to harness the persuasiveness of language and discourse through the audiovisual arts. Before the Ministry of Culture existed the easily transmissible audiovisual messages were used by various ministries including the ministry of agriculture, who in 1912 used the film industry for professional recruiting purposes (Vernier 2004).

Therefore the French political apparatus may have an alternative agenda for the Ministry of culture, ironically placing culture and art behind objectives of power and capacity to lead. This purported goal, no less sought by

other nations, is in essence, to ensure the continuation of a French way of life, period. Beyond this simple pronouncement, the issue becomes impacted and compounded by the realities asserted from within, read national divisions, (eg. the political left or right, or pro EU or anti EU) beliefs and agendas of the population, and from outside, understood as international relations of uni, bi and multi-lateral nature.

HIGH CULTURE AND THE ART OF IDEALS

There is a certain distinction made, between high/elite culture and low/mass culture. High culture, that many would associate with Europe, is primarily based on the works from ancient or probably deceased creators. At very least, high culture is certainly traditional. This type of culture, "is that of Shakespeare or Bach and is an imperative for any making a claim to culture", its transnational character unquestioned (Van Hemel 1996).

Audiovisual culture as one component of high culture has played a role in French identity beginning in 1895 when the first motion picture was created in France. Between 1895 and the First World War, the art of filmmaking was born. And it is truly in the spirit of art that film is

considered. This aspect of creating a work of art out of film is perhaps more associated with the Films of Europe and France, where not only films but also television shows are, marked by their creators and directors and not by their celebrity actors or even theme, at least that is how it has been in the past (Hoskins and Mcfayden, 1991). Furthermore to Bernard Lamizet (1999) "*[L]e cinema n'est pas un art neuf...Les films empruntent a la rhetorique et aux formes de representation qui appartiennent aux autres arts, par rapport auxquelles il se situe comme une forme d'extension, d'amelioration, plus que comme un art nouveau en rupture*".³ It is from this concept of extension of art that perhaps the current audiovisual landscape is imbued with a strong sense of culture.

As films (and television) now represent a growing force in audiovisual creations, one can understand the desire of the French state in hoping to control this influential arena. The international debate is forced to the fore, with different opinions falling on different sides of a more or less two sided field (Maule 2002: 2). The high culture of French filmmaking is ever challenged by more and greater free trade, but at what costs, economically and socially?

³ Cinema is not a new art form...Films borrow rhetoric and representational structure belonging to other arts, to which they take on a role of extension and improvement rather than replacement and separation.

The French authorities, namely the Ministries of Culture and Education present the question of audiovisual protection as a social issue, claiming that the artistic traditions and cultural heritage of France are what organically creates citizens who are politically aware, socially responsible and global participants (Loosely 2003: 230). Taking an opposing view John Baldock in his study of the effects of culture on the evolution of welfare state concludes by saying "[c]ulture is neither a likely cause nor a supportive context for the welfare state" (1999: 472). If Baldock is right then this incites deeper exploration into what the true reason for tight governmental control, through the use of the Ministry of Culture, truly is. The evidence of state efforts to mold culture has most recently been supported by the French three pillared system of subsidies responsible for changing the cultural domain. Culture in the 1980's became something belonging to and inextricable from national industry, therefore, according to Dagnaud, stimulating national identity (2004:15).

What is it that makes the French the way they are? And why do they oppose very perceivably American culture and values? The answer is not clear and one cannot wholly accuse the french of anti-American sentiment. Nevertheless, Sophie Munier's article titled "Anti-Americanisms in France" provides us with seven sources of anti-American sentiment

(2005). All may have merit, however, I have distinguished four that are of significant importance to our research topic.

The first of Meunier's sources I deem relevant to why France, through trade related cultural policy, wishes to keep American values out is: *Legacy Anti-Americanism*. This type builds up over decades if not centuries of relations. One such vivid legacy is that of American rhetoric and action toward Communist thought. Because much of the reason behind protecting audiovisual products is socially based, that which is contrary to Communist and leftist thought can be seen as contrary to the French social goals. Part of what the French hold dear is their commitment to ensuring and insuring the well-being of her citizens. America's blatant anti-Communist posturing over the years has easily compiled a substantial stock of French anti-capitalism, anti-imperialism and therefore anti-Americanism.

Meunier's second source of bearing, is *Elitist Anti-Americanism*. *Elitist Anti-Americanism* presents a type of anti-Americanism beginning with the colonization of North America. The French saw the new colonies as uncultured, unhistoried, uneducated and undiscerning. What is significant to this type of anti-Americanism is that it used to reinforce a certain elite Frenchness, where to be French

is to be opposite of (colonial) American. It must be said, however, that this is primarily an elite sentiment, and while there is a tradition of an elite ubiquity in the governing apparatus that attempts to provide the masses with an ideology, there is no doubt a discrepancy, proven not least by the attraction of the French populace to American films, shows and music.

