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Cinema and the state

(Rapporteur: Mr Voogd)



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INTRODUCTION

For several years deep concern has been expressed in almost all our countries at the critical situation of the film industry in Europe. To investigate the reasons for the crisis and try to work out some remedies the Committee on Culture and Education organised a symposium on "Cinema and the state", which was held in Lisbon on 14-16 June 1978. The film is an art; the basic issue is whether the state should help the film industry and, if so, how?

Current economic difficulties prompt an examination of the state's role vis-à-vis the various forms of cultural expression and the priorities to be adopted for the distribution of funds earmarked by the state for the arts. At the same time, however, state aid may denote supervision and interference with freedom of expression. Various aspects of freedom of expression and the role of the artist were considered by the state for the arts. At the same time, however, state aid may denote supervision and interference with freedom of expression. Various aspects of freedom of expression and the role of the artist were considered by the committee at three previous symposia, which dealt with "Freedom of expression and the role of the artist" (Florence 1973), "Telecommunications" (Munich 1974) and "The democratic renewal of the performing arts" (Athens 1976). In a sense the most recent symposium, the one held in Lisbon, went over the ground covered by the three others and in addition tackled some completely new aspects.

The Lisbon discussions were enthralling and even if at times somewhat confused also very enriching. They nevertheless presented me as Rapporteur with a real problem. The complexity of the subject, the variety of views expressed, the wealth of information contained in the many documents submitted were such that at the end of the two days' proceedings I was just as bewildered as at the beginning. The welter of arguments and figures and the contradictory principles expounded one after another were not calculated to facilitate the task of someone responsible for preparing a report.

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I shall therefore endeavour to recapture the spirit of the symposium, whilst fully realising that in a necessarily short document intended for the Assembly I must be highly selective and pick out only those matters on which the Council of Europe is likely to take action. Any attempt to cover the problem as a whole in all its many aspects would be madness and would not produce any concrete results.

I should also like to avoid as far as possible repeating what many people far more competent than I am have already said or written, notably in the working papers prepared for the symposium (reports by consultants and closing remarks). The other contributions - which were also very important but were submitted for information only - were of great use to me in drawing up my report, and I hope that all the papers prepared for the Lisbon Symposium will be collected, as were those of the earlier symposia, and published in a single brochure after the Parliamentary Assembly's debate.

The symposium, it will be remembered, brought together three categories of participant: representatives from the film world; representatives from national government departments directly concerned with the problem; and, lastly, parliamentarians, who as political leaders are called on to provide a legislative and financial framework for any solutions proposed. The aim of the symposium was to try to outline a state policy on the cinema.

The symposium lost no time in highlighting the fact that in all member countries the film industry was in a state of crisis and that measures should be taken as a matter of urgency to ensure its survival. It was all the more important that the Council of Europe should take action as the failure of national policies underlined the need to envisage measures of wider scope - at European level.

The symposium gave rise to great hopes. I hope it is not too late to look at what it achieved and that despite our modest resources we may set machinery in motion which will enable us to save the cultural asset represented by the cinema. I hope that, as Luigi Comencini suggested, the symposium has made possible "the definition of certain landmarks and the elaboration of some recommendations in order to introduce some similarity between the different norms which in the various European countries preside over the existence of the national cinema" (1).

I have said that it is very difficult to analyse the general content of the Lisbon Symposium. Indeed, it was not really possible at the outset to direct discussion to certain specific questions. The working papers dealing with "The economic situation of the cinema in Europe" (Claude Degand), "Film culture in Europe" (Nicholas Garnham) and "Young people and the cinema" (Heinz Rath sack) and the "Notes for the Symposium" by the General Rapporteur (Luigi Comencini) raised a large number of questions, which initially produced a series of general statements and confused discussion. It was only gradually that the dust settled and that a proper dialogue began.

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(1) Notes for the Symposium by Luigi Comencini.

For this reason it seems to me preferable to set out the main points raised in Lisbon and my thoughts upon them rather than making a detailed study of the debate and the papers submitted to the symposium.

First of all, study of the film market (financing, production and distribution) reveals how complex the question is. The fact that economic, cultural and artistic problems are intertwined complicates the data and makes it very difficult to find remedies.

The discussions clearly showed how important and necessary it is for the public authorities to support the cinema. The dangers of bad policy on aid and grants were pointed out. The public authorities will have to show imagination if they are to avoid repeating the mistakes of the past. The various types of assistance given nationally (automatic, selective etc) and their effects were discussed, with the examples of Sweden (no state support) and Norway (municipal cinemas) being borne in mind.

The causes of the crisis in the European cinema - especially competition from the American cinema and from television - were the subject of animated debate, as was the prospect of finding a solution within the framework of a new policy on audio-visual media.

Cultural aspects, naturally occupied a major place in a debate dealing with creativity, with the educational rôle of the cinema, training, film schools, the problem of professional careers, the dubbing of films, the importance of films to young people and the way cultural discussion is affected by whether a film is screened in a cinema or broadcast on television.

A propos of freedom of expression, the symposium considered censorship and reviewed various forms of cinema: including the political, militant, and avant-garde, not to mention documentaries and shorts. Such problems as film libraries, royalties, and the conservation and storage of films were also covered.

One issue of capital importance arose to which scarcely any proper answer was given, namely which kind of film should be protected or supported?

I will not burden this report by mentioning all the conclusions which could have been drawn from the symposium, but will confine myself to mentioning those which seemed to reflect the sentiments of the great majority of those attending and which may be summed up as follows:

- the cinema in Europe must be protected;
- state aid is necessary for its survival;
- the co-production system has failed;
- it should be possible to organise European co-distribution;
- a single European film industry is inconceivable, but a European policy on co-operation is desirable;

- an identical system of aid for all countries is not recommended - unity does not mean uniformity;
- it was suggested that a European aid fund should be set up;
- the film industry must be given a new boost, but account should be taken of national characteristics;
- in taking the measures necessary a distinction must be made between purely national ones and international co-operation;
- measures to support the film industry must have their place in the much larger context of the media (including audio-visual media and television) in the light of technological developments;
- it was suggested that a European prize (European Oscar) should be instituted.

It would be impossible to give practical effect to so many ideas. For this reason I propose to dwell at greater length on a number of aspects which might provide spheres of action for the Council of Europe or for other European institutions.

CHAPTER I: THE CULTURAL AND COMMERCIAL IMPORTANCE OF FILM

Although the Committee on Culture and Education is mainly interested in the artistic and cultural aspects of film, it cannot - as I pointed out earlier - overlook the commercial aspect. Film is probably the only field in which culture and commerce are so closely bound up with each other, and it could be said that the deep-seated malady afflicting it is that it is at one and the same time an art and an industry. Films are economic assets whose costs and receipts have to be calculated. Claude Degand said as much in the introduction to the report he submitted at the Lisbon Symposium, where he referred to the cinema "with its unstable combination of art and emotion with industry and commerce".

It seems therefore to me to be essential at this point to describe the economic situation of the film industry in Europe. I am assuming that the reader seeking fuller details can refer /to the various appendices to this report and/ to the papers of the committee's symposium from which most of the figures quoted below have been taken.

Art only exists if it is perceived. In the case of film this implies the existence of cinemas. The number of cinemas in Europe is estimated at some 27,000 (a third of these are in Italy, but only half in regular use), and admissions are about 1,500 million a year. Obviously the quantity and density of this infrastructure of sales outlets are far from being the same in all countries. Cinemas are also managed and used very differently from country to country. Out of a total of 439 cinemas in Norway, for example, 217 "municipal cinemas" account for 81% of film-goers. In other countries, such as the United Kingdom, France and the Netherlands, cinema circuits draw off a major proportion of film-goers. The spread of multi-auditorium cinemas or cinema complexes has been uneven, with France and the United Kingdom leading their development. In France 439 cinema complexes account for 1,318 of the 4,443 screens, ie nearly a third of the total capacity. In the United Kingdom the 252 complexes contain 848 screens, ie more than half the 1,530 auditoria.

These figures are alarming because they show that the European network, which 20 years ago contained some 42,000 cinemas, is shrinking markedly. Some countries (the United Kingdom, Belgium and the Federal Republic of Germany) have recorded the closure of up to 60% of their cinemas.

