Cooperatives and Filmmaking: New Economic Structures for Independent Filmmakers

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There have been many attempts in the film world to grapple with the question of how to bring down the costs of film production for independent filmmakers yet still retain a certain level of quality or aesthetic. Most of these discussions have focused either on technological aspects such as the increasing opportunities provided by the advances of digital video or on the content and decisions about story, character and location. They have provided inspiring guidelines for many filmmakers. But what if we were to leave our fixation with our field and look to "indies" in other industries that have survived without major corporate (ie. studio) capital?

While an exploration of the potentials presented by other industries are certainly interesting, one of the main challenges in applying them to the film industry is the issue of capital. The success of the zine world and small independent publishers such as Soft Skull Press in New York provides inspiration—however, the amount of start up finances need for these operations is far lower than for a film production, no matter how inexpensive professional digital cameras become. The music industry, which provides interesting ideas for the creation of production "labels" seems more applicable, although it still presents different issues in terms of necessary capital and staff (crew) since it generally takes more equipment and people to make a film than do a music recording.

Leaving the realm of media altogether, the agricultural industry seems a promising parallel. Farmers, after a winter without steady income, need a large amount of capital at the beginning of the season (development). Their highest capital need, similar to filmmakers, is at the beginning of the process before they have reaped their harvest (film), forcing them to look towards creative financial strategies, personal investment financing, and loans. Over the past century American family farmers, the "indies" of the agricultural world, have struggled to stay afloat in an industry with extreme consolidation in ownership giving advantage to larger corporate farm operations. A recent successful trend for small family farmers has been the establishment of Community Supported Agriculture Programs (CSA). Families or groups of people pay a fixed amount in exchange for a weekly delivery of fresh vegetables—and in some cases also fruit, milk and eggs. Some CSAs ask for the full amount for a season share up front while others bill weekly. Whereas selling at farmers' markets only guarantees income limited months of the year, CSAs often ask for their payments in the winter months or steadily throughout the year so that they can still have capital flow. Additionally, the guarantee of community members reduces much of the risk factor of small-scale farming.

Although the trend of increased consolidation of ownership is common both to the media and agricultural industry, other attempts to draw parallels between the industries could be seen as problematic. Food, especially quality food rich in nutrients is clearly essential to human survival. Narrative films are more difficult to argue as essential. Yet if we take a moment to think it through we find that story-telling, although not essential in the physical sense of food, is forever present in some form in human societies over time. Our modern day story-tellers are no longer local sages but directors, producers and the various apparatuses we use to bring our stories to life. One key issue then is how to convincingly communicate the importance of financially supporting independent filmmakers instead of the larger Hollywood supermarket.

The next consideration is that of structuring the membership. Let's say we created a CSF (Community Supported Filmmaking) with 100 families as members. Each family agrees to pay $200 a year in exchange for a copy of the film? While $20,000 is a very workable budget for a quality short narrative, it is in fact only enough for one. Can 100 people be convinced to spend $200 a year for a copy of one short film with no other returns? Maybe. With many modifications. But this can't be suggested as a potential new viable means to sustain independent filmmaking on a larger level.

Before the realm of produce is completely abandoned, however, there are parts of the food industry that does lead to a concrete idea for independent film production: farmers' cooperatives and the natural foods grocery cooperatives. Cooperative businesses are not a model exclusive to the natural foods industry. In the US, cooperative owned business range from taxicab services, automated machinery producers, bakeries to web design. They all share in common that they are owned by the people who work in the company. The worker cooperative model draws on traditions in several different countries and eras. One of the largest and most successful current cooperatives often studied as an example is the Mondragon Cooperative Corporation in the Basque region of Spain. Started in the 1950's, the MCC is now the eighth largest business corporation in Spain.

There are three general types of cooperatives: consumer cooperatives, producer or marketing cooperatives, and industrial or labor managed cooperatives. Consumer cooperatives, such as the natural foods groceries, have a goal of providing goods or services to members for a reduced profit. Varying in size and scope, there are a few hundred of these cooperatively owned stores across the country. Individuals can "buy into" the cooperative as members for an annual fee and agreement to contribute a set amount of work hours towards store functions such as packaging, reshelving, etc. In exchange for their work and equity, members get the benefit of lower produce prices that are not marked up for overhead, access to fresh produce and other natural foods goods, and a chance to keep their money in the local economy.