The third source I have borrowed from Meunier is *Nostalgic Anti-Americanism*. This Meunier distinguishes from the elite type inasmuch as it is shared by French of all walks of life, not solely the elite. French, harboring feelings of nostalgic anti-Americanism, feel that life was better before the American hegemony, before the unfortunate successes of Coca-Cola and McDonald's. Meunier classifies this type as a defensive anti-americanism, one which "calls for protectionist actions [like] the "cultural exception". (Meunier 2005: 134)"

The last type I have identified from Meunier's seven is *Social Anti-Americanism*. This type truly embodies why any conduit of American culture must be tightly controlled by the French government. It is based on the values that are present in America that are more or less wholly objected to by the French. The first value is inequality, evidenced by the large wage differential between the rich and the poor.

The second value is violence and hypocrisy. Gun control is seen as poor and reflected in crime rates of major US cities. American multiculturalism goes against the French idea of assimilation, creating a sort of aculturation method divergence. The last value is overbearing religiosity that the more or less secular France finds over the top.

It is really these values and ideas and past grievances presented through anti-Americanisms that the French government wishes to keep far from French minds. And it is not even that the French act oppositely to the values they dislike in America, rather these are values they would like to, but do not necessarily embody (Meunier 2005: 134)

We turn now to the experience of the ministry of culture its rise to power after WWII and its many incarnations since its first Minister, André Malraux, minister from 1959 to 1969.

THE MINISTRY OF CULTURE

Before immediately addressing the Ministry of Culture, a brief description of the audiovisual controls existing before its establishment merits attention, giving historical proof of the evolution of the State's role in the audiovisual sector. Before the invasion of Americanization,

the French state found other justifications for keeping a hand on the joystick of the Audiovisual sector. One key element to the importance of the audiovisual sector in France is the fact that public support gives away more than 480 million euros a year to French audiovisual productions in one form or another (EAO Yearbook 2006: 97)

As films, such as they were called back in the day before "movies", were only created in 1895 the state at first took little interest in the industry, its few needs managed by the Ministry of the Interior. Several mechanisms were set up in the 1920's and 1930's to coordinate between state and industry but to no real success until after the second world war (Vernier, 2004).

The establishment of the Centre National de Cinématographie (CNC) marked the beginning of a durable institution, capable of managing the State-Industry relations. The CNC is the chief body responsible for any outside intervention or subsidies into the audiovisual sector. Of note, during the early years of the CNC, a proposed tax on foreign films of 25% of all receipts met with demise due to the nature of its intention. This law sought to use American films to pay for French projects. However, as a sort of prelude to the Blair House Accords, this proposal was turned down. The French traded this

somewhat aggressive audiovisual policy for greater general support through relief from wartime debt in what was called the Blum-Byrnes agreement.

The relatively youthful ministry established in 1958 during a Gaullist period was first presided over by André Malraux, also a Gaullist, whose mission during his ten year tenure, consisted of democratizing the arts, that of bringing the arts to the people. The creation of the Ministry sent a message to the people, that Film, once under the authority of the ministry of industry, was more than just an economic sector, (Vernier, 2004). The ministry was an agglomeration of many previously diverse areas of competency. Therefore its cobbled structure put into question its true mission and authority.

In his time, Malreaux, stubbornly believed that while his goal of democratization merited attention, placing the arts into some form of education system was unnecessary, asserting that "great art spoke for itself and needed no mediation or cultural capital" (Loosely 2003: 228). An initial measure set in motion by Malraux in 1959 signifying the dominance of art over industry in the audiovisual sector was the advance on receipts fund. This fund allowed for financing movies based on their ability to pay back the loan from CNC funds collected at the time from a seat tax on

every ticket sold. So while the audiovisual sector became the child of a culturally minded master, the monetary support depended upon a jury's decision of economic viability. Malraux's policy of state intervention followed a shift of funds allocation from the early 1950's, in which the "loi d'aide temporaire de 1948" for film projects became the "fonds de développement à l'industrie cinématographique". With the shift, came the conditions necessary for funding, namely the quality of the films and their moral and cultural content (Vernier, 2004). The implications of these conditions is readily seen as trying to circumscribe what is art and what is not. This is an impossible task as art, to a great many is that which pushes the boundaries of the mind. Art is the imagination set free to create in a multidimensional space, that which has never been conceived of previously. This debate showed itself in France through "l'affaire Langlois", named for the president of the CNC during the late 60's. In a battle for control over cinematic arts, Langlois a champion of the true artform, remained in office allowing only minor forays by the Ministry of Culture into the politicizing of the Audiovisual arts during the end of Malraux's tenure (Vernier, 2004).

The strange evolution of the system of subsidies and the creation of a Ministry devoted entirely to Cultural

affairs holds an altogether separate debate within France itself of minor weight, but of possible interest, to our subject. The film community understandably, regarded the State as the enemy. The State took away freedom of expression and made film art beholden to a higher power, although, as we have seen only slightly during the first minister of culture's attempt. From the standpoint of the question this paper raises, it is the Ministry of Culture who is the defender of the art of film from outside influences, (mostly American), as we have seen previously in our section on anti-Americanism. The protection and promotion of high culture art hanging in the balance.

