

91-433

SG/CULTURE/60/84

Boekmanstichting-Bibliotheek
Herengracht 415 - 1017 BP Amsterdam
Tel. 243739

=====

THE EXHIBITION OF FILMS OUTSIDE THE MAINSTREAM CINEMA
IN THE COUNTRIES OF THE COMMUNITY

=====

**STUDIES
CULTURAL SECTOR**

A Study made for the
Commission of the European Communities
by
ANDREW FILSON

Boekmanstichting - Bibliotheek

Herengracht 415 - 1017 BP Amsterdam
telefoon: ~~24 37 36~~ / ~~24 37 37~~ / ~~24 37 38~~ / 24 37 39

De uitleentermijn bedraagt een maand. Mits tijdig
aangevraagd is verlenging met een maand moge-
lijk, tenzij de publikatie inmiddels is besproken.

De uitleentermijn is verstreken op:

15 OKT. 1993

12 MEI 1994

6 JUNI 1995

20 MAART 1998

23 JUNI 1999

25/7/01

Boekmanstichting-Bibliotheek
Herengracht 415 - 1017 BP Amsterdam
Tel. 243739

The Commission of the European Communities is concerned that the experts whom it commissions to write reports should express themselves with absolute freedom and independence; the views expressed in this report are therefore those of the author and should not be taken as reflecting the opinion of the Commission

THE EXHIBITION OF FILMS OUTSIDE THE MAINSTREAM CINEMA
IN THE COUNTRIES OF THE COMMUNITY

TABLE OF CONTENTS

	Pages
Preface	2
Introduction	3-8
France	9-51
Germany	52-85
Italy	86-98
The United Kingdom	99-117
Belgium	118-126
Denmark	127-129
Greece	130-133
The Netherlands	134-145
Ireland	146
Luxembourg	147-148
Confederation Internationale des Cinemas d'Art et d'Essai	149-151
Conclusions and Recommendations	152-164

PREFACE

I would like to thank very warmly all those who in each of the Member Countries generously gave me their time, provided information themselves, pointed to other sources and discussed my interpretation. I will not list them personally, as some would prefer anonymity, but I hope that they will all accept this message of deep gratitude.

ANDREW FILSON

November 1984

INTRODUCTION

1. This Study arises out of a Resolution passed by the European Parliament on 10 October, 1983, when it adopted a Report from the Committee of Youth, Culture, Education, Information and Sports on 'The Promotion of the Cinema of the Countries of the Community'. (This is generally called 'The Pruvot Report', as its Rapporteur was Madame M-J Pruvot.) The Resolution emphasised the general need to improve the arrangements for the distribution of films and in Paragraph 14 added a specific proposal that attention should be given to the circulation of films outside the mainstream cinema.

2. Paragraph 14 of the Resolution (the immediate source of this Study) reads as follows:-

"14. [The European Parliament] hopes that the Commission will, by analogy with the practice for consumers' associations, support organizations of cinema-goers, cinemas called art et essai, film clubs and municipal cinemas, which together form a very large market, in terms of quantity by bringing back to the cinemas a considerable proportion of the general public which television has attracted away from the commercial circuit and, in terms of quality, by developing a cinema culture creating a demand which the production sector will, as a result, meet with a supply of films of a high cultural level."

3. The essence of this paragraph is that outside the mainstream cinema, several types of exhibition outlets should be encouraged because by programming certain films of cultural value, which would otherwise get little or no distribution, they can attract additional audiences and so provide an incentive for the production of such films. Unfortunately it is not possible to offer the set of clear definitions which are desirable, but some map must be attempted of a difficult terrain where the boundaries are indistinct.

4. In the mainstream market the basic aim of the exhibitor is to maximise his profits, so normally he will look for mass entertainment

films, though for a variety of reasons he may vary his programming. These are 'commercial' cinemas, but not all 'commercial' cinemas are 'mainstream', for some commercial exhibitors may, from preference or necessity, specialise in films of cultural value and minority appeal.

5. The 'non-commercial sector' includes film societies and subsidised cinemas: most of them concentrate on films of cultural value, but there are some Municipal Cinemas which have been set up or subsidised for civic reasons ('we need a cinema as well as a football pitch') and may seek mass entertainment rather than cultural films.

6. It is even more difficult to define precisely such phrases in Paragraph 14 as 'Quality', 'cinema culture' and 'high cultural value'. In practice we will be using the phrase 'of cultural value' in two different ways: for films of artistic value (another useful though indefinable concept) and, secondly, for films which express a nation's attitudes and way of life.

7. It will be assumed, for it cannot be proved, that the works of, for instance, Bergmann, Fellini, Renoir and others, have an artistic quality which is not possessed - or sought - by the normal run of mass entertainment films. This approach may be condemned as a form of elitist snobbery, but surely a distinction can be drawn between 'The Seventh Seal' and a simple crime film. The same person can enjoy both, but in different ways, just as he can enjoy both Proust and Simenon. All this certainly depends on subjective judgments, but similarly there are no absolute standards by which we can prove that the Parthenon or the plays of Shakespeare or the symphonies of Beethoven are of greater cultural value than most other buildings, plays and symphonies.

8. Artistic films include various types of experimental films. Some explore new styles and techniques: it has been said that "What is important in the experimental cinema is not that it pleases or displeases, but that

it exists. No art in any field has ever made progress by following familiar routines". Other films are experimental in the sense that new talent rather than new styles and techniques are being used, preferably on low budgets. It is clearly desirable that experimental films should not only be made, but should also be seen and discussed, at least by some dedicated film enthusiasts. The experimental sector is an investment in the future. What we have been discussing are conveniently covered by the French phrase 'films d'art et essai' (art and experiment) which is now understood and used internationally. (The French definition is summarised in paragraph 35 below.) It covers a wide range of films, some of which achieve a considerable amount of commercial success in domestic and foreign markets, while others may get no more than a few private screenings.

9. The second sense in which films will be considered to possess cultural value is that some reflect in a special way the national attitudes and way of life. As the French Malecot Report (1977) said, "The Cinema is the expression of national identity wherein a country recognises itself and is recognised" and "The disappearance of the cinema, though economically tolerable, is a cultural assassination ...". Such national films will include those which express a regional or community culture, such as, for example, Flemish films. As in other forms of popular art these films may have considerable cultural value, even if they are of modest artistic quality. (Of course if they are badly made, then they may just fail to communicate and so lose their potential value.) Not all films which are legally 'national' necessarily fall into this category, for in some countries a film may satisfy the legal criteria even if they are cosmopolitan in origin, style and outlook, so instead of referring just to 'national' films we will use the phrase 'national identity' films.

10. Some films which may be of cultural value will not be discussed in this Study - neither Education, Training and Informational Films, because these belong to a different world: nor films made specifically for television, because the Study is concerned with cinema distribution: nor short films partly because their future in cinemas is almost totally dependent on long films and partly because the writer has already given his views in the Study on 'The Production and Distribution of Short Films in the Countries of the Community' prepared for the Commission of the EEC in 1981.

11. It will be argued by some that all this talk of cultural value is irrelevant or misleading and that the only meaningful criterion for the value of a film is how many people pay to see it. Logic by itself can neither establish nor refute this criticism, for in either cases important assumptions have to be made. It is, however, surely a fact that the free play of the market is not accepted in any civilised society as the sole arbiter either in welfare areas such as education and public health, or in cultural activities, such as Music, Art Galleries and Museums. Why should the free market be the sole arbiter in films?

12. On the other hand there are dangers in the sort of ideology which led a President of the (French) 'Association des Auteurs de Films' into the statement that "To associate the notion of profit with a means of expression is to condemn the means of expression". Profitability is indeed not the touchstone of value, but it is well to remember that for films profits come, directly or indirectly, from securing audiences and that the film is a medium of communication made for audiences. Moreover, the money is useful. Production costs must be paid for somehow, either through earnings or through public subventions or through a private Maecenas (or through involuntary donors who unfortunately do not get paid for the goods and services they have supplied to a bankrupt company). It is

normally too expensive a medium for a private Maecenas and the public purse has a queue of claimants, so it is highly desirable that as much as possible of the subsidies given to production should be recouped out of earnings.

13. As far as possible we should avoid rigid distinction between 'cultural' and 'commercial' films. A film can have cultural value even if it is widely enjoyed, while commercial failure is not a proof of artistic quality, but may merely be a sign that the film is pretentious and boring. It is better to think in terms of a continuum which includes a range of films from commercial trivialities to solipsistic nonsense, an overlapping mixture of films of varying degrees of cultural value and popular appeal. We have not one but many audiences (and individuals can belong to several different ones): what we need are arrangements for distribution and exhibition which will increase the opportunities for different types of films to reach the audiences who will enjoy them. If spectators who want or would enjoy films of cultural value are allowed a better chance of seeing them, then it is probable that the total volume of attendances will increase for the benefit of the cinema as a whole. Cinemas showing films of cultural value should not be a ghetto isolated from the 'commercial' industry, for there is a continuum of cinemas (as there is of films), all part of an interdependent whole, each to some extent dependent on and contributing to the health of the others.

14. We will take each country separately, but as there are great variations in their history, present position and problems, the issues and the order in which they are discussed will also vary. In many cases considerable space will be given to the historical background, partly because otherwise the present position will not be understood and partly because the past experience of one cinema may have lessons for

others. The reviews of individual countries will lead to some general
Conclusions and Recommendations.

FRANCE

The Background

15. French film legislation has a well established tradition of supporting the production, distribution and exhibition of films of cultural value. The first post-war law of 1948 helped production only with automatic aids related to box-office results, but its successor, the Law of 1953, added new measures based on the concept of quality. The changes were commended to the National Assembly with the argument that, if the Cinema is not an Art, it will never become an industry. In the years that followed the new system helped the industry to produce a series of French films which have become classics of world cinema.

16. The artistic importance of films was further emphasised when in 1959 the control of the Centre National de la Cinematographie was transferred to the Ministry of Cultural Affairs, particularly as the Minister at that time was Andre Malraux, who had a profound understanding of the dual nature of the cinema as a mixture of art and industry. In a Decree of 1959 dealing with the organisation of the Ministry his general aims were declared to be '... to make accessible to as many people as possible the chief works of mankind, particularly those of France, to secure a maximum audience for our cultural heritage and to encourage the creation of works of art ...'.

17. Aid is also provided for distribution and exhibition, some of it specifically designed to develop the market for films of cultural value. In addition to an automatic aid based on the box office results of French films in which they have invested, distributors have also since 1976 had access to some aid towards the print, publicity and other release costs of high quality films which are 'difficile' (difficult to market). Not

much use has been made of this measure, but recently changes have been introduced as part of the Lang Reforms which will be discussed at a later stage (paragraph 89). For exhibitors generally the central feature of the system has been the aid given towards the modernisation of cinemas, but for our purposes far the most important section of the aid system is that dealing with 'cinémas d'art et essai', which will be discussed at length in paragraphs 32-76 below.

18. All sectors of exhibition have been benefitted by governmental efforts to check the unfair competition of television, which in France, as in other countries, has helped to decimate audiences by showing old (and not-so-old) films, most of them bought very cheaply. Regulations, which need not be detailed here, have been introduced to limit the number of films which can be screened annually, the times at which they can be screened and the period which must elapse between a film's 'visa d'exploitation' and its TV screening. The policy of detailed intervention has been an important reason why cinema attendances in France have not collapsed in the last decade. It is, however, of interest that the regulations about the number of films which can be screened annually and the times when they can be screened both permit exceptions in respect of films of the Ciné-Club type.

19. It is largely due to the balanced and subtle aid system of support that the French film industry has survived better than any other in the Community. While most markets are continuing to crumble, French cinemas had more admissions in 1982 than in any year since 1968. Moreover, since 1974 French films have on average secured over 50% of the French market, a figure which is not equalled by national films in any other market of the Community: clearly there are better opportunities in France than elsewhere for films of national identity.

20. Not all problems have been solved. Like other countries France has suffered through the monopolistic practices of exhibitors and by distributors. Three big circuits have (until their splitting into four by the Lang Reforms in 1983) controlled the programming of nearly all the first run cinemas in Paris, most of the first run cinemas in other big cities and altogether about a third of the country's cinemas, which between them yield about half the national box-office. A distributor does not expect his film to be successful unless he can make a deal with one of the circuits, which have inevitably developed some dictatorial habits. The Lang reforms have made some far reaching changes, but it is too early to evaluate their results (see paragraph 87).

21. Hitherto the distributors best able to deal with the circuits have been the American Majors, because the centralised control of programming has tended to favour the mass promotion of American films. No direct action has been taken against the American Majors and it remains to be seen whether the Lang Reforms and their elaborate control of booking arrangements will curb the intensity of the cultural invasion.

22. Inside the overall framework of the French system a special place has been made for films d'art et essai. The detailed provisions have been varied in the light of experience and changing circumstances, but its objective has always been to encourage with financial incentives and rewards the cinemas which are classified d'art et essai because of the quality of their programmes. It has done more for films of cultural value than has any other in the Community and though its precise formulae cannot be applied in other countries with different structures and traditions, there is much to be learnt from its history, principles, methods and indeed from its defects as well as its achievements. A large ration of space (paragraphs 32-76) will be given to this system, but first we

will look at its predecessor - the Ciné-Club Movement.

Ciné-Clubs

23. The Ciné-Clubs of France date from 1919, but they were not numerous or strong until the relaxing of censorship at the end of the year in 1945 caused a sudden mushroom growth. Their artistic significance was at this stage neglected, but commercial exhibitors were frightened by the new challenge. This led to a system of state regulations, which, however, were combined with state encouragement, so that Ciné-Clubs have become able to work as a separate, non-commercial sector, mainly repertoire, aiming to serve and increase an audience which will enjoy and appreciate the best of world cinema. The movement built itself a position of some importance in the film culture of the country, but recent developments have called for a reassessment of aims and methods, so the future is unsettled and we must wait for the results of the new initiatives foreshadowed by Jack Lang, the Minister of Culture.

