



# Shadow Economies of Cinema

Mapping Informal Film Distribution

Ramón Lobato



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## Preface

Each year in the coldest weeks of winter, an international film festival takes place in my home town of Melbourne, Australia. Though it lacks the glamour of its European counterparts, the festival's opening-night party attracts a decent array of directors, stars and sales agents, along with tourists from interstate and overseas. The following three weeks afford the city's cinephiles the opportunity to see on the big screen the films that have been doing the rounds of the festival circuit. Each year we go through the programme with highlighter pens at the ready, then queue in the crisp winter air outside the festival venues dotted along Flinders Street, Swanston Street and Russell Street. This is the official face of international film culture in the city.

Just around the corner from the festival precinct is a different kind of international film culture, one which is the subject of this book. In DVD stores of dubious legality, tucked away inside non-descript shopping centres, you can find copies of many of the films screening at the festival, along with TV dramas, concert DVDs and music videos, all of which sell for half the price of a movie ticket, or less. Many of the discs are pirate copies or parallel-imported versions which violate official distribution agreements. They come in plastic sleeves adorned with spelling mistakes and printing errors. The subtitling is erratic, and sometimes the marketing blurb on the back cover belongs to a different movie from the one advertised on the front cover. But what these DVDs lack in finish they make up for in speed. Films usually go on sale here months before they make their big-screen 'premiere'.

Today, film distribution is everywhere, in every city – and not just within the infrastructure of multiplexes, arthouses, retail chains and broadcasters that makes up the formal film economy. Parallel to this official circuit is another world of grey-market and counterfeit media, of cheap straight-to-video films that never register in DVD sales data, a digital ecology of file-sharing and online video. Networks such as these are not common objects of analysis for cinema studies but they play a vital role in the global circulation of the moving image. What happens when we remove informal networks from the margins and place them at the centre of our models of film reception and consumption? This is what *Shadow Economies of Cinema* seeks to find out.

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This book is dedicated to my family: Jenny, Angelo and Julian Lobato.

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## Introduction

This is a book about the circulatory dynamics of cinema – how movies travel through space and time, and what happens to them (and us) along the way. My aim in writing *Shadow Economies of Cinema* has been to offer a different way of thinking about the innumerable practices of film viewing that are integral to everyday life around the world but marginal to film studies as a discipline. The book therefore revolves around a series of questions about distribution. Where is contemporary cinema located, and how is it accessed? How do distribution networks shape the way we experience and understand movies? What are the most popular and powerful distribution channels for cinema on a global scale?

*Shadow Economies of Cinema* argues that effective answers to such questions require us to focus our attention on informal systems of film circulation, including pirate networks. In this sense, the book parts ways with the rich tradition of research on film distribution and exhibition that takes cinemagoing as its departure point. While the nickelodeons, movie houses and picture palaces of yesteryear, and the multiplexes of today, are important sites of cultural consumption, formal theatrical exhibition is no longer the epicentre of cinema culture. In an age when moving image culture is increasingly disembedded from the major studios' product pipelines, an opportunity arises to recalibrate our research paradigms to better fit the realities of how film is being accessed in a globalised and convergent world.

In the following chapters, I argue that this conceptual shift is best achieved by placing what I call the shadow economies of cinema – unmeasured, unregulated and extra-legal audiovisual commerce – at the centre of our analytical lens, and by considering the many ways in which they interface with conventional film industries. All around the world, films are bought from roadside stalls, local markets and grocery stores; they are illegally downloaded and streamed; they are watched in makeshift videoclubs, on street corners and in restaurants, shops and bars. International film culture in its actually existing forms is a messy affair, and it relies to a great extent on black markets and subterranean networks. Examining the industrial dynamics of these shadow film economies across a number of different sites – from Los Angeles to Lagos, Melbourne to Mexico City – the book shows how they constitute a central, rather than marginal, part of audiovisual culture and commerce.