What does running these cineams mean in economic terms? Annual gross box-office takings have been estimated at 10,000 million FF representing a sales volume of about 1,500 million admission tickets. This latter figure denotes a collapse of the demand for films in Europe, if it is compared with the figure for 1959-60, when twice as many admissions (roughly 3,300) were recorded. The total takings, on the other hand, have not dropped, indeed they have even risen slightly owing to the regular increases in admission prices. One interesting phenomenon is that the fall in demand sends prices up. It is true that supply (the number of cinemas, and, probably, their average capacity) is also declining and that demand for films, at least those of certain types, is apparently fairly static. It can nonetheless be supposed that a prices policy could have a part to play in boosting attendances. In some countries there have been experiments with offering cut-price seats to certain categories of filmgoers, especially young people and the elderly. Such experiments should be encouraged.

Another major aspect of any study of the film market in Europe is production, which may be estimated at about 700 full-length films. I shall return later on to the problem of short films - where the number of films produced is difficult to estimate - and consider them from a different viewpoint. The value of the total production of long films may be put at some 2,000 million FF on the basis of the two largest industries in Europe, those of France and Italy, which each account for some 200 films and 600 million FF. The number of films produced annually differs considerably from one country to another. In 1976 for example, Italy produced 220 films and France 214, whereas Spain produced 103, the Federal Republic of Germany 61, the United Kingdom 64, Sweden 14 and the Netherlands about 10. This output is moreover split between a very large number of film companies. In view of the disparity between countries (and also from one year to the next) it may be asked whether some countries are producing too much and others not enough and whether it would not be preferable to concentrate on producing films better able to stand up to international competition.

Apart from these problems of a practical nature, production seems to be suffering from a lack of creativity. Talent remains a rare commodity. Perhaps more thought should be given to the rôle of creativity and how to stimulate it.

Mention should be made at this point of the technical aspects of production and, in particular, film studios. The position of these studios appears precarious in Europe, the set utilisation factor being generally lower than 50%. An exception is Munich in Bavaria, which has benefitted for some time now from a tax scheme which encourages film-making in the Federal Republic of Germany. Despite the drop in the number of sets in Europe, it is legitimate to ask whether European facilities meet existing requirements, given the differences in labour and therefore also in production costs. A study could be made of the possibility of some redistribution of these activities within Europe. The enormous financial difficulties of the Cinecittà studios in Rome are well enough known to serve as an example of the problems which arise in this sector. It is obvious, for example, that the profitability of the National Film Studio of Ireland can only be guaranteed if its output, currently running at only 2 or 3 films a year, is substantially increased. In such cases the public authorities should provide tax benefits or concessions to attract film producers.

Another very important, indeed vital, sector is that of film distribution. Here again, I shall confine myself to summing up the situation and shall return to the subject later to make concrete proposals. A study of distribution could in fact lead on to dealing with all the problems of the film industry, since distribution is an intermediary activity between the film producer and the cinema owner. But I will try here to confine myself to the aspects I consider essential.

It is difficult to know exactly how many established distributors there are in European countries. There may be about 150 in Spain, 120 in France and Italy, and 65 in the Federal Republic of Germany. There are even fewer in the United Kingdom. As for the films in circulation, ie those being shown in the cinemas, there are about 9,000 in Italy (375,000 million lire in takings), 4,000 in France (1,750 million FF) and in Spain (13,000 million pesetas) and 2,000 in the Federal Republic (600 million DM). A distinction just be made between these figures and the number of new films, which in 1976 was about 400 in Spain, more than 500 in France and Italy, 320 in the Federal Republic of Germany and 260 in Norway and Sweden. These figures of course include not only national films but also foreign films - mainly American ones, the proportion of box-office receipts from American as against national films being steadily on the increase. The problem of film distribution in Europe therefore entails considering the position of American films in Europe. Television also plays a major part. These two questions will be dealt with in the next chapter.

The function of distribution is to match product supply and product demand so as to ensure the optimum commercial return in the interests of the parties involved, including in principle the audiences. In practice, it is not surprising that there is a great deal of friction in this sector, since it has frequently to serve conflicting interests. One of the main obstacles to the free circulation of films stems from the dominant position of a few companies. For example, the American firms which are members of the MPEA (Motion Picture Export Association) are in a position to apply certain pressures. The cold calculations of commercial profit and the play of world economic forces are thus a constant threat to European cultural identity.

Distribution also involves the exporting of films, and here attention must be drawn to Europe's weaknesses, which stem mainly from the structural and organisational inadequacies in the face of a world market dominated by a few major companies. The problem is in fact to produce films which, while retaining national characteristics, aim to capture a very wide international audience. This is largely a question of devoting extensive resources to their production, and implies international financing and consequently a good international distribution network.

Given present conditions in Europe, distribution, which is the key sector of the economy of the film industry, does not seem very efficient. Certainly encouragement could be given to improving distribution within Europe. Joint financing would make it possible to balance potential profits and losses and would ensure an economic return which companies could not secure individually. Such a system would also offer guarantees to producers, who could count on distribution within Europe. The governments of our member states - and also the European Community, which, as the question is essentially an economic one, seems to me better equipped in this respect than the Council of Europe - could promote such co-operation.

This brief but comprehensive analysis of the film market in Europe should not cause us to overlook the cultural rôle of the cinema. Whereas films are too often considered only from the economic or purely commercial point of view, the cultural aspect should engage our special attention as responsible politicians. Culture today is one of the facets of social life, and film - the modern art par excellence - occupies a dominant position in it. As Roberto Rossellini said so rightly, "The cinema today has a vital educational rôle to play".

One of the aims of this report is to make people aware of the cultural rôle of the cinema. Films, which are a form of art that, according to Robert Bresson, is not a luxury but a vital need, should have the benefit of support from public authorities. Film activities deserve to be encouraged in the same way as drama, music or opera. Does artistic worth really have to be sacrificed in the name of financial independence? One or two hesitant developments are taking place in this area, witness the position of the Swiss film industry or of what is known today as the "new German cinema". Outstanding films which put the younger generation's major problems before its eyes would have been financial failures but for the backing which is provided, for example, in the Federal Republic of Germany. Thanks to such measures, which are very much to be welcomed, the film industry in that country is again drawing attention to itself, the continuity of a tradition is assured and the opportunity given for talent to assert itself.

Action to support quality films would not be complete, however, if the films produced found no audiences. It is therefore appropriate on occasion to remedy certain effects of the market by making provision for assistance with circulation.

Lastly, it should not be overlooked that films are important historical and cultural audio-visual documents which deserve to be protected. Accordingly, arrangements need to be made to ensure the conservation, storage, and restoration of films. Film libraries are indispensable here and deserve our full support.

Before concluding this chapter I should like to reiterate a remark by Heinz Rathsack who in his paper subitted in Lisbon on "Young People and the Cinema in Europe" concluded with these words: "The cinema has acquired great importance in cultural and educational policy that is quite out of keeping with its low economic significance. However, film production is still considered to be a part of economic policy, whereas the relevant considerations of cultural and educational policy are regarded at best as marginal problems. If it were possible to reverse this order of priorities, there would be some hope for film-making in Europe".

At the end of the Lisbon Symposium, with the words of so many experts still in my mind, I tried to stress that film was a vital part of culture, which deserved as much attention as drama and music or any other, more political activity. In most of our countries, however, the budget for the film industry is derisory - "the cinema remains the poor relation of the eternal poor relation, culture" (see Le Film Française, November 1978). It is for us politicians to try to improve this deplorable situation. Nothing has occurred since the Lisbon Symposium to make me change my mind and I should like to repeat my request that, for once, the "culture vultures" should be allowed to have their way rather than the economists.

It should never be forgotten, however, that film is at once an art, an industry, a trade and a show, and it cannot flourish unless its ambivalent position and its inherent paradoxes are accepted. Film-making, which is a creative act, cannot be freed from technical and financial constraints. "Jean-Luc Godard said that the film industry was a combination of Renault and the Louvre. But our élitist mandarins with their nostalgic memories of the princely patrons of the past refuse to help film-making in its authentic dual rôle as art and industry. They neglect the Renault of film-making in order to pander to hypothetical museums. In subsidising the writing, production and distribution of films which are free from any market pressures, the state is institutionalising the split which is undermining our film industry instead of taking steps to counter it It is encouraging the French film industry to run away from reality. While the Ministry of Finance cripples the film industry with taxes, the Ministry of Cultural Affairs tells the industry to shun profitability. Is that what you call being consistent? Is that what you call helping the film industry?" (Le Point No, 295, 15 May 1978). I cannot put it better myself.