24. Regulations and Privileges: A Ciné-Club cannot operate until it has been classified as such and its classification can be withdrawn if it does not maintain an adequate standard both in its choice of films and in the way it presents them and has them discussed. A Ciné-Club must belong to one - but cannot belong to more than one - of the Federations, which by decision of the C.N.C. and the Ministry of Youth and Sports are 'entitled to diffuse culture through the film'. These Federations supply films to the Ciné-Clubs, each of which can get films only through the Federation to which it belongs. This restriction is not so severe as it may sound, for a film can be in the catalogues of more than one Federation.

25. The C.N.C. lays down some strict rules to prevent the Ciné-Clubs from competing with commercial cinemas. Their performances are open only to members and their guests. Publicity is regulated. Films which are

less than three years old cannot be offered by a Federation unless a special exception has been made by the C.N.C. after consultation with a Commission which consists of a representative from Ministries, the Commercial Industry and the Cine-Club Federations. The names of the films excepted must be published. In return the Cine-Clubs have the privilege that they do not pay Added Value Tax and the Federations are excused customs duties on the foreign films which they import.

26. Membership and attendances: Statistics about Cine-Clubs are incomplete and sometimes dubious, as the C.N.C. itself recognises, for it now publishes much less than it did up to 1981. In 1983 it reported that there were 8 Federations in operation with a total of 11,000 Cine-Clubs and more than a million individual members. In the year ending 30 September 1982 43,200 programmes were shown plus 2,000 programmes of short films: there were 0.1 million spectators for programmes in 35mm and 3.7 million for programmes in 16mm, a total of 3.8 million. In 1984 the C.N.C. stated that the attendances for 1983 could not be precisely stated, but were probably over 3 million. The figures are based on the returns which the Clubs are required to send to the C.N.C. after each performance. In the fuller reports previously published the C.N.C. used to say that only 42% of the returns were in practice completed and that one should multiply by 2.4 the numbers of spectators published. It is, however, possible that the figures over-estimated the strength of the movement.

27. Even though they are not 100% reliable it is worth recording the total reported attendances since 1964 in order to show what seems to be a clear downward trend, whether or not we have to multiply by 2.4 or some other figure. As can be seen from Table 1, the number of spectators rose to a peak in 1964 and since then has decreased steadily (except for a temporary recovery in 1976-77) so that the 1983 total was well under half that of 1964.

TABLE 1

France: Trends in the numbers of Cine-Club attendances 1956-83

Spectators reported (see Note A) in millions

	35mm	16mm	Total	
1956	0.8	4.0	4.8	
1964	1.2	7.0	8.2	Note B
1965-66-67	Not available			Note C
1968	1.0	5.9	6.9	
1969	0.8	5.2	6.0	
1970	0.8	5.9	6.7	
1971	0.7	5.5	6.2	
1972	0.6	5.7	6.3	
1973	0.5	4.9	5.4	
1974	0.4	4.8	5.2	
1975	0.4	4.5	4.9	
1976	0.5	5.2	5.7	
1977	0.5	5.7	6.2	
1978	0.3	5.1	5.4	
1979	0.3	4.7	5.0	
1980	0.3	4.2	4.5	
1981	0.2	4.2	4.4	
1982	0.1	3.7	3.8	
1983			3.0+	Note D

Source: C.N.C. 'Informations'

Notes: A. The C.N.C. used to say that only 42% of the performances were reported as they should be and that the numbers given should therefore be multiplied by 2.4.

B. Until 1964 figures are years ending 31 December. From 1967 the figures are for years ending 30 September.

C. Detailed figures are not available for 1965-67, but in 1967 the total for 35mm spectators plus 16mm spectators was 6.7 million.

D. The C.N.C. reported that it was difficult to estimate with precision the attendances in 1983, but suggested that it was over 3 million, almost all for 16mm projections.

28. Types of films shown: So many of the performances are not properly reported, that generalisations about the wide variety of programmes must be treated with caution. When, however, the C.N.C. analysed the 100 long films which had been seen by most spectators in the year ended 30 September 1980, the results, which were much the same as had been found for the previous year, showed that the films could be divided into four general categories - (a) films of ideas (37%), (b) children's films (30%), (c) films for the general public (25%), (d) 'classics' (films 30 years old) (8%).

29. As Ciné Clubs normally cannot show a film until it is three years old, they do not have the same sort of programmes as art et essai cinemas and are not a 'follow-up' circuit, but go their own way. They cater for a wide range of needs - for children, for audiences in academic circles, for small towns without a cinema. The income they can bring to a distributor is usually negligible, but this is a supplementary network which encourages the development of an informed and appreciative audience.

30. Educative role: It is the educational role of Ciné-Clubs which should be emphasised more than their declining numbers. They cannot compete with modern cinemas, with television and cassettes, but they are serving the potential audience of the future. Children's films rank high among their most popular programmes and it is also significant that

of the eight Federations operating in 1980 the one which had over twice the membership of the other seven combined was 'La Ligue Francaise de l'Enseignement' (The French Education League). Ciné-Clubs can do much to encourage a liking for films, an appreciation of films of quality and even a desire to see films in cinemas rather than on television or cassettes.

31. The Future of Ciné-Clubs: Some doubt has now been cast on the future of Ciné-Clubs by the relevant paragraphs of the policy statement issued by the Minister of Culture (M. Jack Lang) in January 1983. After paying tribute to the achievements of the movement he said that because of a lack of resources and the competition of television and cassettes Ciné-Clubs had not been able to adapt themselves to modern conditions, so it was time to modernise the regulations now in force and to create new bases for future development. He suggested that this might mainly be in the field of the film education of young people and in promoting the appreciation of 'difficult' films. It is not yet known what concrete proposals will result from the discussions which have been started between the C.N.C. and the representatives of the Ciné-Clubs.

The cinema d'art et essai

The beginning

32. 'Cinéma d'art et essai' has long roots. In the period of artistic experiment following 1918 some cinemas were given over to avant garde films, but it was not until 1928 that the first cinéma d'art et essai was established under that name. Progress was frustrated by the economic crises of the 1930's and then by World War II, but in the 1950's the policies of the Centre National de la Cinématographie (C.N.C.) not only brought on a new age of French filmmaking but also stimulated adventurous

exhibitors to launch a movement which became much more important than the Cine-Clubs: in 1955 the Association Francaise des Cinémas d'art et d'essai (AFCAE) was founded with five members.

33. Recognition of the new movement came in 1957 when an Arrete set up a Commission to define the concept of cinéma d'art et essai and to recommend a system of classification and privileges: by 1961 such a system had been established, a pioneering achievement of great importance.

The Classification Commission

34. At the centre is the Classification Commission which advises the Director General of the C.N.C. on the classification of cinemas and on other issues as well. It consists of a Chairman and 17 members. The Chairman is appointed by the Minister of Culture. There are four representatives of Ministries (2 from Culture, 1 from Youth, Sports & Leisure and 1 from the Treasury), 8 representatives of the Profession, appointed by the Director General of the C.N.C. after consultation with representative organisations, (3 exhibitors, 2 producers, 2 'auteurs' of films, one of whom must be a director, and 1 representative of Cine-Club federations) and five independents chosen on personal merit by the DG of the C.N.C. The DG (or his representative) also attends. The main task of the Commission is to consider applications from cinemas which wish to be labelled art et essai and to decide whether these should be placed in one or other of the various categories which will be described at a later stage.

What are films d'art et essai?

35. Cinemas get classified as 'd'art et essai' according to the extent to which they show films d'art et d'essai - but what are such films? The relevant decree in its present form says that the films must be one or more of the following types:

- a. films of incontestable qualities which have not got the public audiences they deserve:
- b. films with characteristics of research or innovation:
- c. films reflecting the life of a country whose films are not adequately released in France:
- d. films with an artistic or historical interest, particularly classics of the screen:
- e. short films which can bring new life to the screen by their rare quality:
- f. recent films which have won both critical and popular acclaim and can be considered to be making a notable contribution to the art of the cinema:
- g. amateur films of exceptional quality.

36. Such are the criteria, but no law or regulation sets out any machinery for deciding which films satisfy these requirements. It is left to the Classification Commission to determine whether and to what extent the programmes shown at a cinema have been composed of films art et essai.

The listing of films d'art et essai

37. In the early days the Classification Commission made lists of films considered as d'art et essai, but the burden of work proved excessive and impracticable. Now lists of Recommended films are drawn up and circulated by the AFCAE (Association Francaise de Cinemas d'art et d'essai). The lists have no legal status and do not bind the Classification Commission, but in practice a pragmatic solution was found for a difficult task which is not even mentioned in the laws and decrees.

38. To carry out this work the AFCAE has appointed a large Committee, some being filmmakers, some being critics and some coming from other cultural

activities. Commission members may also participate in the work of the Group. Every fortnight names of films which are candidates for Recommendation are sent out to members of the group and on the basis of their responses lists are then issued to Cinemas at quarterly intervals. Some films are Recommended 100% and some (the older ones) 50% - the former, of course counting more heavily in the evaluation of a cinema's programming.

There used to be also a 25% category, but now instead a film may be given a 'neutral' status, in that its screening would count neither for nor against the classification of a cinema. Normally a film is listed in the early stage of its release, but sometimes a film is added much later when it has acquired a historic or sociological interest. The status of each Recommended film is reviewed periodically and the Recommendation may be renewed or withdrawn or changed. A revised comprehensive list is issued annually incorporating all additions, removals and changes.

39. The system and procedures of Recommendation have been under debate and may be changed. The Bredin Commission, for example, recommended that the Membership of the Selecting Group set up by AFCAE, its procedure, criteria and decisions should be made public. There is indeed no good reason why the lists of the Recommended films should not be published in the Trade Press as well as issued to art et essai cinemas, but the other recommendations may not be so valuable as they seem at first sight.

The membership has not in fact been kept secret, for an enquirer would be told the names, but too much publicity would leave the members open to continual pressure from interested filmmakers. As for the procedure and criteria, of course there should be no mystery or secrecy, but it is not easy to lay down precise rules when qualitative judgments are involved. Criticisms are also made that too many unworthy films have been Recommended. It does seem to be a fact that some surprising names have been included in recent years.

Classification of cinemas d'art et essai

40. After receiving the advice of the Classification Commission the Director General of the C.N.C. draws up a list of Classified Cinemas in different categories, whose definition has varied from time to time. The tradition has been that the standards set should be higher in large towns than in small and highest of all in Paris.

41. In 1979 the criteria were made much stricter. In the first place, a new category was introduced - 'Salles de Recherche', which are devoted almost entirely to programmes of art et essai and show 'a sustained search for films which through their innovating nature and liveliness enable the public to get a better knowledge of the cinematographic art'. A longer definition of the objectives of this important category was made by M. Jean Lescure, the doyen of the movement, and can be summarised as follows:-
(a) the discovery and release of films of the highest quality, (b) introducing special modes of presentation, (c) pioneering and leadership and sowing the idea of Research cinemas in each Region.

42. Secondly, the other Categories were redefined with much more stringent obligations as follows:

Category of cinema	If situated in towns with a population of	Must devote to art et essai films the following percentage of their programmes:
A.1	More than 100,000	Minimum 80%
A.2	More than 100,000	50 to 80%
A.3	Less than 100,000	Minimum 50%
B	Less than 100,000	20 to 50%

43. Thirdly, Classification was made to depend on factors other than the mere statistics of the cinema's programming. The Commission took into account 'L'animation' of the exhibitor - the dynamism of his presentation of programmes. Also, an exhibitor, who fulfilled his quota obligations, but in addition screened films fundamentally incompatible with the ideals

of the art et essai movement, might find his application for classification rejected.

44. Fourthly it has become the rule that foreign language films must be shown in their Original Version, though the Director General of the C.N.C. may, on the recommendation of the Classification Commission, make an exception, e.g. in the case of a cinema in a provincial town unaccustomed to foreign language versions.

The benefits for Classified Cinemas

45. The method of calculating benefits has changed from time to time and a brief summary of the different methods will be given, as lessons may be learnt for other countries.

Before 1970: Cinemas Classified art et essai were given two main benefits.

The first concerned taxation. In those days all cinemas had to pay an entertainment tax: the rates depended on the weekly receipts of the cinema and the revenue went to the Municipal Authorities. In 1960 an amending law provided that the Municipal Authorities could, within an ingenious sliding scale formula, reduce the rates for cinémas d'art et d'essai, but in practice only a small minority of municipal authorities made the reductions. A second benefit, granted in 1964, was that art et essai cinemas were exempted from the measures controlling seat prices. In practice they could not charge significantly more than their controlled competitors, but this privilege gave them a useful flexibility and some additional revenue. It is remarkable that such modest benefits should have led to such a steady growth of art et essai cinemas - there were 228 by 1969.

46. From 1970 to 1979: The introduction of TVA (Value Added Tax) on 1 January 1970 swept aside the old Entertainment Tax so the concessions based on that tax also lapsed. After a six months vacuum a new system

(operative from 1 July 1970) was introduced by the Law of 9 July 1970. Cinémas d'art et essai now had their TVA reduced by 20%, but they had to pay a parafiscal tax equal to 20% of their TVA liability. The money raised by this parafiscal tax went into a fund which the C.N.C. administered for the benefit of cinémas d'art et essai. The cinemas were divided into nine categories according to their average weekly receipts over a twelve month period and subventions from the fund were paid on a system of rates favouring the smaller cinemas.

47. The changes of 1979: The Finance Act of 1979 reduced from 17.6% to 7% the rate of Value Added Tax paid by cinemas (except for porno cinemas, whose rate was increased to 33 1/3%). The new rate of 7% was considered not to provide a suitable base for anything on the lines of the previous system and a new principle was introduced. The fund for the cinémas d'art et d'essai now became part of the general fund for state aid to the film industry - the 'compte de soutien' which is mainly financed by a supplementary tax on cinema tickets. This tax was increased in 1979 so that additional money could flow into the Compte de Soutien and be the base for the new fund for the cinémas d'art et essai. The change was important. Previously the art et essai fund had been financed partly by general taxation (through the rebates of the Value Added Tax) and partly by the special parafiscal tax paid by Classified cinemas, but now all cinemas, including the Non-Classified, would also contribute to the art et essai fund through their payments to the Compte de Soutien. There was therefore a danger of conflict between the classified and the non-classified cinemas. Moreover, the old fund used to grow with the growth of art et essai cinemas contributing to it, while now an increase in classified cinemas would lead not to a larger fund, but to more claimants and a smaller share for each. This created the danger of a conflict within the movement and indeed that danger soon

became real when some members of AFCAE unsuccessfully pressed for the exclusion of Municipal cinemas. In addition, some critics feared that the new system would mean an excessive measure of state control of art et essai cinemas. Those fears have not entirely disappeared.