## WHY DISTRIBUTION?

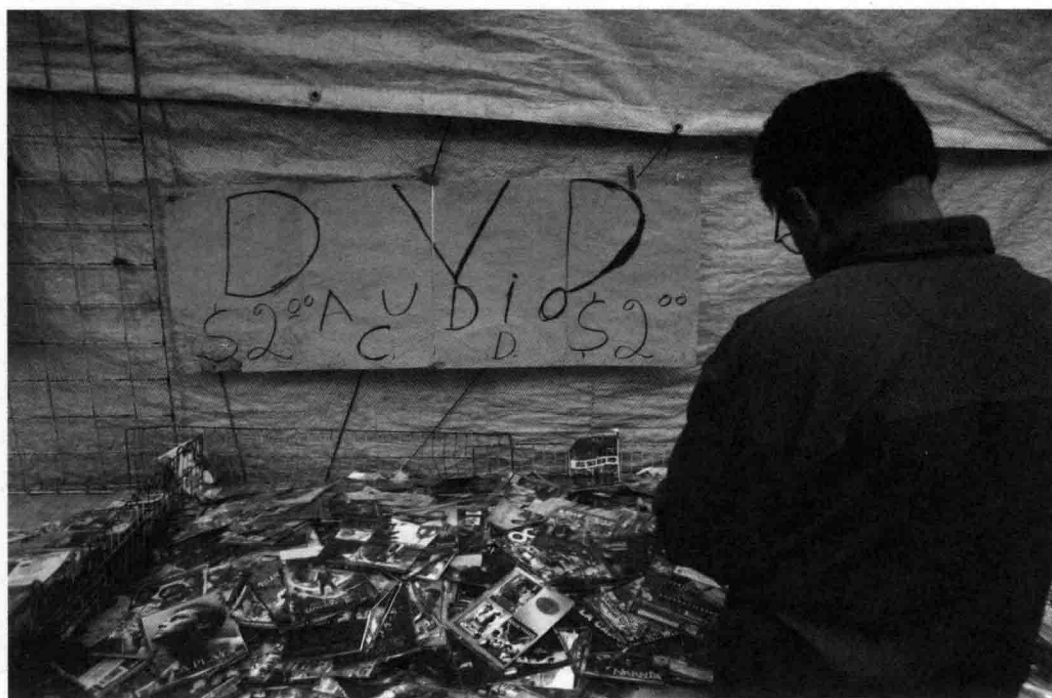
A belief in the inherent power of cinematic representation has long shaped the discipline of film studies and the kinds of research carried out under its auspices. From the perspective of a film scholar, a movie is more than a reel of celluloid or a disc encoded with data; it is a cultural artefact endowed with transformative potential. Successive generations of film theorists have demonstrated cinema's capacity to catalyse ethical awakening, to present new ways of thinking, feeling and acting, and to change in small but significant ways our understanding of the world around us. Underlying all this is the knowledge that cinema *matters* because it has social consequences.

But to be of social consequence, a film must first reach an audience. In other words, it must be distributed. Distribution plays a crucial role in film culture – it determines what films we see, and when and how we see them; and it also determines what films we do *not* see.<sup>1</sup> Thousands of features are produced each year, but only a small number of these will play to large audiences. Distributors, formal and informal, determine which films win and lose in this game of cultural consumption. In the process, they shape public culture by circulating or withholding texts which have the potential to become part of shared imaginaries, discourses and dreams.

While not a dominant theme in the film studies literature, distribution networks have been studied from various perspectives. Film historians have tracked the international expansion of the Hollywood empire and the rise and fall of national theatre chains.<sup>2</sup> Television scholars have analysed the commercial logics of broadcasters and cable networks.<sup>3</sup> Political economists have theorised distribution as '*the key locus of power and profit*' in corporate media.<sup>4</sup> Yet the focus in most of this work is on formal institutions – studios, broadcasters, pay-TV providers, state regulators – and their role in structuring media flows. There is a tendency in the existing scholarship to approach distribution as the progression of texts through the channels laid out for them by media industries.