The second great figure in the ministry of culture was the glamorous Jack Lang, also influential due to the length of his tenure 1981-1986 and 1988-1993. As a member of the Socialist Party Lang's policies were steeped in the purported ability of film to perpetuate a culture of socially conscious citizens. While both major political parties in France believe in the strength of film as a means of discourse, it is the socialist party that has predominantly believed in a cinematic tradition favoring the left.

Lang set an ostensibly different tone for the fate of art and culture in France. Inside the international debate

over the place of culture in trade politics, existed a sub debate over the definition of art. While this debate is no less important, its bearing on the trade related cultural policies capable of stirring up international opposition are of lesser importance. This secondary debate grew largely out of Minister Lang's attempt to recapture the arts by including non-standard areas of activity like production of the arts, graffiti and modern music like rap and rock. His unorthodox policies received criticism from both major political parties (Loosely 2003: 228).

The Policies of the Lang Ministry, pointedly relevant to our question of French cultural policies affects on international trade disputes and negotiations are the various state interventions into cultural creations. A reprise of the Ministry of Culture to place its hands firmly around the politics of audiovisual culture took shape under Lang's rule, portraying at least one similarity shared by the left and the right, that state control still reigned supreme in terms of providing for the people.

Minister Lang's approach had two major objectives: "On the one hand, it aim[ed] to preserve national cultural independence, unity and prestige" (Guerrieri, 2005). The idea behind this objective was create French films that could attract much larger audiences than in the past, making

them more compatible with worldwide liberalizing trade. Lang's goal here would seem hard to achieve if in fact the films they produce are shown only in French one of the strict criteria to be met for fund eligibility. The nature of how films or movies work (image plus sound) would preclude the continued success of his new film style. Even with the quality of dubbing and subtitles, to consistently ask foreign viewers to view films in *version française* would be too much. Especially, as at least the US film market shows, viewers are very reluctant to bother seeing films that are subtitled or dubbed, or even films using british accents (Hoskins and McFayden 1991).

The second part of the Lang Plan sought to increase the cultural diversity of the films being produced by the French. This meant supporting films that sought to be different and daring, as well as feature films. Yet, the nature of the films still needed to pass the judges panel in order to be eligible for the healthy subsidies handed out by the state. The plan also encouraged first production teams as a way to train new artists in the field. Both aims of the Lang plan were to be achieved through a cumbersome and complex system of subsidies, quotas, and with Langs return to power as minister of education through bringing heritage, film and theatre options for the *baccalaureat* (Loosely 2003: 229).

Minister Lang used the term 'cultural diversity' also appearing in the wording of the Television Without Frontiers Directive (TWF). As is frequently the case, interpretation is everything. The cultural diversity Lang spoke of stirs up images of *French* cultural diversity or at least this is implied. The TWF Directive too calls for cultural diversity, but in what way? It would seem that to the French promoting cultural diversity within the EU means France using the TWF to make as much French productions and likewise other member nations should do the same, rather than promoting a more homogenous diversity (an unlikely coupling) that sees multinational cultural productions arising throughout all countries party to the EU.

The lang plan bolstered the three pillared system that had taken some form prior to his arrival. The first pillar of state intervention redoubled in 1986 was the "Support Fund" or *Compte de soutien a l'industrie de programs* (COSIP). This COSIP pillar is paid for primarily by the Television industry, contributing 68% of the total fund (181 million euros in 2005 (CNC 2006)). It should be noted that the fund grants 78% of total outflow automatically without calling into questions the cultural relevance of the project. The other quarter (32 million euros in 2005 (CNC

2006)) is subject to the jury or film industry experts (this is also known as the third pillar), (Dagnaud 2004: 12).

The second common interest previous three pillars and the Lang plan is the famous quota system that has plagued viewers and programmers alike. Viewers because they are not free to watch whatever they like and programmers because they lack for quality programs able to fill the time slots. Now replaced by the European version of the quota system (under the TWF directive) based heavily on the French model the system allows for a minimum of European works to be shown during certain prime viewing times, not including, sporting events, teletext services, teleshopping, and game shows (European Institute for the Media 2001).

The third pillar is the independent production pillar aimed very much at Lang's second goal of increasing the diversity of audiovisual productions. Taking on greater shape late in Lang's tenure, the independent projects unlinked with a television station should consume a full two thirds of the investment of this type. In France many times audiovisual creations are created for specific television stations, therefore those projects not linked may have trouble finding support without a guaranteed outlet for the final product, hence the need for this sort of support in France. On top of the two thirds funding ear-marked for un-

linked projects, three quarters of the funds must be allotted to cinematic films.

The baccalaureat level heritage, film and theatre options devised by Lang ended up being scrapped but the quotas and subsidies survived within the three pillard system. This brings up questions of the real motives of the policies; are they to produce good citizens as culture ministers have pronounced or are they merely instruments to protect an inefficient industry or perhaps a reinfantilized industry? (Obviously, as France began the filmmaking field in the late 1800's this cannot be an infant industry, however its possible longlasting stagnation may have, as I name it, reinfantilized the field). However helpful it would be to have an answer to these questions, knowing the ideas behind the realities won't bring us any closer to making any concrete predictions or suggestions for the future.