Allocation of funds for Art et Essai

48. Under the 1979 system the C.N.C. must now fix a global sum for art et essai as part of its general task of allocating the monies from the Compte de Soutien. The global sum for art et essai in 1980 was fixed at 10 million francs (based on what had been the size of the special fund previously available): and has subsequently been raised to 16 million francs for 1983 and 17 million francs for 1984.

49. The money for art et essai is divided between 'proportional subventions' and 'selective subventions' in a ratio which is settled after consultation with the Classification Commission. Normally the ratio is about 9:1 in favour of proportional subventions.

Selective Subventions

50. The Selective Subventions are given to support specific activities of promotion or experiment (after the advice of the Classification Commission has been obtained). For 1982 a total of FF 1,689,232 were allotted, including over a million francs to 16 different festivals (in grants ranging from FF 10,000 to FF 125,000): FF 167,000 for the general promotion of 'Recherche' cinemas: and FF 270,000 to 17 other cinemas (in grants ranging from FF 3,000 to FF 35,000). The Selective Subventions have a greater value than the figures might suggest, as a small sum in the hands of dedicated enthusiasts can bring a rich harvest, but they are nevertheless marginal to the main work of the art et essai movement.

Calculation of the Proportional Subventions

51. There is a global sum to be shared out, but the shares cannot be settled until the total volume of the claims is known. Then each cinema will have what is called an 'Applicable Percentage', that is a percentage figure which will be applied to the total amount of Special Additional Tax it has paid in the year. The cinema's Proportional Subvention will be its Special Additional Tax Payment multiplied by its Applicable Percentage. The formula for fixing the Applicable Percentages is based on two different principles, first that the cinemas with the highest obligations to show Recommended films are the most deserving and secondly that the cinemas with the highest weekly box office receipts are the least needy. In consequence, for example, a Research Cinema with very low receipts will have a very high Applicable Percentage and a 'B' cinema with very high receipts will get the lowest Applicable Percentage. The details for 1983 are set out in Table 2, which shows a very wide spread of Applicable Percentages - in fact from 70 to 1.

TABLE 2

FRANCE: Proportional Subventions for cinemas d'art et d'essai fixed for 1983

The 'Applicable Percentages'

<u>Average weekly receipts of the cinemas in Francs</u>					
	up to	15001	30001	40001	over
Category	15000	to 30000	to 40000	to 50000	50000
R	70	35	15	7.5	3
A1	40	20	8	5	2
A2	10	4	3	2	1
A3	40	20	8	5	2
B	13	5	3	2	1

Source: Arrête of 20 October 1983

Note: A. These 'applicable percentages' are applied to the product of the special additional taxes levied on box office receipts of the cinema benefitting from the subvention.

B. For definitions of Categories of Cinemas see paragraphs 41-42.

The assistance given by the profession

52. Before we summarise the system and then turn to its results, it would be well to emphasise that much of its success has been due to the work done by members of the profession in a wide variety of associations and on many committees.

Of first importance has been AFCAE (L'Association Française des Cinémas d'Art et d'Essai), to which most classified cinemas belong. In general it acts as the spokesman and is their link with the CNC. All changes in legislation or procedure are discussed with AFCAE, though naturally it has no power of veto and is sometimes disappointed by the final decisions. Its most prominent function has been to draw up and circulate the Lists of Recommended Films, but this is only part of its work as the theoretical and practical champion of art et essai in France.

53. AFCAE includes all types of Classified Cinémas in its membership, but other associations have also been established with specialised interests, such as S.C.A.R.E. (Syndicat des Cinémas d'Art de Répertoire et d'Essai) and U.N.I.C.A.E. (Union Nationale des Cinémas Indépendants d'art et d'essai) which tried unsuccessfully in 1974 to have the circuit cinemas excluded from the art et essai benefits: this attempt was condemned by the AFCAE leadership as divisive and was defeated.

54. The Distributors have also had an organisation - DIFARE (Les Distributeurs Indépendants de Films d'Art et d'Essai), founded in the 1960's. It has from time to time fought particular battles: for instance, it has supported the case for Minimum Guarantees and has

suggested that art et essai cinemas should organise themselves into groups to raise the necessary money. DIFARE has not, however, been effective, mainly because most art et essai distributors have a mixed programme of films on offer and are only partially committed to the art et essai sector. One of them with sceptical wit defined a genuine art et essai distributor as one who would accept 5,000 francs from a Classified cinema in preference to 50,000 francs from any other.

55. More can be expected of the 'Groupement des Salles de Recherche' - 'Group of Research Cinemas', which has been established by AFCAE and supplied with funds. It can help to meet print and publicity costs for the wider distribution of the more difficult films particularly suitable for 'R' cinemas. The Group has decentralised operations through a number of regional organisations - Associations of Independent 'R' cinemas in the South East (ACRISE), in the Île de France (ACRIF) etc. etc. The 'R' cinemas are the flagships of the art et essai movement, so this initiative by AFCAE is of great importance.

56. AFCAE has also set up a Commission 'Cinema for Children'. Its object is to develop an (appropriately different) art et essai movement for children. It advocates the publication of lists of suitable films, and the provision of some aid for their distribution and exhibition in order to offer a level of receipts which will encourage producers. In general AFCAE intends to increase its regular contacts with schools and educational authorities.

57. These specialist organisations have been mentioned to show that the art et essai cinemas are not merely a sector of the commercial industry with very live commercial interests, but also have a crusading, missionary enthusiasm, without which the whole complicated scheme of art et essai could not have been satisfactorily administered.

Summary of present art et essai system

58. In the light of recent paragraphs the present position may be summarised as follows:

Some cinemas get classified art et essai and placed in different categories partly according to the extent to which their programmes include art et essai films and partly according to the way in which they present these films.

They are eligible for certain benefits which are paid for out of a global allocation for art et essai from the Compte de Soutien. Some of this allocation is spent on Selective Subventions to particular festivals or cinemas, but about 90% normally is reserved for 'Proportional Subventions' to art et essai cinemas.

The proportional subventions are calculated each year by applying a set of varying percentages to the amount of the special additional tax which each cinema has paid on its receipts. The applicable percentages depend partly on the average weekly takings of the cinema (the busier cinemas get lower rates) and partly on the category in which the cinema has been classified (the higher rates are given to cinemas which have a greater obligation to show art et essai films). Art et essai cinemas also have a greater flexibility in fixing their seat prices.

The administration of the system has required and received to co-operation of the profession, without whose enthusiastic participation it would not have achieved success.

The growth of cinemas Classified d'art et essai

59. Table 3 shows that the number of cinemas classified d'art et essai has grown from 53 in 1963 to 754 at 1 January 1983 and 863 at 1 January 1984. An increase has taken place every year since 1976, when there were special circumstances, as explained in a Note to the Table. In 1983 over

17% of the total number of cinemas were art et essai and these had 32.6 million attendances, over 16.5% of the total attendances. Clearly the art et essai cinemas have become an important sector of the French market.

TABLE 3

France: Numbers of Cinemas Classified Art et Essai, 1963-84

(as at 1 January each year)

Years (1st January)	Paris	Suburbs	Provinces	Total	Change	
1963	27	2	24	53		
1964	31	4	27	62	+	9
1965	39	8	30	77	+	15
1966	42	10	33	85	+	8
1967	46	27	54	127	+	42
1968	59	49	83	191	+	64
1969	62	66	100	228	+	37
1970	63	79	150	292	+	64
1971	66	87	175	328	+	36
1972	65	100	208	373	+	45
1973	79	106	249	437	+	64
1974	86	104	305	495	+	58
1975	105	149	362	616	+	120
1976	109	113	324	546	-	70
1977	115	125	347	587	+	41
1978	122	113	382	617	+	30
1979	133	115	421	669	+	52
1980	151	103	419	673	+	4
1981	161	122	459	742	+	69
1982	149	122	477	748	+	6
1983	149	109	496	754	+	6
1984	157	119	587	863	+	109

Sources: CNC 'Informations'

- Notes (1) The increase in 1975 was abnormally large because many cinemas had been converted into complexes with two or more smaller cinemas replacing a bigger one.
- (2) The decrease in 1976 (the only year when the total fell) was mainly caused by a change in procedure in 1974. Previously a cinema could fulfil its obligations by calculating its required percentage in terms of programmes (even if the programme was shown only for a single day), but now the percentages had to be calculated in terms of performances. These stricter requirements caused a number of cinemas to lose their classified status.

The geographical spread

60. Each year the CNC comments on 'the essentially urban' character of the movement, which has the reputation of being dominated by Paris and the larger cities. At the end of 1982 (comparable figures for 1983 have not yet been published) Paris with 4.4% of the population had 29.8% of the Classified Cinemas; towns with less than 20,000 inhabitants had 58.1% of the population but only 9.8% of the Classified cinemas; and 5 of the mainland Départements had no Classified Cinema at all. That is not, however, the whole story, for, as Table 3 showed, it is in the Provinces that the growth has been most considerable. It would be possible to present the facts with quite a different emphasis - "There used to be more Classified cinemas in Paris than in the Provinces, but in January 1984 there were 157 in Paris compared with 587 in the Provinces and only 5 of the 99 Mainland Départements had no Classified cinemas." It is true that in Paris the cinemas would have larger audiences and better programmes, but one should not underrate the missionary achievements of the movement which has done so much to take quality films into cinematic backwaters.

61. It is significant that M. Jean Lescure of AFCAE in his 1968 report to the International Federation emphasised the proliferation of art et essai cinemas in the privileged circles of universities and intellectual neighbourhoods, while in 1982 his letter to the Members of the Conseil de Recommandation de Films argued that the art et essai movement had escaped from the ghetto where it might have developed a culture that was "elitiste and Parisienne". In 1968 he had said that the movement clearly had missionary work to do: in 1982 he could claim a considerable measure of success.

The relative importance of the different categories of classified cinemas

62. Some say that the growth of art et essai cinemas has been secured by diluting their quality, that is by having more cinemas in the categories which have a lower obligation to show art et essai programmes. Table 4 indicates that this was not so in the period 1970-1979, for cinemas in Category A, which had to show programmes with an art et essai content of at least 50%, grew faster than Category B cinemas which had lesser obligations. The definitions of categories was changed in 1979, so comparisons between the two periods are difficult, but clearly within the later period the cinemas with higher obligations (R, A1 & A3) are overall again growing faster than the others.

What happens in practice?

63. It is now time to look behind the overall statistics and try to see more of what happens in practice. The traditional figure of the art et essai movement is the small independent exhibitor, who bravely shows the latest wave of artistic and innovating films, foreign as well as domestic, and also keeps alive the masterpieces of the past. To check this image we need to know more about the ownership of Classified Cinemas: the number, nature, age and popularity of Recommended films and their share of the art

et essai market: the national origin of the most successful films: and the share of screen time given to films which are not art et essai.

TABLE 4

France: Relative importance of different categories of cinémas d'art et d'essai (as at 31 December of each year)

Year (31 December)	Number of cinemas operating at 31 December each year		
	<u>Category A</u>	<u>Category B</u>	<u>Total</u>
1975	304	242	546
1976	316	271	587
1977	360	251	611
1978	423	240	663
1979	422	235	657

The categories were then changed and the figures for 1980 and 1981 were:-

	Recherche	A 1 + A 3	A 2 + B	Total
1980	68	316	352	736
1981	69	340	336	744
1982	65	276	409	750
1984 (1 Jan)	64	425	374	863

Sources: relevant issues of CNC 'Informations'

Notes: A. The totals in this Table are different from the totals in the previous Table, (No. 3) because the Tables refer to different points in the year.

B. The definitions of the different categories are given in paragraphs 41-42.

C. The CNC statistics couple A 1 and A 3, because they are the categories for cinemas with the higher obligations in respectively the larger and the smaller towns, while A 2 and B have the lower obligations in respectively the larger and the smaller towns.

Who owns the Classified Cinemas?

64. No breakdown of classified cinemas has been published, but we know that the role of the small independent has become much less important. In 1976 two of the leading circuits (UGC and Gaumont) had between them 190 of the 546 cinemas then classified, nearly 35% of the total. Since that date the total number of classified cinemas has increased to 863 at the beginning of 1984, but the number of circuit cinemas among the classified has also increased and has been estimated to have reached about 40%. In addition the circuits often undertake the programming and booking for independents, but the total extent of their influence is not known. The circuits have expanded their participation in the art et essai movement because they have found it profitable. This must mean better opportunities for art et essai films and to that extent must be welcomed. On the other hand their booking strength has made it more difficult for the small independent to get the film he wants. Indeed at one stage (para. 53 above) a number of independents in AFCAE argued circuit cinemas should be denied the art et essai benefits, but that move was defeated by the leadership of AFCAE.

65. The remaining 60% of the art et essai cinemas include many which are subsidised by a Municipal Authority, probably at least 127 of the 863 Classified at 1 January 1984, that is 14.7%. As 40% of the art et essai cinemas are owned by large circuits and 14% are subsidised, the independent exhibitors are in a minority. Moreover many of these have several cinemas and cannot properly be called 'small' independents. Clearly the traditional picture of the art et essai exhibitor needs revision.

The nature and success of films Recommended 100% and 50%

66. Broad generalisations can be misleading, as Recommended films differ a great deal in age, style and popular appeal, but statistics can tell us something about the sort of success they get in the different categories of Classified cinemas and in Non-Classified cinemas, about the relative success of old and new films and about their national origins.