I define distribution more broadly: as the movement of media through time and space.<sup>5</sup> Using this enlarged definition opens up the study of media industries to an array of informal channels that are rarely documented and which may or may not be categorised as distribution networks from the vantage point of industry research and policy. It also moves our understanding of distribution closer to the parallel idea of circulation that features in media and cultural studies research.<sup>6</sup> However, I retain the term distribution to foreground the *agency* of informal operators, thus placing them on the same level analytically as their formal counterparts. As we will see, informal distributors have played a vital role in film culture, from the early years of the medium right up to the present. Film studies' models of distribution must therefore encompass not just the major studios and established independents but also a wide variety of individuals, organisations and virtual publics operating at the edges of – or entirely outside – the legal movie industry.

Throughout the course of this book, the reader will be introduced to some of these informal agents. We will meet vendors hawking bootleg DVDs in crowded bazaars, fly-by-night companies selling into low-end DVD markets, community-based distribution networks that bypass cinemas and big-box retailers, small diasporic video companies catering to audiences longing for home, internet users illegally exchanging



Pirate DVD vending in Mexico City (Livia Radwanski)

movies through peer-to-peer networks, and many more. Informal operators like these also count as distributors, and we should take them every bit as seriously as we do the Hollywood studios.

## FORMAL AND INFORMAL FILM ECONOMIES

In framing what we typically call the international film industry as one kind of distribution system among many others, *Shadow Economies of Cinema* attempts to develop a different kind of vocabulary for film industry analysis; one which can account for wider a range of systems in various parts of the globe. This book therefore takes a transnational view of film culture, approaching global industries not as surfaces for US domination but as a complex of networks with their own logics, strategies and ambitions. In the following chapters we will move back and forth between sites in the Americas, Africa, Asia and Europe, following the movement of films through circuits and analysing the industrial architectures which facilitate this movement. We will observe both differences and similarities in how cinema circulates across various sites and socio-economic contexts, in a way that does not reproduce familiar narratives of cinematic hegemony and resistance.

Consequently, this is not a book about dominant vs marginal cinemas, the commercial vs the underground, Hollywood vs art cinema, or first cinema vs third cinema. I make a different analytical distinction – *between formal and informal distribution* – which seeks to cut across some of these categories and reorganise them in a productive way. Formality refers to the degree to which industries are regulated, measured, and governed by state and corporate institutions. Informal distributors are those which operate outside this sphere, or in partial articulation with it. This book aims to show how the informal distribution realm, far from being a marginal force at the edges of film culture, is actually the key driver of distribution on a global scale. For this reason, my focus is on video, disc-based and online distribution networks, where informality is most prevalent, rather than broadcasting, cable, festival or multiplex circuits, which are usually subject to higher levels of regulation and consolidation.<sup>7</sup>

In framing distribution in this way, I offer an analogue concept within film studies for what social scientists call informal or ‘shadow’ economies. (The two terms are used interchangeably here.) *Shadow Economies of Cinema* is structured around a simple binary – formal vs informal distribution – which will be picked apart as the book progresses. From this basic premise emerges the idea of shadow film economies. In the same way that we can speak of a global system of regulated, measured, legal trade, and below that an informal sphere in which goods and people are traded off the books, so too can we speak of a formal film economy of studios, sales agents and festivals, shadowed by a vast, unmeasured and unevenly governed zone of informal commerce. These two interlocking spheres are differently exposed to regulation and measurement, and possess their own organisational dynamics. Formal distribution is characterised by revenue-sharing business models, complex systems of statistical enumeration and a ‘windowing’ releasing pattern driven by theatrical premieres. Informal distribution is mostly nontheatrical and is characterised by handshake deals, flat-fee sales and piracy. It is a world of moving image circulation that does not show up in the pages of *Variety*.

It should be emphasised that the term ‘shadow film economies’ is intended as a heuristic device rather than a clearly defined field or category. I use it primarily as a way to evoke the collective power of informal networks, with a view to clearing some space for them within film studies research. But behind this gesture lies a more substantive point. As we will see, informal film commerce is, in a very important sense, a global norm rather than an exception or deviation. The international pirate economy exceeds the legal film industry in size, scale and reach; so one can reasonably argue that the ‘shadow’ economies are in fact integral to the traffic in images and sounds that supplies the world with its daily diet of entertainment. *Shadow Economies of Cinema* is both a gentle polemic for the significance of these networks to contemporary film studies and a survey of the research domain that opens up once formality’s epistemological authority has been set aside.