The strong state structure in France emergent from post revolutionary methods of nation building continues to drive creativity and culture. This strange dynamic with an almost Catch-22 personality, is difficult to grasp. The people create. What they create they call art. Without a doubt, what they create has been influenced by their surroundings, environment and education, even politics. Even before the state intervened into the business of defining art, its very

existence seeped into art throughout history, inadvertently. Only as the State made serious attempts to use the audiovisual sector for political purposes did those creating the art become aware of the incredible influence the State had in guiding their productions.

With the attachment of the powerful elite to culture and its ability to send messages, the relatively new Ministry of Culture has grown to possess great deal of power. It has been suggested that the Ministry is fully interested in creating discerning cultural citizens, thus weening them from base entertainment provided initially from abroad (but appearing more and more from within) (Van Hemel, 1996). This started with the introduction of educational programs and was supported by the subsidy system that created a sort of civic responsibility understood to be part and parcel of receiving government funds. Many certainly would question the freedom to create and break new grounds and make bold statements under such a system.

What has essentially happened in France is an organic and natural policy development over many years. Much like viewing Paris from above, audiovisual policy resembles a piecemeal construction, based not on distant foresight, but ideals that carried the day, indeed a very reactionary developmental process. Included in the factors that led to

the various policies created at various times are Post revolution citizen building actions, France's ensuing claim that art, and in particular audiovisual art are cultural creations existing on a higher level than other forms of culture, various anti-Americanisms developed over the years, and the recent realization by the State of the power of audiovisual creations to continue an approved elite ideology and way of life.

Chapter III.

TRADE THEORIES AND REALITIES

Until now I have almost exclusively dealt with France and the audiovisual question. But France is no longer beholden unto itself alone. The following section will start to address France's plight within the framework of the European Union. The trouble with addressing any issue that exists in the realm of the European Union is that so many policies are interconnected and interdependent on a multitude of levels. In reality, it is therefore hard to look at the theories of trade in audiovisual creations without considering the affects it may have on other sectors. For instance, during the trade negotiations that took place in Punta del Este Uruguay, many sectors were covered and trade-offs were made. In this case, Agriculture was seen to have been somewhat compromised in favor of the United states and other free market proponents so that the audiovisual sector could secure a ten year exception to opening markets (Paugam 2006). However hard it may be, addressing the messy subject of European factors in the French Audiovisual question is what we will need to do in

order to see how trade theories have impacted the audiovisual sector in recent years.

1. THEORIES

Countries trade because it is in their best interest. The concept is very basic in terms of economic thought; through the specialization of tasks each country does what it does best and all involved can make a gain, economically. Since WWII the international trade between countries including the United States and France and many other European countries has been conducted under the General Agreement on Tariffs and Trade (GATT) emerging in 1946. The GATT is governed by regularly convening participating members in "Rounds". The last and most important round bearing on the audiovisual sector was the Uruguay round. This final GATT round grouped GATT and the General Agreement on Trade in Services (GATS) under one World Trade Organization (WTO) under which all subsequent rounds are held. Prior to the creation of the WTO however the GATT worked to ensure that through a secure and predictable trading environment positive gains from trade (income levels, employment and efficiency) could be realized (Sampson 2001: 13). The major principle by which this body regulated trade was the Most Favored Nation (MFN) principle. This basic principle asks that any treatment

afforded one nation in trade related matters be afforded all nations adherent to the GATT.

The general free trade argument, one also held by the GATT was that only for moral, health or environmental reasons could member countries exclude products or processes from the free trade market (Dunkley 2000: 70). Social, economic and cultural interests were not the responsibility of the GATT. Instead, policies within each area of competency are where these non-economic matters should look for protection or support. Not surprisingly, as we have briefly alluded to above, the interconnectedness of policy domains and cultural baggage frequently find their way into trade related matters, making the assumption that non-trade policies can effectively protect non-trade sectors rather weak (Dunkley 2000: 126).

Concurrently with the post WWII free trade phenomenon, the European Union too began to gain greater and greater policy competency. Under the European Community Article 113 trade policy has been a shared competency policy domain since the Rome treaty of 1957 (Meunier and Nicolaidis 1998: 2). This makes trade one of the oldest regional policy areas within the EU. However, unlike free trade the European Union engages is a different type of trade regime that at times conflicts with prior or current negotiated agreements under the WTO, a Regional Trade Agreement (RTA).

A. REGIONAL TRADE THEORY

Once the natural and almost essential decision to engage in trade outside national boundaries is made, for France there are two options. Bilateral agreements are not really available as we have learned that extra-EU trade is negotiated singularly. However, inside the EU is another matter. This regional trade scenario complicates the overall picture of trade in audiovisual products. Nations that are supposedly sovereign unto themselves only act so (in trade matters) within the EU. That is to say that the trade that goes on between one EU member country and another is subject to different regulations than trade between an EU country and a third party nation.

Regional trade agreements (RTAs), like the EU, are contrary to the principles laid out in the WTO, those of MFN etc. They allow those party to the RTA to support each other while protecting against those outside. Some of the explicit advantages of an RTA are better economies of scale improved security, controlled migration, political stability and market regulation, (Murphy 1990: 80) internally and increased bargaining power externally (Dunkley 2000: 79). But those positive effects are only sensed by the members party to the agreement, hence the strong opposition from countries outside the EU and party to the WTO.