Audiences in Cinemas (Classified and Non-Classified) for films Recommended 100% and 50%

67. The CNC publishes (in 'Informations') Tables which show the percentages of the audiences secured by Recommended films in different categories of cinemas. In 1982 films Recommended 100% and 50% had a dominant role in 'R' cinemas (getting 81.1% of their audiences), an important role in A 1 and A 3 cinemas (with 68.5% of their audiences) and a minor, but not insignificant role in A 2 and B cinemas (with 35.7% of their audiences). These are not surprising figures, for what they show is that the Classified Cinemas are overall fulfilling their obligations. Classified Cinemas are legally dependent, in varying degrees, on Recommended films, but the reverse is not necessarily true, for Recommended films can attract large audiences in Non-Classified cinemas. In 1982 they got only 16.5% of the audiences of Non-Classified Cinemas, but that represented a substantial proportion of their total audiences, as will be seen shortly.

68. The bulk of the audiences for Recommended films are secured by a minority among them. The position regarding Recommended films in Classified Cinemas is set out in Table 5.

TABLE 5

FRANCE: Results of Films Recommended 100% and 50% in Classified
Cinemas, 1982

<u>Polarisation of Success and Failure</u>				
<u>Number of Spectators</u>	<u>Number of films in this group</u>		<u>Number of spectators millions</u>	<u>%</u>
More than 100,000	34	(2%)	7,969	47.8%
50,001 to 100,000	39	(3%)	2,785	16.7%
15,001 to 50,000	119	(8%)	3,425	20.5%
1,001 to 15,000	505	(33%)	2,236	13.4%
1,000 and less	<u>820</u>	(54%)	<u>272</u>	<u>1.6%</u>
	<u>1,517</u>	<u>(100%)</u>	<u>16,687</u>	<u>100.0%</u>

Source: CNC 'Informations'.

The contrast of success and failure is very pronounced: the top 2% attracted over 46% of the spectators, while the bottom 87% only 15%.

A similar pattern was shown by the figures for 1981 and 1980 and also by the figures for previous years.

Dependence on the outside market

69. The total audiences for Films Recommended 100% and 50% are larger in the Non-Classified than in the Classified cinemas. The dependence on the outside market is strongest in the more successful films, as can be seen from figures published by the CNC in 'Informations'.

In 1982, for example, 71 films Recommended 100% or 50% got more than 100,000 spectators in Classified and Non-Classified Cinemas taken together: 71.4% of their spectators were in Non-Classified cinemas: only 2 of the top 25 films did better in Classified than in Non-Classified cinemas.

Moreover, in 1982 the 33 Recommended films, which attracted more than 100,000 spectators in Classified cinemas alone, had 70.9% of their total

number of spectators in Non-Classified cinemas.

Figures for previous years tell a similar story and we must conclude that the films which are most popular in Classified cinemas appeal to general audiences as well. In the 'R' and some other art et essai cinemas the taste is certainly specialised, but taken as a whole these cinemas and their audiences are not a race apart in a different world.

The ages of the most popular Recommended films

70. Table 6 shows that the majority of spectators in Classified cinemas (and also in Non-Classified cinemas) are seeing films of the current or previous calendar year. The reason is that for the most part the Recommended films are released simultaneously or almost simultaneously in Classified and Non-Classified cinemas, though sometimes the release of a film may be delayed either by a shortage of copies or by the preferential booking power of particular cinemas and sometimes a difficult Recommended film will get no release at all in Non-Classified cinemas. If the film does not make an early impact, it will probably not reappear in cinemas, but naturally there are a few exceptions to this rule. If the film appeals to audiences, it will probably be reissued - and some will be repeatedly re-issued. Table 6 also shows the increased popularity of older films: in 1980-82 the audience percentage for older films was treble that of 1977-79. This poses the question whether enough of the new Classified films have the qualities wanted by art et essai audiences.

TABLE 6

France: Relative popularity of Recommended films - 'Old' and 'New'

NOTE:

In this Table

'New' refers to films first released either in the current of
in the previous calendar year.

'Old' refers to films which were first released more than three
calendar years prior to the start of the current calendar year.

For example, in the case of 1982 films, 'new' means first released
in 1982 or 1981, while 'Old' means first released during or before
1978.

No figures are given here for 'middle-aged films' - those which,
in the case of the 1982 figures, were first released in 1980 or
1979.

BY Year	<u>Percentage of Spectators obtained</u>			
	<u>In Classified Cinemas</u>		<u>In Non-Classified Cinemas</u>	
	<u>'New' films</u>	<u>'Old' films</u>	<u>'New' films</u>	<u>'Old' films</u>
1975	74.2	14.1	86.7	8.3
1976	78.0	16.1	88.6	8.8
1977	74.8	16.7	81.8	11.4
1978	84.7	5.0	91.0	4.0
1979	78.2	11.2	84.3	9.6
1980	59.5	36.2	63.5	34.9
1981	57.6	35.0	64.8	34.1
1982	59.4	34.7	70.9	25.9

Source: derived from Annual Statistics published by CNC in 'Informations'

The national origins of films Recommended 100%

71. More of the new Recommended films - those Recommended 100% - are of French than of any other nationality, but they are not the most successful in attracting spectators. Table 7 shows that in Classified cinemas during the period 1975-82 American films have in every year except 1977 been the most successful, that their success has tended to increase and that in 1982 American films had 100% more spectators than the French. Similarly in the Non-Classified cinemas the American films have been the most successful of the films Recommended 100%, especially in the last three years (with an American:French ratio of 4:1 in 1982). Moreover, the American share of spectators is probably understated, as some of the important films counted among 'Others' will have been financed, distributed and in many cases created by American companies. No one should question the high technical skills and entertainment value of American films, but do they really excel French and other films in those artistic qualities which the cinema d'art et essai has been designed to encourage? Or is there something wrong with the current output of French art et essai films?

TABLE 7

FRANCE: Nationality of films Recommended 100% in Cinémas d'art et d'essai
and in other cinemas

Percentage of Spectators

	<u>In cinemas d'art et d'essai</u>			<u>In other cinemas</u>		
	<u>French</u>	<u>USA</u>	<u>Others</u>	<u>French</u>	<u>USA</u>	<u>Others</u>
1975	31.5	36.6	31.9	33.8	45.4	20.7
1976	28.3	29.3	42.4	35.9	32.7	31.4
1977	27.7	25.6	46.7	31.9	32.1	35.9
1978	31.2	34.2	34.6	38.5	39.7	21.9
1979	32.7	33.6	33.7	41.0	36.0	23.1
1980	24.4	38.2	37.4	29.3	46.8	23.9
1981	23.9	31.4	41.9	29.3	44.8	25.9
1982	19.5	40.4	40.1	13.2	56.1	30.7

Sources: Relevant issues of the CNC Bulletin d'Information

The most successful Recommended films: a comment

72. This is a comment without supporting statistics. If one examines the names on the lists published by the CNC of the most successful Recommended films, one must ask how many of these satisfy the criteria of art et essai films summarised in paragraph 35 above. It seems that, if the cinemas are judged not by the films they show but by the films their audiences like best, then they have become not merely an art et essai circuit, but also a useful sector for the general release of the better quality films, not merely a Repertory Circuit for the masterpieces of the past, but also a reissue circuit for the better quality commercial successes of recent years.

Some provisional conclusions

73. Any conclusions reached at this stage must relate to the situation facing M. Jack Lang, the Minister of Culture, before he initiated his cinema reforms of 1981 onwards. So far he has only to a limited extent dealt with the art et essai sector, as we will see in later paragraphs.

74. It is easy to draw up a disappointing balance sheet of the past with accusations that the ideals of the pioneers have in practice been abandoned; that the classified cinemas include an excessive and increasing proportion of circuit houses doing good business at the expense of the adventurous independent exhibitors; that lax standards have prevailed both in the Recommending of films and in the Classification of cinemas; that many Classified cinemas are in practice ordinary commercial cinemas with a thin veneer of art et essai; that most of the most successful Recommended films are not the advance guard of any new movement, but merely box office successes on part of their first run release or enjoying a reissue; in short, that the main beneficiaries now tend to be not the new works of the pioneering artists of France and the rest of

the world, but comparatively well-known films (a high proportion from USA) which have already earned or are still earning a substantial income from Non-classified cinemas. Though such an indictment is a serious exaggeration, it requires an answer.

75. The indictment ignores the practical problems of a difficult world. It is true that an art et essai exhibitor may include in his programmes many films which do not reflect the ideals of the movement, but often he must do so in order to avoid bankruptcy. If he went out of business, that would be of no benefit to art et essai films, for the spectators who visit the cinema to see a popular film of little cultural value will learn of, and decide to see, other films, more adventurous films, which are due to come in later weeks. The art et essai films are made part of the family and, as René Bonnell has said, 'The demon of elitism is exorcised'. Without the revenues from commercially popular films many art et essai exhibitors would not have taken the risk of booking films from unknown directors. Table 5 (para. 68) not only revealed the polarisation of success and failure, but also showed that a great number of films, which would otherwise have been limited to club and private screenings, were at least offered a chance to reach the public and establish their value and appeal. In some cases a new Director may get recognised and be launched on a good career, but if he earns neither money nor reputation, he should not necessarily blame the art et essai system, for the fault may be with the insensitivity of the public or even with the film itself.

76. Some anomalies and imperfections must be accepted as a price to be paid for survival, for without pragmatic compromises many Classified cinemas would abandon their Classified Status and turn to other films - or close altogether, so the market for quality films would then be reduced. Even within these limitations some improvements have become necessary.

The period 1979-82 witnessed both a stagnation in popular growth and what seemed to be a lowering of earlier standards, two contradictory trends which both called for attention. We will return to these (and other) points when discussing the Lang Reforms, but first we need to look at another sector of Exhibition outside the Mainstream.

Municipal Cinemas

77. In recent years Municipal Authorities have made an increasingly important contribution to French exhibition including the cinéma d'art et essai. A large number of cinemas have been closed in the last decade, including about 1800 in towns with less than 20,000 inhabitants, but sometimes, when a community has lost or is on the verge of losing its last cinema (or its only cinema showing cultural programmes), the Municipality steps in to rescue it or provide some alternative.

The purpose and nature of the intervention varies widely. Sometimes the objective is purely social - to retain an amenity which the community needs. Sometimes the objective is cultural - to ensure that at least some films of cultural value can be seen locally.

78 It is becoming rarer for a Municipality to operate a cinema directly, for experience has proved that this can be administratively expensive. More often it will use a special law of 1901 to set up a non-profit-making company, which can operate to all outward appearances like a private company, but has in practice some form of subvention keeping it in business. Or the Municipality may enter into some form of partnership with a private company. Financial aid can be given as a deficit guarantee (subject to a maximum and after budget approval) or by way of help with specific items of expenditure, such as the rent of premises.

79. Another alternative is to channel aid for the programming of films through some form of Cultural Centre, such as the Maisons de la Culture, which promote several types of cultural activity under the same roof. At one time art et essai cinemas felt some anxiety about the possible growth and rivalry of these Maisons de la Culture, so a Protocol was negotiated in 1967 setting agreed limits within which they would be able to show films. The Protocol lapsed because the Maisons did not develop their cinema activities to a significant extent.

80. Statistics are incomplete and estimates vary. The organisation of Municipal Cinemas ('Cinéma Public') stated that at the beginning of 1983 the CNC had given to non-profit-making organisations (in accordance with the Law of 1901) 767 authorisations to function as a cinema, but that most of the 767 functioned very rarely. It added that 338 of them were subventioned in one way or another by a Municipality, but a third of these functioned rarely, so we are here left with "a little more than 200 cinemas subventioned, directly or indirectly, wholly or partially, by Municipalities, some functioning within a multi-discipline framework (Maisons de la Culture, Centres d'Action Culturelle, Centres Culturels Communaux or Maisons des Jeunes et de la Culture) and others devoted to the screening of films, conducting a permanent and important activity within the network of commercial exhibition". 'Cinéma Public' conducted an inquiry into the work of these 200 cinemas and came to the conclusion that their audience totalled about five million a year and their receipts about 70 million francs.

81. An alternative approach is found in an authoritative list prepared in early 1984 by the CNC. It can be summarised as follows:-

<u>Category</u>	<u>Number</u>
Maison de la Culture (House of Culture)	23
Maison des Jeunes et de la Culture (House of Youth and Culture)	51
Centre Culturel Communal (Municipal Cultural Centre) or equivalent	111
Comité des Fêtes or Syndicat d'Initiative (Entertainment or Tourist Committee)	20
Régie Municipale (under direct Municipal Management)	56
Association Régie par la Loi du 1 July 1901, n'appartenant pas aux catégories définies précédemment (Association governed by the Law of 1 July 1901 not belonging to one of the categories defined above)	79
Total	<u>340</u>

The CNC total of 340 is consistent with the 'Cinema Public' total of 338, but does say how many of the 340 are functioning regularly (Cinema Public said about two hundred).

82. It cannot be said exactly how many of the cinemas subventioned by Municipalities are showing art et essai programmes. At least 55 of them were in the AFCAE Membership List of 1983, but there may have been members whose subventioned status was not known and in any case not all Classified Cinemas belong to AFCAE. A better indication was given in another CNC Table which reported that 127 of the 754 cinemas classified at 1 January 1983 were Subventioned. It may be some other cinemas receiving indirect municipal subsidies had also been Classified and that the figure of 127 is an understatement.

83. Whatever may be the exact figures, it is abundantly clear that municipal activity in the cinema, including the art et essai sector, has become important. Some art et essai exhibitors have been worried by the dangers of unfair competition from subsidised cinemas, but (unless they abuse their position and privileges) Municipal Cinemas can be welcomed, for they not only increase the total volume of spectators but

also help to preserve cinema audiences in areas where otherwise there would have been no cinema. In the case of the art et essai they are missionaries spreading the movement and by enlarging the market they make it cheaper to import and distribute art et essai films.