Although films are part of culture and film activity is an artistic activity, to invest in films is to invest in an industry and not in a craft activity as with many other forms of art. The product must therefore of necessity have some commercial success or else disappear from the scene. But ultimately there is no real incompatibility between quality and financial return or between art and commercial success.

CHAPTER II: THE CRISIS IN THE FILM INDUSTRY: ITS MAIN CAUSES

For some time the specialised press has been giving the impression that the crisis in the film industry- about which so much has been said in recent years, has been overcome. Only recently the British industry was regarded as moribund. Now, however, its recovery seems assured. In the well-informed Italian weekly magazine "Giornale dello Spettacolo" the following headlines were recently to be found: "Audience sizes at last stable from one year to the next" (22 April 1978); "Increase in cinema-going in 1978" (17 June 1978); "Number of cinema-goers up by about 40%" (18 November 1978). On 25 November 1978, under the headline "Unexpected increase in cinema-going raises problems for cinema managers", the same periodical explained that the unforeseen increase in cinema-going in 1978 seemed to have caught the British film industry, especially managers, unprepared. The situation in various other European countries seems to present equally positive, though less spectacular, features.

International statistics for 1978 compare with those for 1977 as follows:

France	first half 1978	spectators + 8.8%
		takings + 20.4%
Fed. Rep. of Germany	"	spectators + 7.9%
United Kingdom	"	spectators + 23.9%

The "Giornale dello Spettacolo" commented: "For some time there have been signs of a considerable increase in cinema-going on the main western markets - the United Kingdom, France and the Federal Republic of Germany. The trend is noteworthy as this is the first time that an increase in cinema-going has been recorded after several years of continuous decline".

However, these few promising figures should not obscure the serious problems that have been shaking the cinema industry over the past 20 or 30 years, to the extent of plunging it into a deep crisis which has led to official intervention, usually without much success, in almost all our countries. The figures are there. In a paper delivered to the Lisbon symposium, the International Federation of Associations of Film Distributors (FIAD) stated that "In 20 years (in Western Europe), cinema audiences have fallen by half, from 3,300 million to 1,500 million, while the number of cinema theatres has dropped from 42,000 to 27,000".

If national figures are preferred, suffice it to recall that in the UK there were 4,700 cinemas in 1947, selling 1,462 million tickets annually. In 1977 there were only 1,562 and the number of spectators was down to 107 million. Similarly, in the Federal Republic of Germany, the number of spectators fell from 866 million in 1955 to 124,2 million in 1977, and whereas there were about 6,000 cinemas in 1950 there are now only 3,000. In France there were 440 million spectators in 1957 as against 168.7 million in 1977. In Italy the number of tickets sold

fell from 820 million in 1955 to 373 million in 1977, and takings followed an equally significant trend. Lastly, in Greece the number of spectators dropped from over 135 million in 1969 to only 39 million in 1977. These few statistics are expressive enough in themselves, and it need merely be added that the same pattern is to be found in other European countries.

The crisis therefore exists. If it is to be dealt with it is first of all necessary to determine its causes. There are many elements, and their effect is often cumulative. For instance, the decline in cinema-going is resulting in the closure of cinemas; this is leading to a fall in takings which, in turn, is curbing production and hence creativity. I do not intend to go into all these aspects but shall simply analyse two factors which are almost unanimously regarded as the main reasons for the crisis in the European film industry: the power of the American film industry and competition from television.

In Europe there are far more cinemas than in the United States, where the number is about 15,000, barely more than half the European figure. In Europe the annual sale of tickets is about 50% higher than in the United States, where only about 1,000 million tickets are sold.

It is above all in the distribution sphere that the superiority of the US Majors over their European counterparts is to be seen. The Majors realised that in order to reduce risks it was necessary to make a single body responsible for production, financing and distribution. Such a system, being well organised, presents other safeguards than those which Europe's fragmented structures can offer. In that way the Majors benefit not only from their domestic market, which is large enough as it is, but also from the world market, in relation both to cinema and to television. As pointed out by Paolo Bafile in his "Notes for a European cinema in the context of EEC", written for the Lisbon symposium, "although there is a seemingly unbridgeable gap between the American and the European film industries, it is in fact but an organisational discrepancy in the approach to the international market, not any technological, productive or artistico-cultural backwardness".

Once more the figures are significant, as American box-office takings are blithely continuing to rise. On 27 May 1978 the "Giornale dello Spettacolo", for instance, made the following comment: "The American cinema industry's takings remain at an exceptionally high level and are continuing to break records almost every month. For the first four months in 1978, total takings, estimated at 190 million dollars a month, were 21,5% higher than for the corresponding period in 1971. This was an all-time record in the history of the American film industry (even allowing for inflation) ... Forecasts are, moreover, highly optimistic for the near future ... It is thought that 1978 might see another all-time record in total takings, at present estimated at over 2,600 million dollars,..." As for the number of spectators, it showed an increase of 17% for the period January-September 1978.

With one or two exceptions, these prospects are in sharp contrast with the situation in our own countries' domestic markets, which are tending to decline.

And that is not all, for the American film industry occupies increasingly dominant positions throughout Europe, while the American market is virtually closed to European films. As an illustration, reference may be made once more to Claude Degand's report, which states that in Italy in 1973 Italian films had a 60.8% and US films a 26.3% share of takings; three years later the corresponding figures were 57% and 30.4%. In France, French films accounted for 56.12% of takings in 1971 and US films for 24.53%, but by 1977 the figures had changed to 47.3% and 30.50% respectively. In the Federal Republic of Germany, the German film share of the market fell from 36.1% in 1971 to 11.4% in 1977, while that of American films rose from 37.7% to 43.1%. The following figures are also highly significant: in France total takings (in current francs) rose by 87% between 1971 and 1977, but the increase for US films was 114% and for French films only 75%; in the Federal Republic of Germany, total takings increased by 5.5% from 1971 to 1976, but US films showed an increase of 20.62% while German films showed a loss of 66.7%.

The same trend is also to be deduced from other important factors. Whereas American films are virtually in the minority in each of our countries individually, their aggregate puts them easily in the majority on the European market as a whole. Similarly, the American film industry, being concentrated in the hands of half-a-dozen firms, is in a position of strength vis-à-vis the hundreds of firms that exist in Europe. The situation is further aggravated by the fact that the Majors also distribute non-American films, produced mainly by European firms, which reduces correspondingly the earning power of European distributors.

The importance of distribution for the film industry has been fully appreciated by the Americans. Even when their own industry was facing a crisis the major companies, after cutting down their production and closing many of their studios, retained an efficient multi-national sales and hire system so as to draw directly and immediately the actual amount of earnings made by their films on markets throughout the world. Unfortunately, this was not the case with our countries' firms, which are having great difficulty not only in penetrating external markets but even in collecting all their earnings. Its sound world-wide sales system undoubtedly accounts to a considerable extent for the rapid recovery of the American film industry.

The main reason why the European film industry is seldom self-sufficient is that it has not succeeded in establishing itself abroad because of a lack of an efficient direct-sales system. As a result European producers are supported by scarcely anything other than a limited national market and slender profits collected abroad through intermediaries who take their commission in the process.

It is not, I think, necessary to dwell any further on this subject. The discussions in Lisbon showed clearly how excessive the American film industry's hold on Europe has become. In his opening address, the Portuguese Minister of Education and Culture well expressed the problem: "The European film industry is at present undergoing a difficult stage in its existence in the face of competition from its North-American counterpart ... Such a situation calls for a joint search for effective solutions ... How can the European film industry's factors of production be re-scaled so as to meet the challenge of a film industry whose factors of production are powerfully concentrated and possess a multi-national status? How can we transcend the framework of competitive interests which motivate our own firms and so draw up a joint project commensurate with our responsibilities in the contemporary cultural world? How can organising the industrial and commercial defence of the European film industry be reconciled with uncompromising protection of each nation's creativity and cultural presence?"

In my view, it is only by means of a European cinema policy that we can enable our national film industries to meet American competition. But I should like to make one thing clear: the organisation of the film industry in Europe should be strengthened without any prejudice to national cultural identities. Any idea of a European film industry must be ruled out altogether. A Europe-wide policy for the film industry cannot be effective unless there is an effective policy in each of the countries concerned.