The gains for a member upon entering an RTA are not guaranteed by any means and can be dependent on: comparative advantages relative to other member countries, barriers created against outside nations, openness to new members and demand for goods from countries outside the group (Dunkley 2000: 81). All these factors can play a part when EU countries decide how to present their national position at the ratification stage of trade policy. As we will see further on, the variables above played out in such a way that Europe with a strong France at the lead decided that as a regional trading group they were better off, holding back greater liberalization as evidenced by both the results of the Uruguay round of the GATT and the implementation of the Television Without Frontiers directive.

An RTA does not by rule need to be an anti-free trade bloc. Only if the RTA has a trade diversion effect does the agreement take on a negative light. This odd form of autarky, renders industries within the RTA inefficient and propped up by false legs. On the other hand, at times RTA's have introduced greater liberalization than would have occurred without the agreement. Some argue that in certain trade sectors, the EU RTA brought on greater liberalization at a faster rate catching some of the countries unaware, and perhaps leading to the redoubled efforts to halt the spread of free trade during the Uruguay round (Sampson 2001: 13).

Despite the opposition to RTA's there are more and more of them popping up, not all of the same magnitude of the EU, but regional agreements nonetheless. Since 1992, 28 new agreements have been reported begging the question of the future of international trade dynamics (Sampson 2001: 14).

B. INTERNATIONAL TRADE THEORY

France as a member of the EU has national goals and national methods to achieve those goals. As a nation three features are significant in understanding French trade policy. The first feature is that the President of the Republic of France is pre-eminent in trade related issues, second, a trade minister runs a highly specialized decision-making process and the prime minister clears French positions on EU policies, leaving the parliament involvement diminished (Paugam 2006). The evidence of the statist model of government is present in international affairs just as it is in national affairs. Additionally, the national affair issues associated with a country are increasingly shaped by international issues. The inverse cannot be so easily said, as the sheer size of what is considered international easily overshadows that which can be considered national.

On the EU level, France is restricted in voicing its national agenda as its positions are voiced through the EU Council of Ministers. In truth, to say that France's trade interests are spoken with one voice is naïve. While that may be true of the negotiation stage of trade policy, when it comes to ratification of the terms negotiated are a whole, national interests from all EU members can make their voices heard (Meunier and Nicolaidis 1998). Furthermore when deciding how to voice national positions, members of the EU will make alliances with other member nations along either economic and therefore greater liberalization dimension, or along an ideological dimension, dependent on individual member attitude toward sovereignty and its trust in the commission (Meunier and Nicolaidis 1998: 6). As we can see, the case of Audiovisual trade splits these dimensions neatly. The side on which the common position fell is squarely on the ideological side overtly, France and Europe deciding it best to negotiate a protectionist policy rather than free market ideology in order to achieve French national goals of protecting an audiovisual industry capable, in the eyes of the elite, of swaying public opinion and instilling a solid sense of Frenchness in her citizens.

2. REALITIES

The audiovisual debate in question concerns only one aspect of the larger problem as seen by the French Government. (Generalizing that all members of the French Government are all of one mind on this issue certainly cannot be true. Despite that fact, the overwhelming need to protect culture from outside influence is undeniable. The larger debate posing nearly philosophical questions relating to identity, social determinism and language is too unwieldy to be addressed as one topic of research. It is for this reason that this work looks only at culture through the lens of audiovisual productions, heavily based on film. That definition of culture is then analysed for its implication on trade and vice versa.

The major trade related aspects relevant to the question of culture begin with the insistence of a "Cultural Exception" during trade negotiations under GATT/WTO. Because the real debates begin during this era of intensifying globalization it sets the tone for years to come indeed still influencing policy decisions taken today. Having seen partially the face of French culture presented in section II, this section on trade will describe the actions taken by France since the mid 1990's to ensure the healthy survival of at very least French culture. In particular, trade related cultural policies, such as quotas for foreign films and other audiovisual productions will be addressed as will

subsidies creating an unfair advantage for domestic producers, some of which we have already seen.

These policies were introduced first in France. But as the attraction of being able to negotiate as peers with the US and other trading heavies, France looked more and more to using this avenue of protection, what the French or Europeans would call assistance to fledgling industries. (This in itself gives some reason to doubt the ideological foundations of protectionism for societal gains. Is it a fledgling industry that needs to be supported until it can become viable on its own or is it a cost to be accepted for its ability to instill values allegedly valued above money and the bottom line?) In addition to looking at French audiovisual policies it also is imperative that EU wide policies pertaining to Audiovisual creations and trade are addressed. This European dimension has two fronts the internal policies like the Television Without Frontiers (TWF) directive and the external front uniting Europe behind a regional shield or RTA, facing the worlds markets.

The usefulness of these assessments will largely assist our search for the true outcomes the successive policies France and France with allies uses to protect their culture(s).