The Reforms introduced by M. Jack Lang

84. Since 1981 the new Government of President Mitterand has been reviewing the film industry and considering reforms of film legislation. His Minister of Culture, M. Jack Lang, has looked at the film industry as part of the whole audio-visual world and found a state of crisis both for the cinema as a whole and for the film as an art. It is considered unacceptable that, just when new media are coming to rely on films more and more, France should be letting its film industry wither away "accept the obliteration of our national cultural identity". It is wrong to allow the cinema to get divided into two parts, one of which will be devoted to large-scale films from all over the world and the other a "more or less marginal sector, offering in a few scattered theatres to well-informed filmlovers programmes of films which will probably be more and more esoteric". Over the last two years he has been pursuing a strategic offensive designed to restore diversity, pluralism and competition in the economy of the cinema; to encourage creativity; to retain a large popular audience; to save and make known the cultural heritage of the country; and to achieve international recognition and success.

85. He made a 'Progress Report' at an important Press Conference held in January 1983. He had particular sections regarding art et essai and Cine-Clubs, but first we will look at some of the plans to improve the general framework within which the cultural sector must operate.

The time scale of release through different media

86. The Lang reforms are concerned with the time scale of release through different media. Previously the rule was that normally there must be a gap of 36 months before a cinema film can be shown on TV, though this can be reduced to 24 months in the case of a film co-produced with a TV station. Now a Décret of 4 January 1983, issued to implement the Law of Audio-Visual Communications of 29 July 1982, has laid down that there must be a delay of one year before a film can be released through video cassettes. Exceptions can be permitted in the light of the commercial results of the cinema release. Statistics have not yet been issued about the number and nature of the exceptions permitted. Art et essai cinemas, many of which suffer delays before they get copies of new films, are particularly vulnerable to damage caused by an early release on other media of French and foreign art et essai films. They will welcome a tightening of the regulations. (It should be mentioned that the European Court of Justice will be considering whether the Décret is compatible with the Treaty of Rome.)

Competition

87. To encourage competition the Reforms include provisions that the three existing circuits should be increased to four by the demerging of the Pathe and Gaumont circuits; that circuit and other booking arrangements should be submitted for approval; and that a Chief Conciliator (Le Médiateur du Cinéma) should be established to adjudicate on disputes. In theory this should help the small exhibitor, including the small art et essai exhibitor but while the Médiateur has been welcomed, it seems that in some cases the demerging of the circuits is making life harder, not easier, for the small exhibitor who now has four instead of three tough competitors bidding for the films he wants.

Production

88. The measures taken to encourage production include one of particular relevance for our purposes. The system of 'pool production' is being adjusted: normally a loan is guaranteed up to 70% of its total amount, but the figure can now be increased up to 90% for projects 'which present a real cultural interest'. However, the easier production of such films does not necessarily increase the size of audiences, for much depends on the cinematic appeal of the particular films produced.

Distribution

89. Action is being taken to encourage the distribution of films of cultural value. Firstly, the automatic aid for distributors included in the general system of financial support has been increased for those who annual turnover is less than 80 million francs: their lists of films is likely to include a high proportion of art et essai films. Secondly the selective aid for distributors of 'difficile' films (paragraph 17 above) will now have a maximum of 500,000 instead of 300,000 francs (the higher sum to include a subvention for print and publicity costs). These Subventions will now be given to distributors whose principal activity is in favour of art et essai films, as judged by the number of such films they handle, the costs of their release and the cinemas chosen for their presentations. A Commission was appointed and drew up a list of 13 companies to which was allotted the 3.1 million francs available: the grants ranged from 100,000 francs to 400,000 francs. This should help the art et essai sector to get films and increase audiences.

Recovery of lost audiences - The 'Agence'

90. A main objective of the Lang Reforms has been the recovery of lost audiences, particularly in remote areas and small towns, which have been

too much neglected in the past. He set up 'L'Agence pour le Développement Régional du Cinéma', which through its Regional Offices is systematically making maps of the cinema facilities available, their condition and the use made of them. When the gaps are located, the Agency plans to fill them as far as possible. It wants to see a network of cinemas with not only the comforts and the technical qualities, but also the films to attract and satisfy audiences. It has a budget of FF 45 million for 1984.

91. Instead of any simple system of subsidies it prefers advice and aids which will encourage self-help. It has arranged a system of guarantees for loans to modernise or build cinemas, with a confidence that the loans will be repaid through the better business which will be done. In 1983 it assisted in the modernisation or creation of 298 cinemas. Its work is mainly down in small towns: 60% of its projects were in towns with less than 1,500 inhabitants and altogether 80% in towns with less than 30,000 inhabitants.

92. Aid for modernisation is given on a selective basis with two criteria being used - the financial reasonableness of the project proposed and the cultural quality of the cinema concerned in terms of its programmes and the way they are presented. This helps to explain the growth of Art et Essai cinemas in the Provinces.

93. The aids can be enjoyed by Municipal as well as private cinemas. Though statistics have not yet been published, it is believed that the Agency has encouraged a growth of municipal cinemas including several classified Art et Essai.

94. It has also assisted in the creation of 37 mobile cinemas serving 364 localities. Though these have been successful in attracting enthusiastic crowds, obviously they cannot make a significant contribution to an increase in audiences, but it is most valuable that the idea of seeing films out of the home is thus being encouraged in all parts of the country.

95. Action has also been taken to improve the supply of films. In France, as in most other countries, small and provincial exhibitors often complain that they cannot compete with the booking strength of circuit cinemas and large independents, so they cannot secure copies of many popular films until it is too late. The loss of two popular films in a year can make the difference between profit and disaster. The Agency has, therefore, helped to get some extra prints made for the use of small exhibitors. The trade done will, it is hoped, enable them to reimburse the money spent and the success of the scheme will convince distributors that it will be profitable for them to make more prints in the future. For the purposes of this scheme it has co-operated with 7 distributors in the release of 12 films, of which 5 were major commercial attractions and 7 were art et essai. It has dealt mainly with cinemas in towns of less than 20,000 inhabitants.

96. The aim of the Agency has been to improve the quality of the programming as well as increase the number of spectators. Commercial commonsense and cultural ambition have been combined both in the selection of modernisation projects for support and in the choice of films for its distribution scheme. This practical approach seems to have been succeeding. Full figures have not been published yet, but the Agency talks of an increase of 6 million spectators in 18 months. Other factors may have contributed to this improvement, but obviously the essential force must be the work of the Agency. Time will reveal its limitations and defects but even so this scheme seems to be the most systematic and adventurous attempt made in any Member Country to improve both in commercial and in cultural terms the state of the cinema in hitherto neglected areas. It should stimulate all national film authorities into fresh thinking.

Lang Reforms and Art et Essai

97. In addition to the provision regarding art et essai distributors

already mentioned, a Press Statement of 11 January 1983 included a section which can be summarised as follows:

'Art et essai constitutes a very active network of theatres for exploring the cinema and moulding public taste. They must acquire a new amplitude consonant with the general tenor of the reform of the cinema.

'The method of classifying cinemas will be revised so as to take better account of the successful efforts made for each cinema to support the films according to the distinctive nature of its public. In this way more attention will be given at the same time to the initiatives and the risks taken by the 'Research' Cinemas to build up a public for programming of the highest standard: in fact the importance of the 'R' cinemas in Art et Essai grows with the difficulties which the cinéma d'auteur meets. In supporting particularly the sector of Research we are defending the creation of a young cinema. But it will also be proper to pay attention to methods of presentation which help to maintain programme-making of quality in rural areas and in the outskirts of some towns.

'The manner of Recommending films will be amended. AFCAE (the French Association of Cinémas d'art et d'essai) will submit proposals for this purpose. The amendment will have the object of adjusting the effect of the Recommendations according to criteria of appraisal varying with the situation of the cinemas.

'Art et Essai cinemas will have a role to play in the work of Regionalisation: there will be an improvement in the conditions of releasing films through the art et essai networks existing in the provinces, thanks to the motive power of the 'R' cinemas in the promotion of films in collaboration with the art et essai distributors and also with the co-operation of Regional Stations of the TV chain

FR 3.

'Art et Essai cinemas will participate in the action taken in depth for the wider release of films. Cinemas active in a rural situation will be encouraged by greater opportunities of access to films and by selective aids in support of their presentation.

'The pedagogic action of Art et Essai will be undertaken with the 'Cinéma et enfants' Group of AFCAE in the same way as the measures proposed in another connection for schools.

'The promotion of the little known film output of the Third World will be encouraged. Relations will be established with FR 3's programme 'Cinema without Visa' and events devoted to Third World films will be organised with the co-operation of the International Confederation of art et essai cinemas (CICAE).

'On the basis of these objectives the Art et Essai Commission will in future direct its financial interventions in a more diversified manner in order to take into account the effective work done by each cinema.'

98. As discussions between the CNC and AFCAE are still in progress, it is too early to say what is going to be the effect of the Lang Reforms on the Art et Essai sector.

Some Conclusions about France

99. Some optimism about the future of the French cinema is well justified by a number of reasons. Its public still likes seeing films in cinemas; its Government is pursuing constructive and imaginative policies; and the CNC is a highly experienced and capable organisation involved in all sectors and problems. Within this general framework the art et essai sector and the Municipal Cinemas can operate in the knowledge that they are parts of the family and the objects of special (though not uncritical) care. It

should be possible to develop this Non-Mainstream cinema and increase audiences.

100. The optimist must, however, be cautiously aware of many dangers. The experience of other countries suggests that a good part of the French success has been due to the limitations imposed on the use of films on television. If those restrictions are weakened, television stations will use recent films to increase their audience appeal at the expense of cinemas. Much depends on how long television viewers will continue to accept the inferiority of the TV programmes.

101. The wall of protection will shortly be breached, when the Fourth TV Channel - 'Canal Plus' - opens in 1984. A Ministerial Declaration of 25 October 1983 said that the minimum gap between the issue of an exploitation visa for a film and its screening on Canal Plus would vary from a minimum of 6 months to a maximum of 18 months, dependent on its commercial success in cinemas. M. Gilbert Gregoire, the spokesman of the Distributors, calculated that a vast majority of the new films released each year would be entitled to a Canal Plus screening within 9 months. He showed that of the 612 new films released in 1982 about 495 films (80%) had attracted less than 110,000 spectators and would have been entitled to a Canal Plus Release within 6-9 months. A further 15.6% would have been entitled to a release in less than 12 months. Obviously this will attract spectators away from the cinema and it is likely that small cinemas showing art et essai films may be particularly affected.

102. The dangers will be further increased when Cable TV is introduced, probably in 1986, for its relays will include the programmes of Canal Plus as well as other channels, together with the programmes of foreign stations. The number of homes now cabled is not large, but may reach 1.4 million by 1986 and would then be likely to increase considerably if cabling is successful. Every such development threatens the French cinema and takes away audiences, including art et essai audiences.

103. Another safeguard for cinemas has been the high rate of tax on video cassettes and, if this is lowered, there will be a rush to buy or rent cassetted films and to record films shown on television, including some foreign films which have not yet been shown in French cinemas. Such practices would certainly harm cinémas d'art et essai as well as others.

104. For art et essai cinemas perhaps the most worrying problem is, or should be, the relatively weak appeal in their cinemas of art et essai films which do not succeed in Non-Classified cinemas. In practice it is largely the same films which do well in both groups. Perhaps this is due to changes in tastes with art et essai audiences becoming less specialised and the others becoming more adventurous. Perhaps, however, a hidden factor is that fewer new films are combining art et essai quality of the traditional type with a strong appeal to art et essai audiences. Until the situation becomes clearer, the best answer seems to be what is in fact the present policy - to encourage a specialised group of 'R' cinemas and at the same time to develop as wide as possible a network of less ambitious cinemas which will pragmatically mix their programmes. With such a policy there is reason to hope that the art et essai and Municipal Cinema sectors can contribute valuably to increasing, or at least maintaining, the total number of spectators.

GERMANY

The Background

105. "In Western Europe", wrote David Robinson in his masterly 'World Cinema 1895-1980', "the most surprising phenomenon of the seventies was the emergence of a new cinema of astonishing vigour and variety in Western Germany, which since the war had seemed unpromisingly barren". Many of the directors who spearheaded that renaissance are still active and they have been joined by others, but even so the German cinema has been in a state of continual crisis.

106. Attendances fell from 818 million in 1955 down to 115 in 1976, rose to 142 million in 1979 but were down again to 124.5 million in 1982 and 125.3 million in 1983. Moreover, German films which in 1955 had earned 55% of the total rentals got an average of only 13.4% in the years 1980-83. In the meanwhile the share earned by American films had risen from 32.3% in 1955 to an average of 55.9% in the years 1980-83 (60.4% in 1983). As a headline in the American trade paper 'Variety' said in 1983 "German pics' slice of home market is thin, Yanks wallow". The greater success of American films has also reduced the share earned by films from the rest of the world, from a peak of 50.9% in 1977 to 25.83% in 1983, so obviously the market has become more difficult not only for German films but also for films d'art et essai from other countries. We are challenged by the question why the renaissance of German films, acclaimed by David Robinson and most other critics, has brought so little good health to the German market.

107. One explanation is that the rise first of television and then of cassettes helped to shatter the exhibition industry of Germany. The number of TV licences issued has multiplied sixfold since 1960 and cinema films play a key role in TV programming. The initial reaction of the

producers was a policy of boycott under the slogan "Not a meter of film for Television". This did not last for long, but it lasted long enough to encourage and establish a habit of showing foreign, especially American films. In 1983 the First Programme (ARD) showed 258 full length films of which 52 were German and 123 American, while the Second Programme (ZDF) showed 302 films of which 63 were German and 140 American. Audience tastes become habituated to non-German films so people do not look for German films in the cinema. The TV stations have made large investments in film production, but that has not solved the problems, as we shall see in later paragraphs (151-53). Television has certainly been a disruptive factor, but it has caused great difficulties in other countries also and cannot by itself answer our question.

108. In some other countries serious market problems have been caused by the dominant power of monopolistic groups in exhibition, but in Germany the largest group has no more than about 300 cinemas (under 9% of the total number in the country) and no other group has more than about 40 cinemas. Some groups have a controlling, even a monopoly, position in particular parts of the country, but there is no monopoly on a national scale which one can blame for the decline of the German cinema.