If the crisis is to be prevented from becoming a permanent feature of our film industry, a change of policy must be made as soon as possible. And if the film industry in Europe is to have its rightful place on the international market, use must be made of the human and financial resources that are already available for achieving that aim. Accordingly international co-operation should be fostered, as it is the only means we have of ensuring that production in Europe is competitive on the world market. In this context, the American film industry should be regarded not as an enemy but as a partner in a healthy and stimulating atmosphere of competition.

An efficient and well-organised European system may appear alarming. Some may be afraid that if their national film industries are integrated into a wider framework they will disappear. However as Luigi Comencini has pointed out, no film industry in Europe is in fact threatened by any other film industry in Europe. When speaking of the need to reorganise present resources in order to ensure a genuine support policy for Europe's film industries, I am fully aware that films should remain as national as their authors or producers visualise them. But that should not prevent them from benefitting from an old system set up for them at European level. This point was made by Luigi Comencini in Lisbon, when he said: "Italian films are the only ones I am physically or mentally capable of making, but I need European machinery for producing and exhibiting them properly".

That will be my own conclusion in my discussion of this aspect of the problem.

In the eyes of the film-makers, television is the biggest threat of all to the cinema. The tension created by the broadcasting of an ever larger number of films was made evident in France early in 1978 when the employers' organisations in the film industry (the Film Industries Liaison Office) published an open letter to the President of France in the main newspapers and periodicals. Among other things the letter said:

"... But the film industry is being killed off ... French television broadcasts an average of ten films a week. This is all very well for the public, which adores films - proper films - and we are very pleased for it: it has been calculated that thanks to television 4,000 million viewers a year see films on their small screens ... In the last 20 years the number of cinema admissions /which represent the bulk (89%) of the film industry's resources/ has dropped from 410 to 175 million a year. At the same time the number of films broadcast annually by the television networks has risen from 100 to more than 500. These are the goose's golden eggs ... for the 90 minutes which it takes from the cinema at peak viewing time television pays on average what it would charge for a minute's advertising! ... Yes, television lives off the film industry all right ... And the film industry is dying because of it, the more surely as it is also heavily taxed unlike other forms of entertainment or cultural activity. If the film industry dies, there will come a day when there are no more French films either in the cinemas ... or on television. The goose that lays the golden eggs will have been killed! ..."

That is the problem in a nutshell. The film professionals wanted to draw public attention not only to the number of films broadcast on television but also to the price paid for them. For these films, which are seen by 4,000 million television viewers - ie 96% of the total number of people seeing the films - television pays only 80 million FF, which represents 11.5% of the receipts of producers/distributors. Cinemas bring them in 620 million FF, or 88.5% of their receipts, from 175 million cinema-goers, ie 4% of the total number of people seeing the films.

Other European countries are no better off in this respect. Although there is no problem in Norway, where only 65 films a year are broadcast, the situation is different in the United Kingdom and in the Federal Republic of Germany, where a thousand or so films a year are broadcast,

Of the European countries Belgium has the most extensive cable-television network, and it is surrounded by countries which each have several television channels. Every Belgian home can receive a dozen channels and thus has an enormous range of programmes, with films occupying a privileged position. Going to the cinema becomes very much more than a question of a premeditated decision. Inevitably cinema attendance suffers..

Italy is a very special case and warrants special attention. Cinemas there have to compete with national television and with networks in adjacent countries - but also, above all, with local or "private" television. Some figures will give an idea of the position. The 200 films broadcast by the national television company each year and seen by 3,000 million viewers brings in about 3,000 million lire for the film industry. The takings from 375 million film-goers in the cinemas amount to 360,000 million lire, which bring in at least 170,000 million lire to the producers and distributors. Cinemas thus provide 98% and television only 2% of the film industry's financial resources. But unlike in any other country these calculations must be adjusted to take account of local or "private" television networks, which are not subject to any control and are wholly free from tax because they do not have "any legal existence". They number about 400 in all and broadcast mainly films. They can operate round the clock without having to pay any royalties. In Rome and its suburbs there are 20 private transmitters broadcasting 300 films a week. Such a situation naturally makes the agreements concluded between the film industry and the television companies worthless. In these circumstances it is not surprising that in Italy 16 million people stay in front of their TV sets every evening while only a million go to the cinema.

Although the impact of television is felt in most Council of Europe countries, it fortunately does not have the same consequences everywhere.

In the Federal Republic of Germany collaboration between television and the film industry has been put to some extent on an institutional footing. In 1974 the two television channels and the Institute for Aid to the Film Industry signed an agreement for co-producing films which was to run until 31.12.1978. During those five years television contributed 34 million DM to the film industry, and the way in which this money together with the selective-aid fund was used was decided by a joint committee. Although not everyone was unanimously in favour of this co-operation - indeed, it was sometimes severely criticised by some film professionals - it has nonetheless almost certainly created a favourable climate in which some film directors can continue to produce films for which "on each occasion ... enthusiastic critics drum up the support of the public, which from Hamburg to Munich is literally running away from the cinema. Why is this happening? For all sorts of reasons. To begin with, the flamboyant, grand baroque style ... which leaves people cold there /in Germany/ - and which they distrust as well; and then because in the Federal Republic of Germany films are only a branch of television, and the small screen would not like to leave the big one the privilege of making an explosive impact with daring, committed films. And, lastly, because these grants which are widely distributed ... to television producers, who are glad to return to television between films, save them having to draw in the crowds. Syberberg said this quite categorically ... his films have no place on the commercial market ... To my mind, that is the whole tragedy of the German cinema; it is never popular" (1). A new cinema law which was to have come into force on 1.1.1979, is still under discussion.

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(1) Claude Sarraute: "The new German Cinema", Le Monde, 7 February 1979.

In the Netherlands the problem of competition from television occurs in an ambiguous form, since only a hundred films are broadcast each year. Television viewers accuse the film industry of restrictive practices.

There is no doubt that television has an influence on cinema attendances. One concrete proof of this was provided recently. The strike which hit French television in February 1979 had an immediate effect on cinema-going. On 21 February 1979 the front page of the newspaper "France-Soir" bore the headline "Paris cinema audiences up 350,000 since start of TV strike". An article went on to explain that the television strike had given the French a taste for going out again and that the cinemas were the main institutions to gain by this. It added: "According to the magazine "Le Film Français" ("The French Cinema") cinema attendances in Paris and the inner suburbs from Wednesday 14 to Sunday 18 February reached about one million admissions or 200,000 more than in a normal week... The increase in the number of film-goers since the strike by the 'Société française de Production' began on 8 February may be put at more than 350,000". This information was corroborated by the "Corriere della Sera" of 20 February, which observed: "The turn of events has provided further, tangible proof that television competes with other forms of public entertainment".

Apart from the number of films broadcast and the hours at which they are transmitted, television is accused primarily of paying too little in royalties for the films which it broadcasts at peak viewing times, while the programmes it produces itself cost a great deal. Films are the viewers' favourite programmes, which proves that people still like films. If cinema attendances have dropped so much over recent years it is mainly because films reach homes directly through television.

This situation threatens national film production, which can no longer count on a sufficient number of paying film-goers. It is paradoxical that while, thanks to television, films are being seen by ever larger numbers of people, receipts - which come almost exclusively from cinemas - are tending to drop and European television networks are consequently more or less dependent on American films.

Certainly one can try to look on the bright side and say, like Roberto Rossellini at the 1977 Cannes Film Festival, "Your beloved cinema is dying; you must re-invent an art and discover television - think about the rest of the world" (1). Through television the world today has in fact become a vast consumer of films, although the criticism may be levelled at television that it creates a passive audience and stifles the debate that is only really possible in the cinemas themselves, which are a meeting-place where ideas can be exchanged and discussed (and especially for young people).

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(1) Le Monde, 16 June 1977.

Television is a fact of life, and although the difficulties may be enormous, the main concern should not be to fight it but to live with it. It can complement the cinema, provided that a balance can be established which satisfies both the public's taste for films on television and the need for films broadcast in this way to be adequately paid for. In this confrontation of the two media there must be neither victor nor vanquished. Television is and will now remain one of the main outlets for films, but it should nonetheless pay the proper price for them. For its part, the film industry must admit that the fact that films are broadcast on television imposes a number of obligations on it in the way of cultural standards.