A. FRANCE AND REGIONAL TRADE REALITIES

The truth behind the regional trade in audiovisual products in France and its regional partners is a story very much written by the French. Internal policies governing the sector are in the form of directives, and one directive in particular the Television Without Frontiers (TWF) directive issued on the third of October, 1989 as directive 89/552/EEC.

The TWF, as stated in the official summary issued by the EU, is "to ensure the free movement of broadcasting services within the internal market and at the same time to preserve certain public interest objectives, such as cultural diversity, the right of reply..." (Television Broadcasting Activities). To achieve these multiple goals the Directive requires EU member countries to reserve a majority of transmission time for European works. In addition, 10% of transmission time must be reserved for European works with independent producers. The idea lying behind these quotas is that by forcing EU member countries to show European works throughout the Union, European television services will flourish economically and culturally. One can see the French cultural rhetoric coming through, as the TWF also has special responsibilities toward independent producers.

The Directive very much a French project, and in line with many aspects of French Audiovisual policy at the time of the directive's initiation, however, is fought against by French representatives to the EU (Cocq and Messerlin 2003: 4). It is therefore not surprising to note that France despite its insistence upon this directive, has by far one of the poorest implementation records (Mills 2006).

The written goals are therefore not being reached, and small wonder, when an important and inspirational member country in terms of the TWF directive is itself only half-hearted. Pan-European channels represent fewer than 12% of the total channels and less than 0.7% of revenues (Cocq Messerlin 2003: 4). Perhaps an even more recognizable proof is taking a look at the television in France. Not surprisingly, at any given time on the basic television stations in France you see, French television programs and American television programs, not the diversity intended by this directive.

The quotas mentioned before, act as a shield from non-EU countries. This is widely interpreted as a shield from the US. If there is just no time for the value corrupt programs from the US to be shown than people will just have to watch what else is offered, or so the rationale goes.

B. FRANCE AND INTERNATIONAL TRADE REALITIES.

France is one of the founding members of the European Union and thus carries a strong voice in international trade. France is the fifth largest exporting country in the world behind Germany, the United States, Japan and China (<http://www.exporter.gouv.fr/exporter/Pages.aspx?iddoc=669&pex=1-2-41-233-669>). However, since the Treaty of Rome, signed in 1957, all aspects of international trade, trade negotiations and enforcement, of those members adherent to the treaty, have been under the sole authority of the supranational powers.

The motivation behind this agent-principle relationship was at the time, insulating policies from domestic pressure groups and increased influence through cooperation (Meunier and Nicolaidis 1998: 2). From a general standpoint on trade it would seem that France has lost control over commercial policies, however, any negotiated agreements concluded at the supranational-international level must then be approved by the European Council made up of national representatives from each member nation's Ministry of Trade. In this respect France still reserves some veto power.

This system of supranational competencies in trade related matters worked for several decades after the signing of the Treaty of Rome. While the audiovisual issues on the table during the beginning of the GATT negotiations at Punta del Este Uruguay were of minor interest to the EU countries, by its finale in 1993, France and other countries began to question the compatibility of this type of policy formation with national strategies (Meunier and Nicolaidis 1998) (Europe had issues of interorganization to deal with at that time (Dunkley 2000: 45)).

In this round was born the "Cultural Exception" clause to trade, supported heavily by France and the EU. The history of Cultural Exceptionism goes back to the post WWII years, but the idea really came to force during the Uruguay round and more specifically its conclusion with the Blair-House Accords.

The Uruguay round of negotiation under the auspices of the GATT was a defining moment, especially for France, and in more ways than possibly expected. Leading up to the round, protectionism had been growing in the worlds largest trading nations and the call for major GATT players to convene was dubbed as a necessary action to halt and reverse protectionism (Dunkley 2000: 46). The important results of the Uruguay Round bearing on the French trade related

cultural policies were both explicit, in the form of the negotiated Blair House accords, and implicit in creation of the umbrella World Trade Organization that would oversee GATT agreements, General Agreements on Trade in Services (GATS) and dispute resolution (WTO website) and the continuing impetus for greater regional policies.

“The Blair House Accords” is the name given to the agreement between the EU with a disproportionate weight given to France, and the United States concluding the Uruguay negotiations involving agriculture and audiovisual culture. In effect, France was holding up the completion of the Uruguay round due to the pressure of a strong farm lobby who would not have their sector of farming undercut by foreign imports. Hanging in the balance was the audiovisual sector, a much prized and valuable export of the United States as succeeding evidence will reveal. The result of this part of the Uruguay Round of GATT/WTO negotiations was a redoubled effort of the European Audiovisual industry to ensure their creations were not compromised for the good of a small farm lobby. The efforts paid off and agriculture was opened up to freer trade and in exchange vague language allowing France and EU to continue to support heavily their audiovisual industry was used in the final agreement (Depetris thesis).

This event is a good example of the the complexities of negotiating in the EU. Not only are the agendas of multiple nations involved, even on a national level interests can at times be so strong that a small French farm lobby can (almost) carry the day alone.