109. A far more important factor has been the weakness of German distributors. When attendances began to fall sharply in the 1960's and the risks of financing German films increased very seriously, they held back from investments and in consequence had fewer films to offer and a smaller turnover to keep themselves solvent. Many went out of business, so that soon there was little challenge to the dominance of the American Majors, who could then use their bargaining strength to secure bookings even for their lesser films. The market became increasingly geared to the distribution of their programmes and the audiences increasingly

attuned to the styles of their films. Moreover the Majors have often handled the distribution of the relatively few successful German films, thereby further reducing the strength of German distributors. All in all they have taken legitimate advantage of the chances offered to them by the decline of the German industry and in particular by the failure of most German films to attract large enough audiences.

Outside the Mainstream

110. So far we have been talking primarily of the mainstream cinema, but there are other cinemas of various types specialising in the presentation of films of cultural value. They have also been damaged by the general decline of audiences, by the impact of television and cassettes and by the massive power of the American Majors. Nevertheless the Gilde Deutscher Filmkunsttheater (Guild of German Art Cinemas) could in its Silver Jubilee Publication '25 Jahre', published in 1978, claim that "In this country we now have once more a Film Culture and there is a readiness to accept the film as an art". It is time to look at the exhibition of films, particularly films of cultural value, in film clubs, art cinemas and municipal cinemas.

Film Clubs

111. In the cultural desert left by the Third Reich and the 1939 War it was the Film Clubs which took on the task of rehabilitating the art cinema and trying to satisfy the pent-up demand for foreign films. In 1949 the Verband (Association) der Deutscher Filmclubs was set up with the aid of the Allied Forces of Occupation. The Clubs flourished for some years, but the numbers fell when more and more commercial art theatres were opened. By now the traditional Filmclub has almost disappeared and the Verband has disintegrated. At present a large number of small clubs of a different

sort - a figure as high as 4,000 has been suggested by an expert - are, however, operating in schools, universities and other educational institutions or in connection with Trade Unions and Churches etc. They do valuable work, but are not strictly relevant to this Study as they do not seem to be likely agents which will increase cinema attendances. The traditions of the old Filmclubs have been maintained in other ways by the specialised cinemas we will now be discussing.

Die Gilde der Deutscher Kunsttheater (The Guild of German Art Theatres)

112. The international films shown by the Film Clubs clearly deserved - and could attract - a wider audience, so a number of art cinemas were opened and in 1953 a group of these launched the Gilde, which was the first association of cinemas d'art et essai anywhere. It grew quickly and had 57 members by 1957, but this progress was not maintained, partly because of the overall crisis in the German cinema and partly because of the elitist attitudes they had developed. Membership fell back to 41 in 1970, but then the Gilde revived, became less exclusive and made a strenuous effort to recruit support. Membership rose again (up to 150 in 1980) but is now down to about 140. Though its membership has fallen recently (which is not surprising in view of the general decline in cinemagoing), its activity and effectiveness has increased.

113. The Gilde has several categories of Members - 'Honorary', 'Probationary', 'Ordinary' (who consistently present art et essai programmes) and 'Associate' (who do so often but not consistently). For many years there was a rule (now cancelled) that no one connected with distribution was eligible for membership.

It is a nationwide body with members in all Länder, but is weak in the remoter areas. It has members in some medium sized as well as large towns, but few in small towns, unless an enterprising exhibitor builds up an

audience drawn from the surrounding area. It is anxious to do missionary work, but its possibilities for expansion are to some extent limited by the existence of other groups with similar interests, the Municipal Cinemas and 'Programme Cinemas', both of which will be discussed shortly.

114. Through certain direct services to its members the Gilde is an invaluable centre of information and advice. Its 1980 booklet "Kino ist mehr als Film" ("There's more to the cinema than just the film") is a first rate manual on the modern management of art cinemas. Its monthly 'Gildendienst' (Guild Service) includes appreciations, specially written, of all the films coming on offer in the German market. Its 'Gildedepesche' (Guild Post) is available for the public in members' cinemas - 50,000 copies were issued in 1983. Through a special Ticket Scheme members of the public can buy a 'Pass' which entitles them to reduced price tickets at all the 60-70 cinemas participating in the scheme. In addition to the formal advantages available to them the Gilde members highly value the many opportunities they get for informal meetings at which they can exchange experiences and ideas.

115. The Gilde has a system of awarding Prizes to films, the operation of which has highlighted a conflict between the Gilde's main purpose (to spread the appreciation of artistic films) and its urgent need to increase attendances. Theoretically the awards have been based on a compromise formula, as the Statutes of the Prize Scheme require the prizewinners to have audience appeal as well as artistic merit, but in the past, said the Gildendienst of May 1984, prizes were awarded to artistic films which found no response from the audience. However, in 1983 the Prizes were awarded to artistic films which 'took spectators away from their television screens'. This represents a great change from the early days of the Gilde when the battle cry was 'art for art's sake' and commercial considerations were taboo.

116. Some have argued that the expansion since 1970 has been secured at the price of lowered standards and that in their programming entertainment films which attract the public have largely replaced the previously unvaried diet of artistic films. It is true that, though there are some which show a high proportion of what the French call 'Difficile' films, most Gilde cinemas will have a more mixed programme, just as do most of the cinemas d'art et essai in France. This enables them to reach a wider public and to survive economically. These are commercial cinemas without a subsidy: it is better for them to be pragmatic than to perish in an elitist ghetto.

117. The Gilde is the accepted spokesman of its members in discussions with other trade organisations, with Municipalities, with the Ministries and film organisations of the Länder, with the Federal Ministries and film organisations and with any other relevant body, such as the International Confederation of Cinemas d'Art et Essai (CICAE).

It does not, however, represent all the cinemas which show films of cultural value. In its publication '25 Jahre' (1978) it claimed that Gilde members had been securing 75% of the prize money awarded by the Ministry of the Interior to cinemas with the best programmes in the previous year, but a detailed analysis shows that their percentage share has fallen considerably since the early and middle 1970s. The explanation is not that Gilde Cinemas have deteriorated, but that the standards of programming in many other cinemas has significantly improved - partly at least because of the pioneering work done by Gilde Cinemas.

Municipal Authorities and the Exhibition of Films

118. Municipal interest in films is of longstanding, but has become important only since the early 1970's. As early as 1955 the Deutsche

"
Stadtag (The German Association of Municipalities) issued some guiding principles for the promotion of worthwhile films and recommended support of the Gilde cinemas. It has consistently emphasised what an important contribution a Municipality can make to the cultural life of its community, but in practice economic considerations have very often relegated cultural work to a subsidiary role with films not included. Nevertheless many Municipalities have tried to find a place for the cinema, particularly for the exhibition of stimulating and informative films which have not received an adequate release through normal channels.

119. The idea was given a new impulse by Hilmar Holmann who in 1971 argued strongly that Municipalities should promote cinemas just as they subsidise theatres, museums and art galleries. Some towns expressed a strong interest and opened a dialogue with commercial exhibitors, who for the most part fought the proposal. In Frankfurt, however, the Municipality defeated a law suit from local exhibitors and went ahead. The judgment they had won was of nationwide importance, for it established the right of Municipalities to treat the cinema as a vehicle of culture and to give subsidies.

120. Growth was stimulated by the foundation in 1972 of the Arbeitsgruppe für Kommunale Filmarbeit (the Association for Municipal Filmwork), which has played an increasingly important part in advising, developing and fighting for Kommunale Kinos, as they are scattered and often too weak to maintain adequate liaison with each other. Among other services it helps to build up a supply of films, to secure exchanges of programmes and to train cinema managers, but its most important role is to be their thinker and champion.

121. The Kommunale Kino has distinctive features, so the German language title will continue to be used here, for a translation into 'Municipal Cinemas' might lead to a confusion with other cinemas subsidised by Municipal

Authorities as places of entertainment. The Kommunale Kinos are interested in the film as an art, but not much in the cinema as a place of entertainment. They want to provide minority interest programmes, to offer new ideas and experiments and to develop the appreciation of the artistic qualities of films. They believe that as an art the film deserves public support without being fettered by profit and loss calculations. In their earlier days the Kommunale Kinos had strong political tendencies to the left, but for the most part they have recovered from the euphoria of the 1968 upheavals. It is essentially a minority movement, but its value cannot be measured by its statistics, as it has done much to open up new vistas and to stimulate interest in the film as an art.

122. Statistics are not available of their exact numbers, audiences, receipts or subsidies. In 1982 there were said to be 130 Kommunale Kinos and now there are 70. A few of the larger ones attract 80,000 to 90,000 spectators, but many others are small and the overall total for a year probably does not reach one million.

123. The 1982 figure of 130 may have been an exaggeration, but there is no doubt about a severe decline, which has been due to a number of reasons. During a period of falling attendances they have not escaped from the storm. Indeed they have had to face sharp competition not only from Television and Cassettes, but also from other sections of exhibition. In the early 1970's the Gilde movement had lost its sparkle and few ordinary cinemas showed films of artistic value, but since then the Gilde has enjoyed a renaissance, Programme Cinemas (which will be discussed in the next section) have been established and many more ordinary cinemas now include artistic films in their programmes, occasionally if not regularly. As Kommunale Kinos can no longer claim to be lone pioneers, fewer Municipalities see the need to start a new one and many others have

withdrawn their subsidies. In an atmosphere of economy campaigns cultural ventures are more likely to be cut than initiated. Moreover, the case for Kommunale Kinos has also been weakened by management inefficiencies, which are inevitable when many controllers work on a part-time basis. Nor has the left wing political bias of many Kommunale Kinos always been in their favour.

124. Kommunale Kinos can perform a valuable service which is not always appreciated by the commercial sector. Large cities need a film centre on these lines and should be willing to spend money on them, if the terms of reference and level of subsidy can be agreed. However, such Kinos cannot be expected to appeal widely outside a minority of enthusiasts.

125. Most Municipalities are not large enough to finance a Kommunale Kino or at any rate prefer to avoid the risks and responsibilities. They can instead work indirectly by making special arrangements either with a commercial cinema or with a non-commercial body, such as a Film Club, educational institution or Film Library. In practice it has been found difficult to settle terms which are satisfactory to both parties, particularly in the case of commercial cinemas. The arguments are believed not to be numerous, but the exact figures are not known. Inquiries were carried out by the Deutsches Städtetag["] in 1973 and 1978, but the statistics were in several respects incomplete and anyhow are now out of date. Our general conclusion must be that outside the Kommunale Kinos there is little Municipal film activity likely to increase attendances at cinemas.

126. One must regret this gap, as it would be a great service to the German cinema if more Municipalities could in suitable cases make partnership agreements with exhibitors whose cinemas are in danger of being closed: it should be possible to preserve a cinema as a social amenity which the community needs and at the same time ensure that some proportion of its screen time is devoted to programmes d'art et essai. Action on these lines

could increase (or at any rate preserve) the level of annual cinema attendances.

127. A most interesting, and what may turn out to be a most important, experiment is starting in Baden-Württemberg, where the relevant Ministry has accepted a proposal worked out by the Gilde in conjunction with the Chamber of Commerce. It is based on a realisation that often an exhibitor and a Municipality may have a common interest. On the one hand the exhibitor may wish to broaden his audience by making his cinema a centre of cultural activity showing films of quality, but calculates that the financial risks of the change are too high. On the other hand the Municipality welcomes this initiative, for it does not want its citizens to go to a neighbouring town for their cultural interests, but at the same time it may not have the money to spare for all the subvention required. In such cases (so it is suggested by this proposal) the Land should contribute a share of the subvention (say 30%) if a Municipality comes up with an agreed scheme and is ready to make its own contribution (say 70%). The enlargement of the audience by including some art et essai programmes and the joint subvention could between them save many cinemas from extinction. The Land has accepted the proposal and arranged a (small) budget allocation.

The Arbeitsgemeinschaft Kino (AGK) - The Cinema Co-operative

128. Side by side with the Gilde Cinemas and the Municipal Cinemas a third movement has sprung up - the 'Programme Cinemas' with their own Association (the AGK) and their own distribution company.

In the early 1970's a number of cinemas in the Hamburg area started experimenting in their choice of films and in their methods of presentation. They looked for new, unknown films and for older films which have been under-rated, such as (to summarise one of their leaflets), offbeat

comedies, pop music films, gangster and musical films of the 1930's and 1940's and award-winning films which lack commercial possibilities in the big cinema. They could not get as much as they wanted when they worked in isolation, so they found it helpful to exchange information. This led to the creation of the AGK in 1972: they could now organise the circulation of prints and the beginnings of a distribution system which subsequently grew into their own distribution company.

129. The novelty in their Presentation is that they have for the most part abandoned the traditional practice of showing two programmes a week, each for 3-4 days, and instead they have usually offered a frequently changed programme of 2-3 films a day. This is still a distinctive characteristic, but it now more often happens that a Programme Cinema will keep on a particular film which is continuing to attract audiences, because in such circumstances the extended run makes commercial sense.

130. They make a particular effort to build up a regular audience instead of relying on casual spectators. Their audiences tend to have a higher than average level of education and to be left-wing politically. They usually plan for a period of a month and in their publicity material not only inform their public about the sequence of films, but also circulate summaries of reviews and other information. When possible they arrange discussion periods after the screening of important films, with authors, directors, cameramen and actors being invited to attend.

131. In 1973 they started the habit of meeting once a year to view films and choose what they wanted to acquire. They had little money of their own and no subventions, so their choice had to be based on commercial as well as cultural criteria. They had members of the public present at the viewings so that they could more successfully guess the likely audience appeal of the films. This annual meeting has since 1974 been formalised as the 'Hamburg Kinotage' (Hamburg Filmdays). Its initial success was largely secured by the participation of American Majors who

saw the possibility of an additional German market where they might be able to sell their more 'offbeat' films. In 1975 the City of Hamburg gave a subvention which made expansion possible and the annual Kinotage have become established as a valuable annual event, an interesting mixture of Market, Festival and Convention. In addition to the screenings, which are essential for the programme bookers, a series of seminars and other meetings are arranged where members and outside experts exchange information about films, distributors, trends in public preferences and new technical developments.

