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Canadian Bacon Hollywood fights back on runaway production

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Photos by Anne Fishbein

WHEN PRODUCTION
DESIGNER BRENT
SWIFT WAS breaking

into Hollywood, mentored by the designer who created the Bantha in *The Empire Strikes Back*, he never guessed that 25 years later he'd be leading his own political struggle against forces he feels are as formidable as the Evil Empire. Yet, here he is on a recent Hollywood evening -- an almost prototypical, paunchy, 50-something behind-the-scenes technician now feverishly directing what at times seems like almost a one-man war against the rest of the industry.

Eighteen of his followers, also all "below-the-line" technicians, many of them wearing silk crew jackets of whatever show they once worked on, have joined Swift for one of their regular huddles at Raleigh Studios on Melrose. Together they are the core of a small but feisty industry group known as FTAC, the Film & Television Action Committee, of which Swift is the president. Their goal: to save their own jobs by changing, no less, the entire way Hollywood does business.

As the local show-business industry hemorrhages jobs to cheaper overseas locations, "runaway production" has cast a chilly shadow over the futures of tens of thousands of workers just like Swift and his cohorts. Now they are desperately trying to fight back, and in doing so are bumping up not only against the industry bureaucracy but against the global economy itself. "It's David and Goliath," insists Swift, who hasn't worked in more than two years. "We're fighting the studios; we're even fighting our own unions."

The statistics that drive Swift and his allies could be lifted right from the script of a Roger Corman horror flick: While film box-office receipts hit an all-time high of \$14 billion last year, industry employment in Southern California was at a four-year low. Some 30,000 jobs evaporated just between 1999 and 2000. Add to that the impact on local businesses that serve the industry and its workers, and the U.S. Department of Commerce estimates that the domestic economy is taking a \$10 billion annual hit from runaway production.

Just ask Swift or any of his FTAC compadres, and they can reel out hair-raising stories of defaulted mortgages, unpaid college tuition and repo'd cars. "I've seen people suffering, losing



their houses and families because of this," he says. Swift's wife, a graphics designer, has provided the regular paycheck as his work has flagged.

Most of that runaway production has been fleeing north across the Canadian border. American producers are lured not only by a favorable exchange rate, but also by a government-provided subsidy. Canada kicks back 30 percent of production costs to American producers who camp across the border. It's been a stampede that has crushed the local work force.

That, Swift will tell you, is what brings him to meetings at Raleigh Studios two Thursday nights each month and puts him daily behind a mildly cluttered desk in his Studio City home pursuing FTAC's plan to bring jobs back to Hollywood.

What FTAC lacks in numbers, it tries to make up for in militancy. And its dogged approach has gathered some celebrity support. Oscar-winning cinematographer Haskell Wexler has lined up with them. So has actor Elliott Gould, himself an official of the Screen Actors Guild(SAG).

But those folks aside, Swift has mostly pissed off the rest of official Hollywood as FTAC lobbies for a controversial solution to Hollywood's woes. The low-intensity labor war is being fought on obscure policy terrain over the best way to hold on to Hollywood jobs: trade sanctions or employer subsidies.

FTAC advocates trade-based remedies aimed at forcing the Canadian government to stop subsidizing runaway American production. After two previous delays, FTAC expects to file a petition on Labor Day with the U.S. Department of Commerce requesting that a trade representative be dispatched to Canada to argue that subsidies are illegal under several agreements, including NAFTA. If the U.S. does send a rep, and if the Canadians aren't persuaded, the next step, according to FTAC, is arbitration before the World Trade Organization. If that fails, FTAC plans to escalate to a petition for a countervailing tariff against film shot in Canada and re-imported into the U.S.

FTAC's strategy conflicts directly with the plans of the rival Industry Alliance, a mainstream coalition of Hollywood labor guilds led by the Directors Guild Association of America (DGA), the American Federation of Television and Radio Artists (AFTRA), and the International Alliance of Theatrical Stage Employees (IATSE) -- Swift's own union. The Alliance, headed by guild leadership, is instead lobbying legislatures at federal and state levels for wage-based tax credits for productions with budgets of \$10 million or less -- rebates of 15 percent on a state level, 25 percent federally.

On the one hand, the Industry Alliance argues that FTAC is dangerously flirting with a trade war that could boomerang against Hollywood, with foreign countries blocking the import of U.S. films, causing the loss of even more jobs. FTAC fires back, saying the union leadership is in bed with its employers and that the call for U.S. subsidies is not only ineffective but amounts to what Swift calls "corporate welfare."

"Some of these movie companies are among the richest in the world," Swift says. "Why should taxpayers be giving them handouts?"