Producer cooperatives, also common in the agriculture industry, seek to band together to market their products collectively and share the profits. These cooperatives are usually made up of individuals who independently produce a common product such as milk or rice who gain market advantage by pooling together their product with other producers. In some cases these producers will also group together to purchase seeds or fertilizer at a lower bulk cost. Industrial or labor-managed cooperatives are business enterprises that seek to establish a democratic workplace, providing employment and economic rewards to worker-owners.

If we looked at ourselves as filmmakers as consumers at equipment rental houses, one obvious application of the consumer cooperative model to help bring down production costs would be the establishment of equipment rental cooperatives. These rental houses, similar to the grocery stores, could be locally or regionally based. Members would pay an annual membership fee and commit to working a set number of "shifts" per year in exchange for rental rates significantly lower than the market rate. For example, if a cooperative opens and charges $200 for an annual membership fee and secures 100 members in its first year, it has already raised $20,000 in capital. With a business loan and/or initial investment the equipment could be purchased and the business established. Eventually the guaranteed income generated by membership, in addition to the rental fees paid, will allow the company to invest the money in more equipment and supplies, and even bring down the rental costs even further.

Several community-based video and film organizations exist in North America that do attempt to offer inexpensive or free equipment access, but these are more often operated as nonprofit organizations. Examples of such organizations include the 911 Media Arts Center in Seattle, WA and LIFT (Liaison of Independent Filmmakers of Toronto) in Toronto, CA. Generally, these community-based media centers offer equipment access to members who have taken classes at the center, and in the case of LIFT, who have also volunteered at least 20 hours at the center. One could argue that the direction of independent filmmaking should be to encourage the establishment of more media centers such as these. Indeed, these centers play an important role in the communities they serve. However, a major critique of the nonprofit 501(c)3 model has been their general dependency on grant funding for sustenance and stability. The producer cooperative model can be similarly applied to the independent film industry. Filmmakers with a similar style, ideology or maybe just regional affiliation could band together to distribute their work, somewhat analogous to an independent record label model. The music industry, another field that has faced massive consolidation in ownership over the last thirty years, provides some interesting examples of ensuring independent musicians success without major label backing. Generally, these labels have been most successful by associating themselves with a particular style or movement in independent music. One example is the indie label Dischord Records, started in 1980 by Ian McKaye of the punk band Minor Threat. Dischord established itself as a label producing work out of the straight-edge hardcore music scene in Washington DC, an indie music movement that fostered legendary punk bands such as Fugazi, Youth Brigade and the Nation of Ulysses. Other examples from other musical movements include the east-coast underground hip-hop label Definitive Jux in New York and the feminist "queercore" Mr. Lady Records in Durham, North Carolina.

Under the auspices of a label, filmmakers could band together to create more well-defined indie movements. Building momentum around a particular label or collective grouping of works also helps facilitate a departure from both the auteur and star tendencies in the indie filmmaking world. Instead of bragging an appearance by Patrick Swayze or another Jarmusch flick, watchers would look to a label for a particular style or type of content.

In addition to the benefits it presents for distribution, there are also aspects of this model that could be beneficial for the production process. In the same way that a record label provides access to a recording studio and all the necessary equipment and technology necessary to produce an album, the indie filmmaker "label" could collectively own equipment. This is where the idea of the cooperative adds a different element to the suggested "label" idea than the music industry model. Instead of having an owner and manager, all of the members make an equal investment in the cooperative. This investment is put towards equipment purchases and toward administrative staff needed to handle the cooperative functioning matters. The profits are then returned to the members in proportion to the amount of business each has done with the coop. So in the case of farmers, if 10 rice farmers banded together as a cooperative to sell rice and Farmer A's farm contributed 40% of the total amount of rice sold that year, s/he receives 40% of the total profit for that year. Members can also choose to set aside a certain percentage of profits to pay off loans that may have been incurred or to invest in more shared equipment.