Herein is the essence of the difficulty of the agent principal relationship of the EU. How can France accomplish its goals when they are so very different than the goals of other "equal" partners? To some extent it cannot, and this is part of what I am trying to express with this paper. This point is somewhat explained by Harry Johnson who opined that

one of the main themes that international economics has to teach about international relations is that most of the beliefs that motivate national policies are irrational, most of the alleged facts are not facts and most of the alleged lessons of experience are the result of ignorance or falsification of the actual facts of experience (Messerlin 1996: 399).

By entering into the EU and allowing many competencies to be shared among different soveriegn powers and distinct cultures, achieving national controle of culture becomes impossible. American influence through film and culture is not the only devil at the door. France's complicit involvement with the EU and its potential benefits have weakened, and will continue to weaken, French Audiovisual

Policy's ability to achieve its goals of instilling French values important for continuing a French way of life.

Over the past sixty years, the countries of the European Union have increasingly grouped their power as well as shared their authority, especially in terms of trade, with the hopes of making a better life for all Europeans. Much of the impetus for this principal-agent arrangement is due to increased globalization. This is general, I admit. But in search of that goal, shared competency too, has had dramatic effects on the outcomes of trade related audiovisual policies effective in France and the EU as a whole. The results of the policies created, that I label as ineffective, are evidenced by the following section.

Chapter IV.

EVIDENCE

The evidence section of this paper takes an in depth look at the numbers statistics and accounting related to the international Audiovisual sector. These hard facts will allow me to prove that initial assertion that French national policies and policies initiated or adhered to by France on a regional or international level have been detrimental to the French national agenda for its Cultural industries and secondary goals. The research will focus on French and European statistics and therefore much of the information will be derived from the European Audiovisual Observatory (EAO), an observatory body created by the Council of Europe and located in Strasbourg France. Other sources for this information will come from the American organization, the Motion Picture Association of America.

To best set the scene for the results the trade related cultural policies have had on France, I will lead off with a picture of the International film markets which will serve as an adequate proxy for the US Market seeing, as the statistics show, that the US makes up the bulk of the Films viewed abroad and the receipts taken in from those films.

This first section reveals the presence of American films in Europe and around the world and will provide ample evidence spurring the belief of many French and others (Canadians mostly) that their culture is under siege.

Most of the statistics compiled by the EAO assess the world of feature films, including documentaries, therefore short films and other audiovisual productions will not be considered. I will try to limit the amount of statistics presented and concentrate on Europe and France. European statistics will be limited to the twenty-five countries who are members of the EU since May, 2004.

1. INTERNATIONAL STATISTICS

Since the year 2000 the world has shown an increase in Box Office receipts from 15.92 billion to a total of 23.24 billion in 2005, proving the fact that to many in the world feature films are indeed an industry and one with great profit potential (MPAA). The top five films according to box office revenues were in order of profitability, Harry Potter and the Goblet of Fire, Star Wars III: Revenge of the Sith, War of the Worlds, Madagascar and Mr and Mrs. Smith. All of these are either American productions or co-productions as is the case with Harry Potter (MPAA). Admission into theatres in 2005 topped out at 7.45 billion of which 892 million were Europeans and 1.4 billion were Americans, shedding some light on the ability of the American market to

recoup much of its costs at home (MPAA) (despite the fact that with the entry of ten new member states in May of 2004, Europe now has 457.2 million inhabitants and the US only 295 million). This overview shows the importance of the audiovisual sector in terms of economics and viewership, an important element in using audiovisual creations as political discourse.

2. FRENCH STATISTICS

A. FILM

France has increased the total production in films from 125 in 1997 to 187 in 2005, whereas the US once producing 767 films in 1997, in 2005 only offers up 699 despite an upward trend. These statistics can be somewhat misleading as the amount of films produced is not necessarily a reliable indicator of revenues. Of the 187 films made in France 5 made it to the top twenty films based on admission, of the fifteen remaining films all but one were US productions or US co-productions. The average film in France cost 6.2 million dollars to make whereas the average US film cost 60.0 million dollars (Focus 2006).

France in 2005 contributed 203 feature films (some not officially recognized accounting for the 16 film discrepancy, likewise for the following 181 statistic) up

from 181 in 1999. These films were viewed on the more that 5000 screens in France, the largest amount in all of Europe, supporting France's role as a Film powerhouse. In 2005 the admissions into french cinemas totalled 175 million a decrease in seven years of 10%. Interesting to note that the US percentage fell in the same period by 2.4% (EAO focus). France has seen a growth in films produced and in box office grosses. The total receipts for France in 2004 totalled 1.1 billion showing an increase of 13% while the US took in 7.7 billion equalling a drop of 7.5% (EAO Yearbook).

An important number to note in trying to see the weakness of French audiovisual policy is the market share according to country. In France US market share equalled 47% in 2004 while French market share only 36% and rising. So despite selling more tickets over successive years, France's homegrown creations are still not attracting people like American imports (EAO yearbook). This aspect too has a subltly that needs to be qualified. While the French films seem to be gaining in popularity, it is the reason why that needs to be determined. As I will argue later in the discussion section french films are increasingly popular not for their cultural values eagerly sought by the average citizen but for their ability to mimick the pop culture formula used by Hollywood to attract mass audiences and not the art film lover.