The antagonism between the guild alliance and FTAC is palpable and peppered with plenty of off-the-record sniping. Several long-standing subplots further broaden the rift. Many of the FTAC leadership, including Swift and his first lieutenant, Michael Everett, have a long history of battling their own union leadership around issues of democratization.

So while FTAC claims to be the authentic voice of Hollywood's labor rank and file, it's not obvious how much actual clout the committee wields. Its core is only a few dozen, and while FTAC claims the backing of 15,000 other union members who have signed one of its petitions against Canadian subsidies, there's no way to measure the actual depth of commitment to the trade-sanction strategy.

Still, FTAC has gotten some support from the 80,000-member SAG (which is simultaneously part of the rival Industry Alliance). And the Teamsters have kicked in nearly \$100,000 to FTAC's coffers.

FTAC certainly needs the money. It has retained the Washington, D.C., law firm Stewart & Stewart; its lead counsel is partner Alan Dunn, George Bush Senior's assistant secretary of the Department of Commerce and the top negotiator on subsidies during NAFTA negotiations. The tariffs petition will likely cost \$300,000 over and above ongoing legal costs.

The 800-pound gorilla in this political scenario is the Motion Picture Association of America. MPAA, which represents seven media giants -- Disney, Sony, Paramount, Universal, Twentieth Century Fox, Warner Brothers and MGM -- is also a member of the guild alliance. MPAA political powerhouse Jack Valenti has blasted the tariffs concept, thus fueling FTAC insinuations that the guild leadership allied with MPAA are corporate lackeys.

But one source close to the maelstrom suspects that if the trade-barrier efforts advance, the MPAA would withdraw from the field entirely, leaving subsidies to twist in the political ä wind. "We are not gonna win this battle if we pit rank and file against producers," he worries.

John Connolly, president of AFTRA, an Industry Alliance member, refuses to mean-mouth FTAC but says opposition to tariffs makes economic sense. "If the U.S. is successful in erecting tariff barriers, other countries would begin to demand their own defined percentage of local programming," and the wildly lucrative export market for American production -- a source of 40 percent of industry revenues -- would dry up, killing even more jobs, he says.

In defense of tax breaks, Connolly argues that the producers who do smaller-budget movies have said that they would stay home if a 20 percent differential between shooting here and in Canada were closed.

"I don't care what L.A. does," says economist Christopher Thornberg of the UCLA Anderson School. "Industry will find the cheapest way to do things."

And yet, against all odds, FTAC could be making some headway among the rank and file. Hollywood unions have eschewed organizing on the runaway issue, lobbying behind the scenes instead, providing Swift and his insurgents with an opening to seize the debate.

That opportunity was glaringly visible at a recent annual membership meeting of Sound Local 695 of IATSE held at the Studio City union hall. Some 200 people filled the hall in a rumble of male voices, a collection of virtually all white faces not that different from the other guild rank and file. The local members, plus other invitees, were convened by 695 president Jim Osburn, who seemed intent on ruffling the feathers of his IATSE International president, Tom Short. Short has been shellacked by much of the rank and file for what seems his tardy recognition of the runaway crisis.

As the IATSE local members settled down to listen, Brent Swift took the floor on behalf of trade remedies: "I think that our most important job right now is what I'm doing. Of course, my wife doesn't agree," he said to chuckles from the audience. Osburn presented him with a \$1,000 personal check for FTAC.

Throughout, the meeting was punctuated by Osburn's dramatic calls -- up to four of them -- asking for any of the proponents of the rival tax-break strategy to come forward on behalf of the plan. There was only one taker.

The discussion among union members that morning suggested that few were married to any specific strategy but that they would favor just about any remedy that would bring back the jobs, from a boycott of companies that run to Canada to using the poor man's tactic of banners on freeway overpasses.

The local eventually voted to endorse FTAC -- a sweet victory for Swift. But the last word may actually have been at the beginning of the meeting, with a presentation by Steve Katz of the Center for Entertainment Industry and Data Research. "Once the picture budgets start hitting \$7 million," he reported glumly, "producers start looking elsewhere." Translation: The race to the bottom is accelerating in the global film industry. Even if Hollywood manages to plug the Canadian hole, local jobs are likely to continue to flow overseas. Australia is now offering to rebate up to 12.5 percent of film-production costs, including plane tickets. ("Put another American on the barbie," Katz darkly wisecracked.) And production is spiking in the Czech Republic, where labor costs are less than half of American rates.

"Canada is going to become a smaller blip on the radar screen," Katz predicted. "There are much bigger ones coming along."