The crisis in the film industry has many causes apart from the existence of television, and I was accordingly able to note from the mass of documents I consulted when preparing this report that the "neutral" opinions - ie those which did not represent exclusively either the film industry or television - were never wholly in favour of one or the other. Joris Ivens, for example, puts it this way: "I have never thought that there was any real incompatibility between television and the cinema" (1); and Marcelle Mastroianni says: "I make no distinction between the cinema and television; I am optimistic about the relationship there may be between the two of them. I even think that the competition between the large screen and the small screen, if it exists, is of value in eliminating all those bad films which have undoubtedly detracted from the reputation of our profession..."

A marriage of convenience must therefore be arranged between them. Television is not always in the wrong - it sometimes comes to the cinema's aid. As Hans Peter Claas said, "Television supports writers ... without it there would be no new German cinema" (2). Others go even further. In an interview published in Le Monde on 20 May 1978 David Puttman (the producer of "Midnight Express"), said: "If the cinema is regarded as a producer, then there is no crisis - more films are being made than ever. There are more people than ever to see them /thanks to television/ ... films must be produced for television, because I do not believe in films being specially tailored to the screen showing them".

The recession which began in the American film industry in 1968 has been rapidly overcome thanks to exemplary organisation and methods and quite exceptional financial organisation; but the major film companies' attitudes to television has also contributed to this revival. At the present time the major film companies are the main suppliers of the TV stations, and they are also among the major shareholders. Television is an important - and increasing - source of revenue for the major film companies. In 1976 it brought them in \$753 million in receipts from the domestic market alone (\$230 million from the foreign market), whereas the national film market brought in only \$480 million (against \$470 million from the foreign market). Out of

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- (1) "The long march of Joris Ivens", Le Monde, 23.11.1978.
(2) Interview with Hans Peter Claas, Le Monde, 2.11.1978.

a total of \$1933 million, the receipts from television (\$983 million) were thus higher than those from cinemas (\$950 million). Future expansion of new methods of using television (video cassettes and video discs) will once again put the major film companies in a good position.

A trend is beginning to emerge in Italy, where, since the last reform of the RAI, television has tended to emphasise its function as a public service. Instead of confining itself to broadcasting films it has taken interesting initiatives in the film-production sector, where it would like to raise standards. The films "Padre Padrone" and "L'Albero degli zoccoli" ("The Clogtree"), which received awards at the Cannes Festival, were produced by television and are, both socially and culturally, among the finest recent masterpieces of the Italian cinema. Although it is developing this new type of activity, Italian television does not aspire to replace traditional film production; it merely wishes to supplement it with productions of a high artistic standard on a low budget. "There is no question of television's going into what is known as the commercial cinema", Eugenio Scalfari has said on Italian television. With this approach, television can help to promote, support and gain a wider public for the cinema as an art form.

This desire to co-operate could lead to the relations between cinema and television being put on an institutional footing in the form of a special committee consisting of representatives from television and from the different sectors of film production. The difficulties presented by such relations at all events call for a special effort, which should perhaps be reflected in new legislation. There is a move towards this in the Federal Republic of Germany, where the attempt is being made to solve problems within the framework of the new cinema law.

In this search for a compromise the film industry has a much greater freedom of production. It can allow itself a certain amount of artistic experiment which will be of interest to only a limited public. An unfettered film industry, which is not bound to meet only the needs of television, thus remains essential.

But in this context thought should also be given to the future. The new techniques for broadcasting images by cable, video cassette, video disc, satellite etc will have an impact on all the problems I have been considering. It is difficult to predict all the uses of video (ie electronic images). Since 1978, for example, experiments have been going on in Great Britain with a "video-cinema" system which could rapidly prove successful. It consists of using the video-cassette method, already used by television, in an auditorium equipped with a large screen. Some of the advantages - especially economic ones - which the wide use of such a method would bring can already be partly foreseen. But the drawbacks must not be glossed over. I will mention only one (which also applies to other technical novelties). How are the mechanical-reproduction rights of films to be protected?

Video cassettes already enable television viewers to "pirate" a televised film without paying any royalties. "... any shady 'collector' will be able to re-sell as many cassettes as he likes of the masterpieces of the cinema ... the ridiculously low price of cassettes is an encouragement to pirating, and the high price of a video tape-recorder, far from being a deterrent, will be within reach of any 'co-operative' of well organised pirates ... it is time to envisage setting up a system to protect our creative and professional heritage, which is vulnerable to pirating ..." (1). It is the duty of the public authorities to find an answer before it is too late. The responsibility of legislators is to foresee events.

This leads me on to say that the audio-visual media must be conceived of as a whole. There is currently no proper media policy. Trying to tackle the cinema alone would be unrealistic; the cinema has no future unless it is willing to take its natural place, ie as part of the fabric of audio-visual culture. Producing new national policies on the cinema is no real answer to the problems of Europe's film industry. A policy must be framed and implemented which will overstep national boundaries and cover audio-visual activities as a whole.

Consultation and even co-ordination between European countries seem to me essential. Implementing such a policy obviously requires continuous study, information and liaison, and I am glad that a first step in this direction has been taken recently with the setting-up of a European film Office in Brussels under the reliable direction of Claude Degand.

The difficulties are considerable, but the changes that are to come about in the future seem so great that they call for solutions on a similar scale. It is Europe's cultural identity which is at stake.

(1) Henry Chapier, "The video pirates", Le Monde, 13 - 14 August 1978.

CHAPTER III: STATE INTERVENTION

As we have seen, the cinema cannot be left at the mercy of market forces. Because of the cultural issues at stake, public authorities have intervened in the economic mechanism of the film industry to ensure that its activities continue along the lines planned and to encourage creativity. State intervention is also essential in promoting the distribution of films abroad.

Although these considerations justify state action, it is also necessary that the modes used should be such as to solve the film industry's problems and not merely be taken to satisfy a wish to control and direct. In the economics of the film industry the various problems are so intertwined that partial reforms cannot possibly succeed. Furthermore, state action is not confined to legislation; the state can also intervene on the financial side through bank credits, taxation and so on.

It is not possible here to go into all the types of financing currently to be found in the various member states. I can consider only the major aspects, even though the question merits much closer study. There is no doubt that the European film industry's problems can only be solved by financial means, and it is for us as parliamentarians to frame the necessary legislation. Although I can only touch on the problem in this report, I hope that our national parliaments will study it in greater detail, particularly those which are about to alter their national legislation in this sphere.

There are two main aspects to the financing of the film industry in Europe - direct support and taxation. First, I shall briefly describe the national systems which appear to me to be of importance.

In France the state gives financial support to the film industry through a special support fund currently amounting to 300 million francs. This fund, which is maintained primarily through a special levy on the price of seats amounting to 14% of box-office takings, enables production to be subsidised and bank credit to be made available at concessionary rates for the financing of films. The fund also makes grants for the modernisation of cinemas. The rate of VAT (value-added-tax) levied on box-office takings is 17.6%. The government has announced however that this rate will be reduced to 7% in 1979, which would mean a gain for the French film industry of some 160 million francs. This relief, though, will be combined with other measures, including an increase of 4 points in a special additional tax ("TSA") which maintains the fund for supporting the film industry. In this way it would be possible to keep unchanged the rate of some public grants to the film industry which are designed for example to compensate for the ending of concessions currently enjoyed by art-house cinemas and to stimulate the writing and production of films for the cinema-going public and television viewers. This increase in "TSA" should bring the state in some 60 million francs.

Grants for feature films, which were automatic until 1960, have been supplemented with selective grants (advances on takings) and by setting up an Office for Film-Making (Office de creation cinématographique). Grants for short films, on the other hand, are wholly selective. Advances on takings are made by the government only on the recommendation of a committee (whose

membership has just been reduced from 18 to 7), before or after the film has been made and on condition that the producer finds the rest of the money needed for the production. The committee, which in 1978 and 1979 had an endowment of 25 million francs from the support fund, has so far financed between 30 and 40 films a year. This system of grants for film-making, which is designed to encourage art films (especially those by young artists), has led to the discovery of a number of major film directors, because it prompts private producers to invest in films whose commercial risks they would have refused to undertake alone. The decline of the film industry, however, is such that the financial support given appears more and more inadequate. Moreover, about 10% of projects are never finally carried out or, if they are, the films are not always distributed or are not sufficiently successful to enable the financial advances to be paid back. Hence, the very principle of making advances on takings is being called in question.

A system of bank credits and selective grants has also been set up recently to help small- and medium-scale exhibitors.