132. Their Association (the AGK) has become an effective body. Its membership list is kept confidential, but it is understood that there are about 100 members with 150 cinemas. The membership has been growing and has spread outside the Hamburg area to all parts of the Federal Republic. Most of the cinemas have between 200 and 400 seats. Their annual attendances are not known, but if 150 cinemas with an average capacity of 300 seats operate 50 weeks in the year and sell every seat at least once a week in one or other of the many performances, then the total attendances would be 2,250,000.

133. Members of the AGK have no obligations to book particular films, but they are expected to discuss their plans with other members who might be competitors and so to avoid conflicts. In return the AGK is a source of information, advice and protection. Every member is supplied with a complete set of monthly programmes, which show what films and what programme sequences have been shown, what success they have achieved, what new ideas have been tried out in different parts of the country.

134. The AGK represents the common interests of its members vis-a-vis first run cinemas, circuits, distributors and public authorities. It is also in contact with many international bodies and with many exhibitors and distributors in other countries, as its international status has been

established by the Hamburg Kinotage. For some time it has wanted to extend its international activities and establish an organisation which will be the focus for some form of co-operative trading on an European basis, but they will need a subvention to launch the project.

135. On the whole these Programme Cinemas have been successful in commercial as well as cultural terms. They have been much less thwarted than other second run and neighbourhood cinemas by the blocking practices of the large first run cinemas, though, of course, these do sometimes compel a distributor to give them preference. In view of the problems which any independent cinema faces in getting an adequate supply of attractive films a most important development has been the development of AGK's own distribution company, 'FiFiGe', which was set up with the help of a loan from the City of Hamburg. FiFiGe, which now has about a hundred films on offer, also trades with cinemas outside the AGK, but Members have a prior claim on its films. By now it seems firmly established and likely to get even stronger, but it faces keen competition from other minor distribution companies which have been launched in recent years.

136. The leaders of AGK look forward to a period of steady, though unspectacular, expansion at home and abroad. On their past record they are entitled to some optimism about the future, but in 1983 they shared the decline of the German cinema and business deteriorated. Expansion is still possible, even likely, but they must first struggle to survive.

Co-operation among Non-Mainstream cinemas

137. The Gilde, the Kommunale Kinos and the Programme Cinemas reveal the existence of audiences which are ready to welcome films of cultural interest and so also do the Film Clubs, but their contribution to increased

cinema attendances can only be indirect and longterm. The combined strength of this sector is larger than many suppose. The annual Film-statistisches Taschenbuch (Film Statistics Handbook) has in its 1984 edition introduced a new Table of relevant interest. This Table 23 analyses cinemas according to the type of programme they offer - 'Mixed' or 'Action' or 'Sex' or 'Porno' or 'Studio/Filmart' (with 'No Information' for 1.89% of the total). In 1983 the 'Studio/Filmart' group amounted to 9.76% of the total number of cinemas, had 13.03% of the total number of spectators and collected 12.03% of the total box office takings. There must be an element of doubt about these figures, as the cinemas were responsible for their own classification, but they are consistent with the information given in previous paragraphs, for we have seen that there are about 140 Gilde Cinemas, 150 Programme Cinemas (of which about 30 also belong to the Gilde) and 70 Kommunale Kinos. This makes a net total of about 330 which represents 9% of the total number of 3664 cinemas. (The calculations of the Filstatistisches Taschenbuch included cinemas which had closed and were based on a total of 4015 cinemas, but the results are very similar.) 9% is admittedly a small percentage, but it is by no means negligible and in theory at any rate these cinemas could become a force of some importance if they were to co-operate more actively. But is that likely?

138. Little evidence can be found of a positive desire either for strategic or for day-to-day co-operation. This is to some extent surprising, for, even if they differ in emphasis and style, they have many objectives in common. The Kommunale Kinos may be a different species in that they are subsidised and can make losses, but even they can by no means ignore their balance sheets, while both the Gilde and the Programme Cinemas share the view that profitability is not the only criterion

of success and all value the film as an art. Also, they all stress the importance of the presentation of films in ways which will increase the audience's understanding and appreciation. And yet for the most part these cinemas and their organisations seem to be at arm's length from each other. All of them are busy and want to get on with their own work, but is there also some hostility as well as rivalry beneath the surface?

139. The Kommunale Kinos see themselves as the elite vanguard catering for the dedicated enthusiasts and think that the Gilde cinemas have lost their souls in the commercial wilderness of entertainment. As recently as 1982 an authoritative article by Dr. Walter Schobert of the Arbeitsgruppe für Kommunale Arbeit (the organisation of the Kommunale Kinos) referred without much respect to "... the members of the good old Gilde who after a long interval seem to have become active again": he clearly does not regard them as likely to be allies of importance. Meanwhile the Gilde attitude has been somewhat cold. In 1979 their leader spoke out in a Colloquy against the creation of new Kommunale Kinos and, though it accepts the existing Kommunale Kinos, it has sought agreements which would prevent competition with Gilde cinemas. Moreover the initiative it has taken in Baden Würtemberg mentioned earlier in paragraph 127 would lead to public funds being devoted to collaboration with commercial cinemas rather than to Kommunale Kinos.

140. On the other hand the AGK has not had hostility either from the Municipal Cinemas or from the Gilde. Indeed the Programme cinemas are looked on favourably by the spokesmen of the Kommunale Kinos. Schobert in the article already quoted pays them a handsome tribute - "They are the natural allies of the Municipal Cinemas and also their toughest rivals, their finest fruit but also their greatest threat". They have, he continued, adopted the style of the Kommunale Kinos, but cannot be so

adventurous, since they cannot afford losses. Although he describes them as allies, he does not indicate the way in which an alliance might operate. Obviously neither group would want to establish a second cinema in an area which can sustain only one, but there are few important signs of positive collaboration, except on an ad hoc basis for limited purposes. 141. The Gilde and the AGK seem to regard each other as non-competing organisations with many common interests (and some 30 common members) working in different, though related, fields. There would be tension if their members were neighbouring cinemas in direct competition with each other, but in practice neither group can afford suicidal rivalries. For the most part the two bodies and their members go their own way without conflict and without much co-operation, largely because their styles of programming are different.

142. Recently, however, the Gilde and the AGK have come together in important issues. In December 1983 they joined with the Hauptverband Deutscher Filmtheater (the Central Association of German Cinemas) in signing a memorandum to the Government about the future of film aid. More significantly, in the early part of 1984 the AGK and the Gilde worked out a plan for overcoming the difficulties both had experienced in getting copies of old films which distributors are leaving unseen until they can be sold for televising or cassettes. Jointly they prepared a list of repertory films: they proposed to acquire cinema distribution rights of these and make copies: the films would then be distributed by FiFiGe, the AGK distribution company: copies would be available for any German cinemas. The plan depends on getting for its launching costs a reimbursable loan from the Ministry of Economic Affairs. The loan has not yet been made, so the scheme is not yet in operation, but, if it gets under way and works well, it may be the precursor of other measures of co-operation. 143. Even if there is less co-operation than might be desired, at least

there is no harsh division. The Kommunale Kinos have an avuncular attitude towards the Programme Kinos; the AGK sometimes works with the Gilde (to which 30 of its members belong); and the Gilde has good relations with the main organisation of the ordinary commercial cinemas, the Hauptverband Deutscher Filmtheater (to which most Gilde cinemas also belong). There is at least a continuous chain not a sharp dichotomy.

144. These groups of cinemas form a valuable addition to the Mainstream and could usefully be expanded, if the conditions permit. Unfortunately they share the general problems of the market and must also struggle with a constant shortage of suitable films which combine quality with an adequate measure of audience appeal. We are back to the initial question - why has the Renaissance of German films, rightly praised by David Robinson and others, brought so little good health to the German cinema? We need to at this stage summarise the story of the young German Film Movement, for this has strongly influenced both the nature of the German market and the system of film aids. The story may at first seem to be somewhat irrelevant but (it is hoped) its significance will become clear.

The Young German Film Movement

145. The German film industry re-established after World War II was conventional in its financial structure and its style. Undistinguished films of little cultural interest were made for the home market with a mixture of private finance and distributor's guarantees. The industry was generally profitable until the decline of the cinema common throughout Western Europe in the late 1950's. In this unpromising atmosphere a new movement was being born among young filmmakers, a valid revolt of frustrated men, some of whom had considerable talent, against the dull traditions of production and distribution. The movement had strong political undertones and one of them could later say with some melodrama

"Art must be radical and must become a beneficial form of terrorism".

Many of the rebels discovered their common attitudes and after a series of meetings issued (in 1962) their declaration of faith and aims - 'The Oberhausen Manifesto' which was signed by 26 men (but no women).

146. In their Manifesto they condemned the cultural bankruptcy of the conventional cinema and demanded freedom from the restrictive interests of commercial partners and from any control by vested interests. "The Old Film is dead. We believe in the New". In their naive, vague and declamatory document there was at least one concrete phrase - "We are collectively prepared to assume the economic risks" - but in practice they had no money to do so and what they really wanted was production finance from public funds. They did not seem to be much concerned about distribution or exhibition, possibly because they had such confidence in their own talents and in the future.

147. The Manifesto soon produced some concrete results. The first film school in Western Germany was started and then in 1965 the Interior and Economic Ministries of the Federal Government jointly established the Kuratorium Junger Deutscher Film (The Board of Curators of the Young German Film) with instructions "to promote German filmmaking and to stimulate a renaissance of the German film". Its main work was to supply production finance, just what the Manifesto had demanded: four of the first seven long films it funded were directed and two were produced by signatories of the Manifesto. Kuratorium films soon won recognition abroad, especially at the Venice Festival, where one won the Silver Lion in 1966, another the Prize for the Best Film Director in 1967 and a third the Golden Lion in 1968. As several also attracted critical acclaim and large audiences at home, it was not surprising that one of the Manifesto leaders could assert "The Art film is ours today, as will be the whole market tomorrow".

148. The euphoria was short-lived. Only a few of the films had any

audience success and many could not even find a distributor, so the directors of these were earning neither fame nor money and their careers were halted as the Kuratorium would finance only a director's first film. Meanwhile the established forces in the film trade said that the young - now called the New German film was bad for business and lobbied in the corridors of power. Battle was joined over proposals for a new film law.

149. It was a battle of commerce versus culture. The old producers wanted a scheme which would encourage the making of box-office successes, while the young wanted support for the making of films of artistic value. The Old Guard were much stronger and more sophisticated lobbyists and the Film Law passed in 1967 was a victory for them: the Law made some concessions to the concept of cultural quality, but its essential feature was that aid should be concentrated on films which had achieved a defined amount of success at the box-office.

150. The maker of a cultural film now seemed to be in great trouble. He could not get finance for a new film without the aid of subsidies paid on his last film, but he could not get subsidies unless his film had achieved some success at the box-office and he could not get such success without a distributor. He was at the mercy of distributors, many of whom thought that cultural quality was box-office poison and some of whom had discovered an easier life with semi-pornographic and cheap action films. Moreover, after the passing of the 1967 Law the Government withdrew support from the Kuratorium which went into the care of the Lander and now had a lower annual budget.

Some help came when the BMI in 1970 and the Kuratorium in 1971 began to give a few modest grants to aid the distribution of films which they had helped to finance, but the grants were not large enough to make any real difference.

151. What rescued, or seemed to rescue, the New German Film was the arrival of Television as a financier of film production. The TV Stations in the early 1970's needed material to fill their screens; they were under legal obligations to promote cultural programmes; and they had money available for financing production. It seemed a marriage made in Heaven, for the filmmakers could promise to provide interesting material at low prices and could negotiate to secure cinema rights for themselves. After a period of haphazard investment the two Programmes ARD and ZDF signed an agreement with the FFA (the German Film Board) in 1974: a second agreement was signed in 1979 and a third in 1984 for the period 1984-86. Altogether DM 184.4 million will have been spent by ARD and ZDF. The main objective is to promote the co-production of films designed to be shown first in cinemas and then on TV. In addition to DM 124m scheduled for this work DM 39 m will have been passed to the FFA (German Film Board) production finance fund and DM 21.4 m will have been allotted to other purposes.

152. Unquestionably TV has made a very important contribution to the making of some films of high reputation (including 'Maria Braun', 'Die Blechtrommel', 'Nosferatu', 'Fitzcarraldo' etc.), which have attracted audiences to cinemas before they have been televised, but the arrangements have been criticised on several grounds.

It has been argued that too often the films, whether good or bad, have been designed as films for the small screen and are not suitable for cinemas. In addition, it has been said, many are so esoteric that they bore the spectators. Experiments which may be possible in late night screenings cannot be afforded by exhibitors if they empty the cinemas.

On the other hand the TV stations have also been accused of investing in too many 'Gremienfilms' (films resulting from committee decisions and compromises) rather than in new and adventurous projects. Moreover, in

the 1980's severe competition between the two channels has made both more interested in prestige than in low budget films, so they are doing less and less to promote films of cultural value.

153. A different type of accusation is that, though the Agreement with the FFA includes a provision that a co-production film cannot be televised until two years has elapsed since its first cinema release, the TV station is sometimes so eager to screen the film that it is unwilling to exercise the strategic patience which the cinema distribution of a difficult quality film requires. In these cases the exhibitors do not reap the potential harvest which a good film can bring.

The essence of the criticisms is that in the planning of their investments and in the use of the films made, the TV Stations have given relatively little thought to the tastes of cinema audiences and the needs of cinema exhibitors.

154. Television has not helped to provide cinemas with a stream of quality films which attract audiences and it did not quench the discontent of the New German Film Movement. A fresh wave of reformers issued (after some stormy scenes) the 'Hamburg Declaration' of 1979, which set out a catalogue of demands for subsidies, "omitting", as the late Jan Dawson said, "only the audience from the list of the deserving poor" (and, one might add, blaming everyone except themselves). The Declaration has not had any important influence on events and certainly did not shape the new Film Law of 1979, which will be discussed at a later stage (paragraphs 170-78).

155. By now the Movement seems to have lost its fire, and one can try to look at its place in the history of the German cinema. It has great achievements to its credit. Before the Oberhausen Manifesto the German film was a backwater, but since then a number of its directors have achieved world recognition, with some commercial success at home and abroad.