## SHADOWS, SITES AND CIRCUITS

The chapters of this book take a peripatetic journey through the shadow film economies, with each representing a successive stop on a tour of research possibilities.

The distribution networks profiled here are extremely diverse, but they have one thing in common: each serves large, dispersed audiences without recourse to the established institutions of film commerce. In other words, they are informal in their organisation while also being efficient and extensive in their reach. These circuits provide glimpses of an alternative model of media power, based on a dispersed distributive capacity grounded in informal exchange rather than corporate muscle.

I begin by providing some theoretical context for our journey. Chapter 1, *Distribution from Above and Below*, expands on the claim that distribution is a source of meaning and a site for cultural politics as well as a delivery mechanism. I show how our ideas about the power of media industries are produced by the modes of analysis and measurement we bring to bear on those industries. The chapter revisits key work from the fields of film history and political economy of communication, demonstrating how such research – while very important to our understanding of how film industries work – adopts a top-down perspective on the distribution business. The chapter then puts this way of thinking about distribution into dialogue with research on informal circuits to provide a revisionist critique of film industry historiography from the bottom up.

Chapter 2, *The Straight-to-video Slaughterhouse*, examines a curious interstice between formal and informal film industries. The straight-to-video/DVD production sector makes up a very significant proportion of the larger film economy in terms of its audience and the number of films it generates, which are often stigmatised as B-grade schlock or even worse. But as a cinematic shadow economy it has only a ghostly presence in our understanding of film industry structure, economics and ‘serious’ film culture. The chapter examines the industrial dynamics of US straight-to-video industries, focusing on the transnational itineraries of video production and distribution networks, which connect third-world and first-world industries in unusual ways. It concludes by considering the question of cultural value and how it plays out within this stigmatised field.

Chapter 3, *Informal Media Economies*, takes a closer look at informality as an organisational dynamic within media distribution networks. Here I draw on economic, anthropological and urban studies research into informal economies, identifying points of overlap with current debates in film and media studies, and considering some of the insights that this body of work has to offer. Featuring examples of film circuits from Africa, the Middle East, Europe and the US, the chapter identifies common characteristics of informal distribution networks and explains how they interface with their formal counterparts.

Chapter 4, *Nollywood at Large*, focuses on an informal film economy that has become a regional powerhouse. The Nigerian video industry (Nollywood) has a unique distribution set-up, one which takes full advantage of the efficiencies of street-level trade. Operating almost entirely off the books, Nollywood has evolved from pre-existing pirate networks, which provided its initial shape and structure. Today, it is one of the greatest success stories in global cinema, producing thousands of new movies a year and catering to the growing appetites of a pan-African audience. But distributors are now under pressure from new copyright enforcement campaigns as producers attempt to give a more formal structure to the industry. This chapter considers the shifting relations between formality and informality that underwrite Nollywood’s emergence onto the world stage.

Piracy is a recurrent theme throughout the first half of the book, where the focus is on the material aspects of film distribution circuits. Chapter 5, *Six Faces of Piracy*, engages more directly with the 'copyright wars' rhetoric that has been such a feature of the post-Napster era. Recent years have witnessed the rise of BitTorrent, a corresponding ramping-up of anti-piracy enforcement and the emergence of increasingly vocal anti-copyright/pro-piracy movements. Each side is now entrenched in their positions, with the debate locked into an unproductive producer-vs-consumer paradigm. This chapter seeks to expand the terms of the discussion by analysing six 'pirate philosophies' – piracy as theft, free speech, free enterprise, resistance, authorship and access – thus thinking piracy in the plural rather than the singular. In the final section of the chapter, the complexities of informal trade are illustrated with a portrait of a DVD vendor in one of Mexico City's most notorious pirate media markets.