In the Federal Republic of Germany the machinery for providing support is complicated because of the country's political structure. The support is governed by a law of 1968, which was supplemented by an agreement in 1974. Basically the system is a "self-help" one, designed to encourage business managers to take responsibility for their own affairs. The Federal Aid Institute (FFA) manages a fund maintained by a system of fixed levies on box-office takings which enables grants to be allocated for the most part automatically, although they have been made more selectively since 1974. Cultural aid consists of grants and subsidies and includes German film prizes. These are financed from the budget of the Federal Ministry of the Interior. In 1978 subsidies for film activities rose to more than 6 million DM, apportioned as follows:

- 2.5 million on grants for quality films,
- 2.4 million on grants to projects for quality films,
- 500,000 on subsidies for showing quality films in cinemas,
- 250,000 on subsidies to distributors,
- 300,000 on subsidies for scientific research in the cinematographic field,
- 150,000 on other grants.

In addition, 1.7 million DM were allocated to the Berlin Film and Television Academy, 5.2 million to the Berlin Festival and 500,000 for the Film Archives (film library).

These amounts have been increased for 1979.

A final category of aid is support for young film directors, which is provided for in the budgets of the individual Länder.

The present law on aid for the film industry lapsed at the end of 1978, but the period of its validity had to be extended, because the new law which was to last for five years, could not be adopted in time. The demands from the cinema world are familiar enough. The professional associations are in favour of retaining a fixed levy on box-office takings rather than a proportional levy. Above all, they are demanding that the new law should be based on market-economy principles, ie it should facilitate the production of films for the public at large and take no account of the politico-cultural considerations which the government seems to favour. Indeed, since 1974, when a degree of selectivity was introduced into the allocation of grants, subsidies awarded on cultural grounds have increased at the expense of grants governed by purely economic considerations. The former rose from 17% in 1973 to 66% in 1976, while the latter dropped from 56% in 1973 to 17% in 1976.

In the United Kingdom the national Film Fund is administered by the British Film Fund Agency, which is financed by a levy on box-office takings. Redistribution to producers (exhibitors receive no aid) is almost automatic, provided that films are "eligible". To be "eligible" a film must normally have been made by a production company resident in the United Kingdom, even if the company be under foreign control. It is therefore difficult to say whether the British film industry as a whole really benefits by this aid system. The levy is a forced investment by exhibitors in production, but the profits derived from the investment never go to the exhibitors nor do they always go to British producers.

The state also intervenes through the National Film Finance Corporation (NFFC), which receives a budgetary grant of around £1 million for loans to the film industry. As a rule, the Corporation's loans have been secured only on the revenues from the films from which the loans were made. To date, the Corporation has provided loans totalling £30 million and helping to finance some 750 films and 174 shorts.

In August 1975, a working party was set up to look into ways of giving a new boost to the British film industry. The working party recommended more government involvement in the film industry and the setting-up of a new public body to be called the British Film Authority (BFA), which would replace existing public bodies and become the main instrument of film policy. No action has yet been taken on these proposals, either by way of setting up the BFA or in allocating the sum of £5 million promised to the NFFC to meet its most pressing needs.

In Italy, state aid is financed almost wholly from the national budget. Films are awarded automatic subsidies plus grants and prizes on a selective basis. A very large government department deals with the film industry and support for it. The Banca Nazionale del Lavoro specialises among other things in providing loans at concessionary rates for financing films.

For some years now the difficulties experienced by the Italian film industry have led the various sectors of the industry to press the government to overhaul the whole system of state intervention by passing new legislation on the film industry. A bill is being prepared, but emergency measures have meanwhile been taken to finance the three special funds for providing financial support to the film industry. In January 1978 parliament voted an appropriation of 20,000 million lire, distributed equally over 1977 and 1978 to facilitate a revival in production. Of this sum 14,000 million lire were earmarked for the special section within the Banca Nazionale del Lavoro and 2,000 million for the special fund which finances films of an artistic and cultural nature.

The small amount of the appropriation voted and its limited duration (1977 and 1978) show that this is a purely ad hoc measure. Indeed, the Minister concerned said as much when the vote was being taken, pointing out that the proposed measure, although limited in scope, was designed to revive investment in the film sector and that the government was aware of the need to reconsider the question as a whole with a view to applying comprehensive, structural remedies. The current mood is to abolish automatic grants, which have not generally achieved the purpose of promoting quality films, and, instead, to develop state intervention designed to make credit more easily obtainable for higher-quality works. These measures should be supplemented by action to support the circuits which specialise in showing "cultural" films. In the present economic situation it is to be feared, however, that it will be so long before a new law is passed that its provisions will be inadequate. To this must be added the fact that administrative delays in paying out subsidies and grants are already discouraging investors and limiting the usefulness of state intervention.

Whereas other forms of entertainment are taxed at a reduced rate of 6%, value-added tax (VAT) (1) on box-office takings was raised initially to 12% and then to 14%. The imposition of this higher rate, which was originally to have applied only until 31 December 1977, was extended indefinitely in February 1978, although there is constantly talk of aligning it with the rate applicable to other forms of entertainment. The tax burden on receipts (including VAT) was accordingly about 50,000 million lire in 1976, whereas the total financial support given by the state to the film industry amounted only to some 37,000 million lire.

In other countries, such as Belgium, the Netherlands and Switzerland, state support is given mainly through grants which are mostly selective. The Scandinavian countries, on the other hand, have wholly distinctive systems.

In Sweden the film-industry was essentially a private one until 1963. In that year, in the wake of reforms suggested by Harry Schein, a public policy on films was framed and the Swedish Film Institute set up. This body manages an aid fund financed by a 10% levy on box-office receipts, which have been exempt from entertainment tax since that time. Apart from this income, which amounted in 1977 to some 26,000 kronor the Institute receives special subsidies, which must be used in accordance with government guidelines. The Institute is not a public body, but it is the main instrument of state policy on films. Swedish policy on aid approaches the question from a qualitative point of view (ie support films aiming at high standards), although films also receive automatic grants (which are proportional to takings). Furthermore, rising production costs and the shrinking international market have reduced private production of full-length films, and the Institute has accordingly become even more important, as it also acts as a film producer.

In Denmark the Danish Film Institute is a government body whose funds (about 20,000 million kronor in 1977) come wholly from the annual budget. The Institute subsidises the production of full-length films (40-70% of their budget), grants loans for equipping and renovating cinemas, makes up the deficits of full-length films and supports promotion campaigns and film schools. Its aim is to promote cinematographic art in Denmark, the subsidised films being mainly works with artistic pretensions. The production and distribution of short films and documentaries are arranged through the National Film Office, another government body whose funds (about 14.5 million kronor in 1977) also come wholly from the national budget.

(1) Value-added tax: IVA in Italy, TVA in France and
Mwst in the Federal Republic of Germany

The position in Norway is unusual. There is a National Association of Municipal Cinemas, which, using funds raised by contribution of 2.6% of the gross takings of all cinemas (municipal or private), can support Norwegian film-making and undertake extensive cultural activities in the cinematographic field. In addition, all full-length Norwegian films (or approved co-productions) receive a state subsidy amounting to 45-55% of the gross box-office takings. The state also guarantees loans raised for producing films for amounts of up to 90% of production costs.

Lastly, I should like briefly to mention the case of Spain. The paper submitted to the Lisbon Symposium by the Spanish Ministry of Culture made clear that the government was sparing no effort to support films which were an expression of artistic freedom. A first step was taken in 1977 when a Royal Decree was adopted changing the status of the film industry and, in particular, the system for supporting it. The government also appears to wish to pass a Cinema Act which would contain a whole series of measures to foster the development of the Spanish film industry. According to the Spanish paper prepared for the Lisbon Symposium, the aim is "to provide resources for a practical system of promotion, not only for producers, but also for exhibitors, distributors and auxiliary industries; not only a system of subsidies but also of specific credits for motion pictures, both feature-length and short subjects ... All of this because a secure industry is the best foundation for artistic creation ... in addition to its important industrial and commercial facets, the essential role represented by the cinema in its artistic dimension as a cultural vehicle must not be forgotten". From this it would appear that state aid in Spain will be selective rather than automatic.

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State financial policy on the cinema can be said to be defined by the size and type of levies imposed on the film industry and by the proportion of these levies redistributed and the recipients of such monies.

It has been seen that there are essentially two methods of redistributing these monies: automatic and selective redistribution. Any system of state aid has to adopt one of these two methods.

I am in favour of selective aid for cultural purposes. This sort of aid has the least possible effect on artists' freedom of expression and I am glad that the vast majority of those who attended the Lisbon Symposium agreed. This is not to say that automatic aid cannot be given in a limited number of specific cases.