National public funding for French films in 2004 equalled 482 million Euros quite a sum considering that the next nearest European country in terms of support was Germany with only 111 million. The United states figures for public subsidy are negligable in comparasion.

A major change in the French Film landscape is the amount of 100% national films and the percent of co-productions. There is a increase of both majority and minority co-productions and a decrease in the amount of national films (focus 2006). Co-productions are yet another fashion by which culture is passed into french society from abroad.

B. TELEVISION

On the television front, the situation is slightly different. The major policy affecting this industry is the Television Without Frontiers Directive. This directive has imposed quotas for European works to be shown on televisions throughout the EU, a protective measure, as this policy forbids an open market for television programmers, who might schedule programs from other countries driven by market forces were this policy not in place. Matter-of-factly, this policy has limited American programming on the television to a maximum of 40%. By these standards it may seem that the TWF policy has been effective in retaining control over

French culture, by limiting the Americanization effects on television. However, two facts counter this initial belief; 1) French shows have become Americanized thus allowing outside influence in through other channels and 2) France in finally complying with the TWF directive agreed to the multicultural basis on which the directive is founded.

The above listed statistics point out the size and importance of the audiovisual market. The US still reigns supreme in terms of worldwide distribution, including in countries such as France. While there has been growth in the film sector in France the reasons behind the growth have not been driven by trade related cultural policies or accomplished the state's goals for national audiovisual productions. Increased americanization of French television shows and the multicultural goals of the TWF directive have pushed France even farther from its desired goal of retaining a national identity. The following discussion will attempt to explain why the Film and Television policies undertaken by France may seem successful on some levels, but when analysed deeper, reveal inefficient reactionary policies, causing more damage than good to the understood national goals.

Chapter V.

DISCUSSION

The story behind the present laws affecting trade related cultural policies appears like any story may, with a beginning a middle and an end. The beginning to my work presented the history of France and the culture it engendered as one strong determinant of the relevant policies made today. Following the evolution of culture, France experienced external factors deriving from both its European partners within the EU and from influences further afield, for example the United States. The combination of the culture traditions of France mixed with external forces demanding change caused France to implement trade related cultural policies as a matter of reaction rather than proaction.

In the introduction I claimed that the policies implemented by France alone or with its regional trade partners in the EU poorly coped with the increasing presence of foreign and especially American cultural products. Furthermore I suggested that some of the policies not only

did not effectively achieve their goal, but worsened the situation instead.

It is my belief that the inefficient policies were the result of hidden goals masked by the stated objectives of the competent state bodies. This can be best expressed by a type of hierarchy of goals, some explicit and others remaining unspoken.

Importance of Objective	Percieved Objective
High	Elite Protection of Elite Ruling Abilities Perpetuating Elite Lifestyle
Medium High	Protection of audiovisual industry (Prestige and Financial Benefits)
Medium Low	Protected French Cultural Values
Low	Protection of Cultural Diversity

Table 1.

In our table I have outlined the levels this research has uncovered. The importance of each objective is seen through those who make the policies or the elite (Schmidt, From state to...). With each step up the ladder we can also decrease the population that gains from the new higher objective.

Because French political elite may be unwilling to speak aloud their desire to continue their tradition of hands off policy making for their own benefit lower

objectives are explicitly disclosed, for example cultural diversity. This has become almost a buzz word in France from WTO negotiations to TWF policy foundations. It is impossible today to consult the French Ministry of Culture and Communication website without constantly coming across applause for this new way of protecting (French) culture. I do not disagree with the protection of diversity of culture, but using it for another end creates not only distrust but as we see, bad policies.

So perhaps because the higher levels of objectives like high and medium high are considered unacceptable positions, lower levels are used in trying to achieve the unspoken. Trying to keep out American culture because it is bad for cultural diversity doesn't work as a policy. So when it fails and increasing American culture finds outlets through French trojan horses or through new un-regulated media, like internet downloads, it is not surprising. And we cannot be fooled by the increasing popularity of French film. This only reflects in large part the either a cultural narrowing of French pieces or a turn to French films imitating Hollywood blockbusters (Cocq and Messerlin 2003: 18, 23) In this case when policies and their true objectives do not correspond, inefficiency sets in.

Chapter VI.

CONCLUSION

France because of its cultural traditions, current political and economical arrangements with the EU and other member countries has created reactionary trade related audiovisual policies in order to achieve both stated and unstated goals.

Because of this split in stated and unstated goals the policies have the effect of seeming ineffective according to the stated objectives, those of preserving the French film tradition. Therefore a change is necessary, but what type of change?

Should France, or its political elite divulge its true goals, should the elite alter their goals, or should they alter their policies instead? It has been suggested that a need for new policies is required for any success of French cultural products (Meunier 1996). If France is interested in continuing a cultural tradition they should make it desirable outside of France, thus exportable. This does not

mean succumbing to the market, only searching french tradition and culture for that which has market appeal.

It also seems prudent that political elite, in order to be more in touch with the needs and wants of the people of France, give in or even introduce more citizen input into the policy making process.

Before any realistic goals with true foundations are determined it will be very difficult for France or any nation to successfully implement government sponsored or subsidised trade related cultural policies.

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