Chapter 6, *The Grey Internet*, focuses specifically on digital distribution, tracking new configurations of the formal and the informal in online environments. The online distribution ecology is extremely fragmented and fast-changing, and in many of the most popular platforms it is hard to draw a clear line between legal and illegal content, or formal and informal distribution. In this chapter, I demonstrate how internet piracy is accelerated by market gaps in legal media systems. I also consider how the formal and informal realms intersect at the level of copyright enforcement. The broad aim is to look beyond dominant rhetorics of digital distribution – the internet as a revolutionary force for distributive democracy or a lawless frontier of copyright infringement – in favour of a closer examination of how the formal and informal spheres converge online, and the 'grey' zones of distribution thus produced. The book concludes by setting out some coordinates for the critical study of distribution in a digital age, as industrial processes of distribution give way to amorphous practices of decentralised content sharing.

Moving from 16mm stag film parties to video stores to file-hosting sites, *Shadow Economies of Cinema* is deliberately eclectic in its case studies, while also being consistent in its preoccupations. The emphasis throughout is on questions of *access* in cinema culture. This marks a deliberate step away from the debates over representation and interpretation that have long occupied the discipline of film studies. I argue that we need to take distributive politics as seriously as we do textual politics. A distribution-centred model of film studies asks: who is the audience? How are they constructed as such? What are the material limits that determine which texts are available to which audiences? I believe attention to questions such as these may help to broaden the scope of contemporary film studies, to bring the discipline into dialogue with other forms of social and cultural analysis, and to guarantee its relevance as we move further into an age of media convergence.





*Left Behind* (2000), a breakthrough DVD-only release from Cloud Ten Pictures



## Distribution from Above and Below

Avid viewers of *The Simpsons* may recall a particularly amusing episode from 2005 called ‘Thank God, It’s Doomsday’. After seeing a Christian propaganda movie called *Left Below*, Homer becomes convinced that the Rapture is coming and rallies the citizens of Springfield to prepare for the impending apocalypse. The fated hour arrives and he is lifted up to heaven, where he meets – and subsequently annoys – God, who decides to turn back time and reverse the Rapture rather than endure the presence of Homer in paradise.

Aside from some gags about numerology and Evangelism, this *Simpsons* episode also contains compelling evidence of the power of informal film distribution networks. The *Left Below* film that has such a profound effect on Homer is not a figment of Matt Groening’s imagination but a tongue-in-cheek reference to an actually existing series of B-grade films – the *Left Behind* (2000, 2002, 2005) trilogy – which achieved an extraordinary level of success among US Evangelicals in the early 2000s. Its presence in *The Simpsons* is testament to *Left Behind*’s status as one of the most unusual pop-culture phenomena of the last decade, a film franchise which sold an astonishing 6 million DVDs via a grassroots distribution strategy that bypassed the Hollywood system.<sup>1</sup>

Based on a series of popular books, the *Left Behind* movies were the brainchild of a small Niagara Falls company called Cloud Ten Pictures. Cloud Ten decided to forgo the usual theatrical release model and market the films in its own way. Rather than screening *Left Behind* in cinemas, it released the film straight-to-DVD and focused its attention on the film’s primary market: Evangelical communities. Thousands of ‘church cinema’ screenings were held across the USA, with ministers promoting the film enthusiastically from the pulpit. Sometimes the film’s stars (mostly B-grade actors like Kirk Cameron, from the 1980s sitcom *Growing Pains*) would show up as well. Hundreds of thousands of Americans saw the *Left Behind* movies in these church cinemas.<sup>2</sup> Millions more purchased the DVDs to watch at home.

Operating outside the established structures of the US film industry, the producers of *Left Behind* challenge our ideas about the distinction between independent and mainstream cinema culture. Companies like Cloud Ten have their own ideas about how to produce, distribute, market and exhibit movies. The highly organised and efficient model of church screenings combined with DVD sales constitutes a viable alternative to mainstream releasing patterns. Regardless of what we may think about the ideological content of *Left Behind*, or the resurgence of the religious Right in the USA,