The cinema cannot do without state aid. The general consensus of opinion is that state intervention is necessary if the cinema is to survive as a form of cultural expression. It remains only to decide on the form of such intervention.

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It could be thought that the state's sole concern should be to enable the film industry to exist and hope that its work will reflect culture. Nearly all legislation on the cinema, however, is framed so as to encourage quality, which raises the problem of defining that term. Despite the failures of aid systems set up by governments in the major European film-producing countries, the search must continue for ways of enabling Europe's national film industries to achieve the necessary financial independence. A proper cultural policy on the cinema can only be developed if it has a sound basis. The state itself must find a balance between stultifying interventionism and a form of simple assistance, which can only perpetuate the current situation.

The film industry can be given a new stimulus in our democratic societies only within a pluralist political, economic and cultural framework. The state must therefore not set out to take over the industry but rather to correct its fundamental imbalances and in particular to support those aspects - notably the cultural - which have the least to do with the industrial side. Any action along these lines likely to contribute to a film's success will affect its marketing, and it therefore is essential to single out quality films for privileged treatment.

Quality also implies freedom of speech. Minorities must be given the chance of making their voices heard. In this context alternative circuits have a big part to play and they must be supported. Similarly, the state should assist film schools, film libraries and the many other film events (festivals etc).

But we should not go from one extreme to the other and regard film as a purely cultural manifestation, while completely forgetting the economic aspects of what is and remains an industry with three branches - production, distribution and exhibition. Any aid the state may give cannot favour any one of these branches at the expense of the others.

There is another area in which the state can and probably should intervene and this is in export. In Chapter II above, on the subject of competition from American films, I mentioned the poor export record of European films. Our national film industries cannot stand up to American competition on their own. Any export policy should have a European dimension, and concerted action should be possible in this sphere.

Lastly, as regards the taxation of box-office receipts, the three possibilities are: total exemption from tax, a single tax, or several taxes. Value-added tax - which is already applied in several countries, albeit for the time being at different rates - is a special case, some of whose consequences have been considered above.

Action is needed on a scale which precludes the possibility of solving the problem of financing the film industry by half measures or by piecemeal reform. Only a comprehensive policy can have any effect. Several countries have felt the need for this and are preparing new legislation - this is true of Italy, the Federal Republic of Germany and Great Britain. Others have already passed such legislation, but it is still too early for analysis or assessment.

In this Chapter I have shown the wide variety of state intervention policies and, in the great majority of cases, how they have failed. Perhaps the moment has come for comparing experiences in order to determine, at the European level, what might be an efficient policy for state support for the film industry, particularly with regard to taxation and other financial aspects. It is with this in mind that we should understand the appeal made by Sir John Terry (1) at the end of 1977 when submitting a plan for harmonising grants to the film industry within the EEC (cf The Times of 12.5.78). In this appeal stress was placed on the fact that the dominant position of the American film industry in the world film market could only be counterbalanced by government support. This should be envisaged within the framework of a plan to harmonise and eliminate competition between film industries within the EEC. It should not be forgotten that any kind of aid is in fact illegal under the Treaty of Rome, whose Article 92 provides that "any aid granted by a member state or granted by means of state resources, in any manner whatsoever, which distorts or threatens to distort competition by favouring certain enterprises or certain productions shall, to the extent to which it adversely affects trade between member states, be deemed to be incompatible with the Common Market". If our governments prove unable to agree on a harmonised system, the Commission of the European Communities might envisage imposing a scheme limited to the Nine. It seems to me obvious that a system applicable to the whole of democratic Europe would be preferable.

Not all the member states of the Council of Europe or the parties to the European Cultural Convention are required to abide by the Treaty, but they clearly should find some solution acceptable also to the European Communities. The important thing is to avoid unnecessary expenditure of energy within Europe. So a solution which was acceptable to the Nine from the outset would clearly be of benefit to all.

On the basis of the report by Mr McNamara (Doc. 4214) the Parliamentary Assembly has recently adopted Recommendation 850 on European cultural co-operation. This pointed out certain principles which can be applied immediately in the cinema field. In the same way "the cinema can contribute to European unity", as Franz De Biase wrote in the Corriere della Sera on 31 March 1978 on the eve of a Copenhagen summit meeting. He added: "There is no doubting that it is through tourism, sport and cultural links that this real identification with common ideals can be most easily achieved on which a community such as that of the European peoples is, or should be, based. The cinema, which is redolent of cultural traditions and of artistic, historical and cultural experience, is consequently a tremendous mass medium which can, if put in a position to produce valid, significant work, ... make a contribution of incalculable importance ... Film must not be considered only in the economic context of free competition but also in its primary, social aspects, which are linked with the very development of culture. This is why the problem of harmonising national legislation will not easily be solved and will accordingly take a long time. But that is also why there is a need in the meantime to achieve an understanding between the Nine which will give scope for multilateral agreements between the various countries whilst abiding by Communities directives already adopted or in preparation."

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(1) Until recently Director of the National Film Finance Corporation (London) and Chairman of the working party on the future of the British film industry.

The Commission of the Communities is known to have been studying for some time now the problem of harmonising legislation on the cinema, particularly with regard to aid. The outcome - which may jeopardise the survival of some of our film industries, but on which a great many hopes are also set - is eagerly awaited by the film world. Our duty is to welcome and back any worthwhile, practical proposals for action at European level. One of the objectives of this report is to support, in a spirit of European co-operation, any attempt to find an effective solution to the problems besetting the European cinema.

CHAPTER IV: CENSORSHIP AND POLITICAL INTERFERENCE

CENSORSHIP

1. The Lisbon symposium consciously kept away from the question of censorship. It is a controversial area on which most countries have already adopted a fairly rigid position. But it is also closely relevant to the subject of this report, and although I do not want to encourage a full-scale debate, I do feel it is necessary to set out one or two observations here on censorship (and subsequently on the related use of film as a political instrument).
2. The fact is that in virtually all member states of the Council of Europe some form of film censorship exists. Although we usually take it for granted, it nevertheless survives as a queer remainder of the past. In very few countries is there preventive censorship for theatre, for music, for broadcasting, for sculpture, for literature, etc. We would consider this as an infringement of the freedom of the artist which has been strongly defended by the Assembly in the past and has been a major topic in the work of the Committee on Culture and Education for several years.
3. That film censorship is normally excluded from such discussion may be explained in terms of the tradition of film. When the movies first arrived they were considered as a sort of popular attraction belonging to fairs and shows and not without danger especially for the young. In the Netherlands, before the new Cinema Act came into force in July 1977 the old act was still sub-titled "Law against the moral and social dangers of the movie theatre". In view of what was permitted on the stage (or at least in written dramatic works) and in literature, I believe that this clearly was a left-over from the past. Since World War I cinema has developed into a mature discipline of art. It has its ups and downs, its good and bad, but in this it does not differ from any other artistic discipline.
4. The reason for censorship's becoming a subject for discussion lies not only in the fact that film has developed into a serious form of art. There is another reason, linked to a change in attitudes that is most noticeable following World War II: the desire of people to be considered as mature and responsible, and able to choose themselves what they adhere to or reject. In all sectors of human life this tendency is abundantly clear, and it is no wonder that the desire of people to decide for themselves the sort of film they want to see has become part of this general tendency.
5. The general objections to this tendency, and the particular objections regarding films in cinemas, have I believe been discussed in all our countries. Film is a penetrating medium and has many technical possibilities for making a very strong impact on people. And of course a good cineast makes use of the possibilities. Many of the most beautiful films (to take one well known example "La vie devant soi" with Simone Signoret) are a result of them.

But of course the same possibilities are at the disposal of those whose aim is not to make a good film, but to earn a lot of money with the least costs. The flow of pornographic, perverse and violent films into our countries is therefore inevitable. The extent to which such films have a bad, a neutral or a cleansing influence on (young) people, is a question which cannot be dealt with here in detail. There are different views - also different scientific views - on the point. The position could however be adopted by politicians that it is better to

avoid risks and impose, as is already the case in many countries, preventive censorship for adults as well as for young people. For why should we have laws to protect the body against harmful foodstuffs, cosmetics etc, and not a law against those products which may have harmful effects on our minds and may be just as dangerous for society, if not more so?

