

pictures for the Minister's approval. These are mostly taken from the lower bracket, but represent reasonable entertainment value. This arrangement was made during the depression, and under present economic conditions the right to screen at 6d. is not availed of to any extent, if at all. The system of annual submission to the Minister is, however, retained against the possibility of another depression.

9. The question of the adequacy of the present prices of admission has been raised by both sides of the industry during recent years. The position is that admission prices are still the same as before the war and substantially the same as during the depression years. It is doubtful if this condition applies in anything like the same degree in any other industry, and on the face of it there is some justification for a review. On the other hand, the theatre balance-sheets taken at face value would probably not justify the Price Tribunal in agreeing to an increase. The operating-costs have certainly increased considerably in common with all other industries, but against this the improved economic conditions have increased the theatre audiences to an extent which at least compensates for this. There is, however, probably some merit in the contention of the exhibitor that the refusal of the necessary permits and the shortage of supplies has prevented an adequate expenditure on maintenance and replacement such as would normally be prudent business in prosperous times and which would, in any case, be required under the licensing regulations. The renter also, although he cannot claim any drop in returns and has shared in the result of the apparently prosperous conditions may have grounds for his contention that the increased revenue does not meet the appropriate share of his increased production and distribution costs, nor permit him to prepare reserves for less prosperous times.

PREVENTION OF MONOPOLY OF FILMS

10. The 1934 Committee recognized that the operation of licensing regulations on the lines which it recommended must result in some degree of monopoly being given to existing exhibitors and to those who subsequently obtained licences under the regulations. It approached the problem by an endeavour to prevent one exhibitor obtaining an advantage over another by hiring an undue proportion of the films available. Effect was given to the Committee's recommendation in section 12 of the amending Act. This provided that it should be an offence for any exhibitor to hire more films than were reasonably required for the operation of his theatre and that the renter committed an offence if he refused to rent any films which were not the subject of a contract with a competitive exhibitor or under offer to him. The section has proved inoperative, firstly because film-hiring contracts do not expire at the same time and it is impracticable to prove an offence in time to provide a safeguard to the competitive exhibitor, and secondly because of the difficulty of interpreting the reasonable requirements of a theatre. These will depend on policy with respect to number of exhibitions and whether a single- or double-feature bill is screened. The exhibitor under investigation can therefore adapt his policy to his film-hiring arrangements even though he may appear to have contracted for an altogether undue proportion of the total films available. If, moreover, he is a major exhibitor whose business is essential to the renter he will be able to prevent any complaint by the latter, and may ultimately avoid screening some of the films contracted for, and without payment as provided for in the standard contract, by negotiating a compromise made when the new season's contracts are being made.

11. The experience of the departmental officers responsible for the administration of the legislation is that the difficulties of film-supply as between exhibitors can best be dealt with by compromise negotiated by a trade committee such as the Film Industry Board, discussed in detail below. There must, however, be some positive provision to ensure a reasonable approach by both exhibitors concerned and by the renters whose contracts are involved. In the cases which have been satisfactorily dealt with by the Film Industry Board it was made clear that solution of these problems by consent was the alternative to new measures of legislative control.

THEATRE LICENSING SYSTEM

12. The recommendations of the Committee that a theatre licensing system should be continued on the lines of that in force in 1932-33 (but declared by the Court to be *ultra vires* of the Cinematograph Films Act) was given effect to by section 13 of the amending Act. Regulations on the same lines were made in 1935, but the Crown Law Office came to the conclusion in 1936 that in this form they were still *ultra vires* of the Act. The regulations now in force (Cinematograph Films (Issue of Exhibitors' Licences) Regulations 1937) were therefore issued giving the nominal authority for making the decision to the licensing officer under the Act. This question and the later recommendations of the Film Industry Board for amendments of the Licensing system are discussed in more detail below.

KERRIDGE-ODEON, AMALGAMATED-FOX MONOPOLY FOREIGN CONTROL

13. One of the questions which the Government has been asked to refer for inquiry is as to whether the existing concentration of control of the entertainment business in the hands of two major chain-theatre concerns is in the public interest. The reference is particularly to the Kerridge-Odeon Co., which, in addition to its picture-theatre business, controls or is interested in most of the