Applying this to the filmmaking process requires more creative handling. There are two main questions that make this model challenging. First, who is considered a member? Is it individual directors? Producers? Gaffers? In the example of the consumer cooperative, allowing membership for people of all crew positions seems generally workable—although there would likely need to be some policies on equipment use such as a limit on the number of check outs per crew member per film within a given period so that one film project could not arrange multiple back-to-back check outs with various crew members. However, in the producers cooperative where independently produced goods are collectively distributed, it makes more sense that an entity, a single LLC or production company, be a member of the cooperative. For example, let's say Sun Productions, Moon Production and Star Productions formed a cooperative called "Sky." The three companies would meet together, share plans and production schedules and then if possible, coordinate shared expenses such as equipment rentals or film transfers. Each production still happens separately, but costs are reduced wherever possible by this shared alliance.

The second question raised by this model, however, is that even if we have these separate production entities as the members in the cooperative, how will profits be distributed? If Sun Productions releases one fairly successful feature film, Moon release two, and Star one—but it doesn't do well at all and doesn't even get into festivals, how will the profits be shared? The quantitative measure used in farming does not apply in this situation. Should Sun and Star get equal cuts of the profits, even though one film was actually picked up for distribution and earned money while the other did not do so well financially? Issues such as this would need to be addressed and resolved in order for this model to work.

Whereas the control in the consumer and producer cooperatives comes from member-patrons, in the worker-owned model an actual company is formed where the worker-employees who control the entity. The ownership and control of the enterprise are not just derived from a capital investment, which is often the case in traditional capitalist business models, but from working and providing labor. So, similar to the other models, it has the advantage of having an immediate pool of capital available for start-up from the workers' investment. The source of cash to produce a film would no longer rely on proving its low-risk nature to a bank or investor.

In a worker-owned cooperative, the annual profits from the company are spread evenly amongst all the workers at the company. In some cases, workers have also chosen equal pay for everyone involved. Other cooperatives have found it difficult to attract highly or specifically skilled worker-owners to their company if the pay rates are too low and instead have defined a tiered system with set provisions regarding pay difference. For example, a provision might be that no one can make more than three times more anyone else in the company. In the film industry we might place people such as the Director of Photography in tier three (the highest pay level) and a Production Assistant in tier one. Yet in this model of production, everyone—including the PA—has literally invested in the films' production, and everyone will share equally in the profit.

While this model has appealing advantages in terms of creating availability of capital and labor, it also is arguably limiting in terms of the aspirations of individual makers. In a cooperative, decisions are made through a democratic majority vote from the worker-owners. Everyone working from the company would decide together what films would be made and when. Additionally, roles within the company might rotate where someone who was gaffer on several productions may submit a proposal for him/her to direct a film. In the worker cooperative, if enough people don't agree then the piece doesn't get made whereas in the consumer or producers cooperative that person might have more of the individualistic freedom to pursue his or her "own" work.

One of the principles behind the worker-owned company is that if everyone is invested, physically and financially, they will do their best work. In the case of filmmaking this model could inspire both high levels of productivity and creativity. Another critique of this model might be its seemingly idealistic structure. What about workers who don't work their share of labor? What about possible corruption in the democratic system?

Many cooperatives look to the policies of the Mondragon Cooperative Corporation in Spain that has had over 50 years to grapple with these issues and devise successful solutions. Another important source to look to is the Industrial Cooperative Alliance (ICA), a nonprofit consulting organization based out of Massachusetts, which provides resources and services for starting worker-owned companies including a grant to help with company start up. Frank T. Adams and Gary B. Hansen's book *Putting Democracy to Work: A Practical Guide for Starting and Managing Worker-Owned Businesses* also provides detailed information on the functioning of worker-owned cooperatives including information on writing a business plan and start-up, drafting policies, and samples of documents from other cooperatives.

This paper is only a beginning attempt to raise question about these models as possibilities. The next step would be for more extensive research on the functioning of cooperatives applied to a detailed sample business plan to show that it can really work. In the meantime, this paper is hopefully an initial call to independent filmmakers to think creatively beyond our field in order to expand opportunities in our field. The answers to bringing down production costs in the context of the economy and studio structure we live in might lay not only in the content and technology, but also in the overall economic structure of production.

Sources

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