6. I would note, incidentally, that, to judge from the practice in many countries, the main fear of the authorities appears to concern the influence of sex (which in my opinion is a normal phenomenon in society) and far less the influence of violence (which I think many never be accepted as a "normal" phenomenon). Violence is rejected in combination with sex, but otherwise it is usually accepted. How many violent spaghetti westerns have been forbidden in our countries? Many films have been censored because of the number of nude bodies but only few have been forbidden because of the number of killings. I fear that in this respect old-fashioned ideas or even hypocrisy are behind the attitudes of many authorities.

7. While I can understand and respect the feelings of those politicians whose point of view I tried to indicate above, I nevertheless feel strongly that there should be no film censorship for adults. I should make it very clear from the beginning that I am only speaking of adults. All will I hope agree that censorship for children should be maintained (1). This counts especially for violent scenes. Children have no "in-built" defence against these scenes. It does not seem sensible to propose at the present moment a common Europe age of maturity in this field (12, 14, 16 or 18) as conditions in our countries probably differ too much for this. For obvious practical reasons what I am saying here is also restricted to the public showing of films in cinemas. Quite different criteria apply to films on television which penetrate directly the privacy of the home. With these reservations, I have no doubt that film, as a mature artistic discipline, should be treated in the same way as theatre and literature. This is not only because adults may be supposed to have an "in-built" defence which children lack. Adults in this world have - alas, we may say, but who can deny facts? - been confronted time and again with the hard facts of life: illness, death, wars, crime. There is hardly anything possible in fiction - or in films - that has not happened in real life. It seems to me a bit ridiculous and hypocritical that we should try to conceal these aspects only in the field of film.

However, there is a more fundamental reason. Our democratic societies are built upon the fact that we consider our citizens as mature, sensible and responsible people. They are supposed to be able to choose their government, their local representatives, their family units, their vacation, their house, in a word: their own destiny. If we refuse to accept this basic consideration we are not accepting democracy. And although we know tht there are irresponsible people, we nevertheless stick to our principle, because otherwise we would slide away to dictatorship or to the technocratic society. For every choice we make in life we have to pay a price, literally or mentally. The price we pay for democracy is that we take risks. Democracy is not a system for timid people. I am very much aware of the negative influence that some films may have on some, even adult people. But I am much more aware of the fact that the only society which is worth living in is that society in which people themselves accept the good and drive out the bad. It may seem exaggerated to use these phrases in such a minor problem as film, but to me it is a test case as to whether we have trust in our citizens or not.

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(1) In the Netherlands, where censorship for adults has been abolished, it is maintained for young people below 16 or 12 years, according to the case

8. Censorship can also have a direct effect on artistic creativity. While preventive censorship stops a film from being shown, the artist can at least in theory feel free to make it. We should not however lose sight of the effect of such censorship in forcing the artist to avoid what is likely to be stopped and to attempt what is likely to be approved. This auto-censorship is most obviously seen in the socialist countries where the authorities aim, by physical or psychological means, to compel the artist to fulfil his task in a way which is acceptable to "the system". There is a distinction to be drawn between film policy (which may vary between governments and may reflect in a democratic society the general wishes of the public) and direct intervention in the creation of the artist (which we do not accept in Western Europe). When considering censorship, and therefore policies for imposing censorship, we should be careful to bear this distinction in mind.

FILM: A POLITICAL INSTRUMENT?

1. In the earlier chapter on state aid I mentioned several forms of aid and expressed a preference for selective aid. I wish to take up again here briefly the problem of the criteria for selection. This is a political issue. If film is part of a cultural policy, what cultural policy? And if it is used as a political instrument, what choice of society lies behind it?

2. I am well aware that even putting those questions may cause indignation. It will be objected that you do not have to adhere to the - outdated - theory of art for art's sake to be of the opinion that the arts should not be instruments of politics. Arts have a nature and a character of their own. It is a dangerous path to put them into the hands of politics: see "Artische Kunst" in Hitler's time or the "Realistic arts" of the Soviet Union. Although even in these systems artists have created beautiful products, the systems in the end have implied the "death" of arts.

3. Yet, we must realise that any state in any society is practising a cultural policy. Even if it does not interfere in any way with culture, it is pursuing a policy because it gives a free hand to other forces that - by power, by money, by monopoly, etc - are in control. A state which leaves film in the hands of commercial forces, is in fact pursuing a policy, only not in words, but hidden behind a curtain of aloofness, and therefore making itself less responsible. In fact this attitude is a most undemocratic one.

4. And the historical objections disappear when we realise that in the Council of Europe we are dealing with democratic societies. In such a society, were a state organ to try to oppress or forbid a creative act, parliament, the press and public opinion (and, if need be, an independent judge) are there to put the authorities in the pollory. Therefore, in democratic states, the question should not be if a cultural policy (with or without political aims) should be administered but how. If social, economic, foreign or educational policy is allowed, there is no reason whatsoever that there should not be a policy on arts - provided it is laid down in laws, legal measures, etc., which are open to control by parliaments, press and public.

I should like to go even further. It is not only unavoidable but it is also reasonable that cultural policy (and thus policy affecting the cinema) should vary with the government in power. A liberal government for example may choose to interfere as little as possible, may prefer general aid to selective aid; a socialist government may be more selective, may give extra support to those creative projects which pay attention to the underprivileged. We accept that a change in government may imply a change in tax-policy, or in economic policy - for these reasons we have elections! There is no reason therefore why a change in government should not imply a change in film policy.

I am fully aware of the many emissions in my report. Several important questions, such as dubbing, short films, film schools, education and training, have not been discussed. My main concern has been to highlight the urgent need to harmonise the relevant legislation within Europe. National legal provisions have proved to be inadequate and in nearly all member countries state intervention has been of little avail. The situation calls for radical reorganisation of this whole sector of activity commercially and industrially as well as from a cultural and artistic point of view. Only comprehensive action can provide a remedy, and we must therefore encourage and support any possibilities of European co-operation which might indicate ways of developing national film industries.

The buoyancy of the American film industry should be an example and a stimulus. Similarly, television must be seen as a means of encouraging the production of quality films on the basis of fair agreements between the two media. The cinema itself an audio-visual medium, must not be treated in isolation from the other media. New technological processes are about to be marketed which open up enormous possibilities, and we must look to their future if we are not once again to be overtaken by events. The present problems of the film industry could provide an opportunity for framing a co-ordinated policy on the audio-visual media and indeed on the media as a whole.

A P P E N D I X

THE EUROPEAN FILM INDUSTRY IN FIGURES: (1976 basically)

(extract from a report by M. Claude Degand
consultant expert)

COUNTRY	Population (in millions)	Number of cinemas	Cinema- goers (millions)	Gross box office takings (millions)	Number of films produced	Number of films shown on TV
AUSTRIA	7.5	563	17.7	538	5	572
BELGIUM	9.8	594	24.8 (1975)	1729 (1975)	4	351 (a)
CYPRUS						
DENMARK	5.1	350	18.8 (1975)	160 (1975)	16	103
FINLAND	4.70	309	8.8	74.4	9	
FRANCE	52.8	4443	176	1745	214	517
FRG	61.8	3092	115.1	591.9	61	1008 (x)
GREECE	9		49			
ICELAND						
IRELAND	3.13					

(a) Not including films shown on "local", "cable" or "peripheral" television.

(x) Probably the number of "showings" or "broadcasts", not the number of different titles, which is smaller

COUNTRY	Population (in millions)	Number of cinemas	Cinema- goers (millions)	Gross box office takings (millions)	Number of films produced	Number of films shown on TV
ITALY	55.8	8730 (c)	454.5 (in millions)	375.2	230	120 (a)
LIECHTEN- STEIN						
LUXEMBOURG	0.4	36				
MALTA						
NETHERLANDS	13.7	419	26.5	141.8	8	115
NORWAY	4	439	16.8	131.5		65
PORTUGAL	8.76		40			
SPAIN	35.5	5076	256	12972	103	224 (b)
SWEDEN	8.2	1183	22.3	290 (b)	14	220
SWITZER- LAND	6.40	501	22.6	133		
TURKEY						
UNITED KINGDOM	56	1590	107	79.9	64	1200 (x)
USA	213.6	14650	957	2036	200 (b)	

(a) Not including films shown on "local", "cable" or "peripheral" television

(b) Estimated (approximate) figure

(c) Only 4703 of these are run along normal commercial lines

(x) Probably the number of "showings" or "broadcasts", not the number of different titles, which is smaller