However, success has been concentrated on a small number of films, while the majority have made little or no impact. Many of the best have appealed more to foreign critics than to German spectators and many of the worst have failed to reach, or have alienated, cinema audiences. In every country these days there has been a polarisation of success and failure, but very rarely to the extent experienced in Germany.

156. Of course some of the New German Films have benefitted some exhibitors, but many observers consider that the Movement has in practice contributed to the decline and continuing weakness of German exhibition because of a tendency to get absorbed in the making of films as an end in itself and to forget the task of communicating with an audience. It is also argued that this attitude has had an unfortunate influence on the film aid system, as will be seen in the next section.

Systems of Film Aid operating in Germany

157. Some have argued that a main culprit responsible for the weakness of German production and German cinemas has been the systems of film aid which have tended to steer filmmakers in the wrong direction by making it too easy to get finance for films which the public will not want to see. We will now review the elaborate network of measures which have been introduced at different times by different authorities for different purposes.

The ¹Prädikat (Certificate) System

158. In 1951 the ²Länder (States) set up the Filmbewertungstelle (FBW) (the Film Evaluation Board) to classify films which would earn relief from Entertainment Tax. The tax is now of very small importance, but the system continues. A ³Prädikat of 'Wertvoll' (Valuable) or 'Besonders Wertvoll' (Specially valuable) gives the film certain advantages in the

aid system (see paragraphs 168 - 174) below) as well as exempting from Entertainment Tax an exhibitor who shows it. To some extent the system encourages the distribution and exhibition of Prädikat films (in practice, short films particularly), but it is not devised or operated in a way which encourages cinemas d'art et essai to seek new audiences and increase attendances.

Bundesministerium des Innern (BMI) - The Federal Ministry of the Interior

159. The year 1951 also saw the start of federal aid for films, when the BMI introduced a system of Prizes. Its policies have been based on the principles that the state should encourage artistic creativity and widen opportunities for the enjoyment of the arts, not only music, the theatre etc., but also the film, for this is the art with the greatest popular appeal and is also a powerful medium for the expression of the nation's identity.

160. The BMI awards are selective. Until 1984 the criterion was artistic quality and the question of commercial appeal was not taken into account, though in practice economic factors helped to shape some of the policies pursued. At first the Prizes were not accompanied by any money and were given only to creators of finished films, but additions have been made - in 1955 Money Premiums as well as the Prizes, in 1962 aid at the production stage (for treatment and scripts), in 1967 Prizes for exhibitors and in 1977 aid for distributors. Most of the money, however, still goes to Prizes, Premiums and Stipends for German films and filmmakers (and their co-production partners).

161. The BMI money grants and money prizes are not large, but it is hoped that their production grants have a prestige which will encourage others also to invest and that the award of a Prize will so impress distributors and exhibitors that it will be easier to get release

opportunities for these films. In practice, however, distributors and exhibitors know that a film needs audience appeal as well as a Prize if seats are to be sold. Unfortunately most of the sponsored films have not been commercially successful.

162. The BMI can also allow up to DM 50,000 to help the distribution of a film which has had a BMI Prize or a grant but only about DM 200,000 is available annually for this scheme.

163. The BMI also tries on a modest scale to promote the exhibition of films of cultural value through a system of awards rather similar to one previously operated by the Gilde Deutscher Filmtheater. A Certificate and a Premium of up to DM 40,000 is given to cinemas with the best programming records of the year. The winning programmes must include a satisfactory proportion of German films and the highest prizes require a particularly high proportion. In addition some Certificates without Money Prizes are awarded. In its first five years (1969 - 73) an average of DM 210,000 was awarded each year, but the sums were increased and in the period 1977 - 82 DM 540,000 or slightly more was awarded each year: in these years the prizes were usually shared by about 45 cinemas of which two-thirds got DM 10,000 each. The global sum has been falling since 1979, when it was DM 580,000. For 1983 a total of DM 510,000 was shared out among 31 cinemas (1 with DM 40,000, 2 with DM 30,000, 13 with DM 20,000 and 15 with DM 10,000). Even DM 10,000 and the prestige of a Prize can encourage a small exhibitor, as can be seen from the fact that applications in the last few years have risen by 50%, but the budget is a small one and the scheme is of limited value.

164. Within its budget the BMI has done much to help filmmakers and art et essai exhibitors, but in the past does not seem to have focussed its aid on those filmmakers of artistic talent who want to communicate with audiences. In 1983, however, the new Minister of the Interior (Dr. Zimmermann) began to change the atmosphere by laying a firm emphasis

on the need for German films to reach and interest the public. He promised reforms and in February 1984 issued new Richtlinien (Guidelines) for the Promotion of German Films.

165. In some circles these have been strongly criticised on the grounds that they have replaced cultural by commercial objective. They have often been misunderstood and sometimes misquoted: for example 'FilmEcho/FilmWoche', the main trade newspaper, said that the new Guidelines omitted the passage in the previous text about 'Promotion of the artistic types of films', but these very words appear, prominently enough, as the first sentence of section 1(1). In fact what seems to be the only new point of principle in the new Guidelines is the provision for consultation and co-operation with the Filmförderungsanstalt (The German Film Board), which administers the state aid scheme with mainly commercial terms of reference (see paragraph 171 below). This is surely an admirable addition if it will help to bridge the gap between culture and commerce.

166. The change lies not in the new text but in the new operational policy. The intention is that the BMI should not in future support the sort of cultural project which is likely to interest only a handful of dedicated enthusiasts, but this does not mean that the BMI will (as some critics are suggesting) think only of commercial success. The Minister does not want to promote art for art's sake and collect a library of films without spectators, but aims to help films of artistic value which are likely to find a public response. This is surely a reasonable guideline for the expenditure of public money on a medium of communication. Some changes have been made in the composition of the Committee which decides on the projects to be supported.

Kuratorium Junger Deutscher Film (The Curators of the Young German Film)

167. Another organisation devoted to the cultural promotion of films

is the Kuratorium Junger Deutscher Film which was set up by the Federal Government in 1965, but since 1970 has been financed by the Länder. Its initial purpose was to stimulate a renaissance of German film production and it has consistently been an important nursery of young talent. The bulk of its budget has been spent on providing finance for the first long fiction films of young German directors, usually through interest free loans for part of the production costs: Herzog, Wenders and other leading directors made their first long films with the help of the Kuratorium.

168. Its reputation is high, but few of its films have attracted audiences, so the Kuratorium has intervened in distribution since 1971. It aids the promotion of films whose production it has helped to finance and also films which have won a Prädikat. (Its distribution aid has also been given to films whose production the Kuratorium did not assist, partly because of goodwill to all films of quality and partly because so many of the Kuratorium films had not found a distributor and so could not use a distribution loan.) The aid is in the form of interest free loans for expenditure on prints and publicity, subtitling for foreign markets and festival expenditure. In 1983 DM 294,000 was spent on loans for home distribution, there being 17 loans ranging from DM 7,000 to DM 25,000. A further DM 264,830 was lent for foreign distribution (subtitling and festival participation): this was shared among 50 films with loans ranging from DM 800 to DM 8000.

169. In addition the Kuratorium gives interest free loans (to finance improvements in facilities) to places of exhibition, commercial cinemas and others, which show programmes of outstanding quality. In 1983 loans totalling DM 111,000 were shared among 13 places of 16 mm exhibition. The recipients of the loans can also benefit by being allowed to pay lower rentals for films whose production has been aided by the Kuratorium.

170. Altogether, therefore, in 1983 the Kuratorium spent DM 669,830 on aiding distribution, export and exhibition, while in the same year it spent DM 1,508,750 on production aid. These figures have been quoted to indicate that, although the loans are of undoubted value, the amount of money involved is very small.

Die Filmförderungsanstalt (FFA) (The Film Promotion Institute, commonly called 'The German Film Board')

171. The FBW, BMI and Kuratorium schemes have all had cultural objectives. Their work could not be made the basis for the more commercially minded system of aid which was demanded in the mid 1960's, so when Germany decided to have film aids comparable with those of France, Great Britain and Italy, the 1967 Film Law set up a new body, the FFA, which would operate in a different spirit under the overall authority of the Ministry of Finance. The 1967 Law was amended in 1971 and 1974 and replaced by a new Law in 1979.

172. Basically the Law is concerned with the economics of the industry, but as its first task the FFA is required to enhance the quality of German films. This is more than an empty phrase, for it has a Committee of Evaluation which can award a Value Label as a Good Entertainment Film to a long German film which is of superior quality in the light of its dramatic composition, script, direction, acting, photography and editing. Furthermore, specific financial advantages are given to films which in this or other ways have been recognised as Quality films (see paragraph 174 below).

173. The FF is financed mainly by a tax on cinema tickets (which in 1983 yielded DM 30.5 million) and partly by contributions from TV and from some Länder (DM 6.5m in 1983). The income derived from the cinema tax must, after the deduction of administrative expenses) be spent in

accordance with a formula set out in the Law of 1979. Most is for production (50% for postproduction subventions, 21% for production financing and 5% for short films), but 7% is to be reserved for distribution and 15% for aiding cinemas, with 2% for miscellaneous measures.

174. The post-production subventions are distributed in accordance with an ingenious formula which gives preferential treatment to 'Quality films', which for these purposes are films which have been awarded either a ["]Pradikat by the FB["] or a Value Label by the FFA or the Grand Prix at a Category A Festival.

Subventions are given to 'eligible' films pro rata to the size of the audience they have attracted (subject to a maximum entitlement).

Normally a film is only eligible if it has secured 250,000 spectators within two years, but a Quality film (as defined above) is eligible if it has secured 135,000 spectators (and sometimes is eligible with even fewer). Moreover 20% of the money set aside for post-production subventions is reserved for Quality films. This is a most interesting compromise between an 'automatic' system which rewards the commercially successful films without regard to quality and a 'Selective' system which rewards only the quality films without regard to their audience appeal. What is significant for our purposes is that the scheme offers the exhibitor no incentive to show quality films and in consequence does not in any way promote the development of art et essai cinemas which could, as in France, attract new groups of spectators. The producers are compensated because their films have had small audiences, but the exhibitors are not encouraged to increase them.

175. Seven per cent of the Fund is for aid to distribution: in 1983 this amounted to DM 2,791,700. Interest free loans (which are not always repaid) may be given for expenditure on prints and publicity to distribution

companies whose headquarters are in a Member Country of the EEC: in 1983 nearly all the money went in such loans - DM 2,758,535, spread over 41 films, of which 15 got DM 100,000 and 11 got DM 50,000 - DM 99,000. The law also provides that companies which want to enlarge existing markets or undertake measures of economic rationalisation may get subventions or reimbursable interest free loans, provided that they have their Headquarters in W. Germany and do 51% of their business in German films: little use is made of these provisions and in 1983 a total of only DM 33,165 was granted in small amounts spread over three companies. In addition the Law says that aid can be made available for 'measures of co-operation', but the purposes, methods and amounts of such aid are not specified.

In this section of the Law no preference is given to films of quality, but there does not seem to be anything to prevent the FFA from selecting specific beneficiaries who specialise in handling such films and indeed this might be a useful way of helping groups of art et essai distributors who undertake 'measures of co-operation'.

176. Fifteen per cent of the Fund goes to helping exhibitors through Subventions and loans for the modernisation and improvement of cinemas, for experiments in new arrangements which might make cinemas more attractive, for the establishment of co-operation between cinemas and for an advice service for exhibitors. Money also came from the special account set up after the disposal of the UFI assets (DM 3,357,000) and a further sum from Bavaria and the Senate of Berlin (DM 1,041,908 together). A total of DM 7,790,508 was therefore available for a total of 137 cinema projects of modernisation and improvement. (Incidentally, the Exhibitors do not regard this as a subvention but as the return of some of the tax they have paid on cinema tickets).

177. The Law does not require the FFA to take into consideration the quality of the programmes shown at the cinema applying for a loan or grant,

but the Law does not prevent the use of qualitative criteria, which could in fact be argued as consistent with its first task "to enhance the quality of German films". This approach could be linked with action taken on the lines suggested at the end of paragraph 175.

178. The FFA is the central point of the German film aid system. It is primarily designed to improve the commercial strength of the industry, but within that general objective some consideration is also given to the cultural value of the films made. Most of its aid is given to producers, but some is also available for distributors and exhibitors. To some extent, therefore, but only to a limited extent it does promote the distribution of films of cultural value. The scheme is well designed and well operated, but there are points at which one feels that with less rigid terms of reference it might have been possible to encourage art et essai exhibitors to attract and build up wider audiences and so to increase attendances as a whole.

Film Aids from individual Länder

179. The FB* (the Film Evaluation Board) and the Kuratorium have both given evidence of the interest taken by the Länder in films, but in addition some have their own independent - and widely differing - schemes. The first was the Berlin scheme: its primary aim has always been to attract filmmakers to Berlin for the sake of the employment and business they bring and to make Berlin an integral part of the German film community. It is so little concerned with distribution and exhibition that it is not relevant to this Study.

In Hamburg the fund concentrated on the production of small budget films which are destined for clubs, societies and private screenings rather than for cinemas. Neither the Hamburg scheme nor the small one in Rhein-

Westfalen, which is modelled on the same lines, are relevant to this Study.

On the other hand the Bavarian scheme not only shares the Berlin aim to attract filmmakers, but also spends money on improving the quality of production, on distribution and on prizes for exhibitors - 20 prizes of DM 10,000 each in 1983 to cinemas which have shown programmes of quality.

180. Mention has already been made (paragraph 127) of the proposal in Baden-Württemberg, whereby the Land will be ready to join with a Municipality in giving help to a private cinema which would otherwise have to go out of business. This could prove to be a most useful experiment on the basis of which other Länder might support similar schemes.

181. All except the Berlin scheme have started in the last five years and others will no doubt follow (there is talk of one in Hesse). Their variety and independence have been inevitable under the federal structure of the country, but the price has been a haphazard growth of German film aid and a certain confusion of purpose.

Comments on the German system of film aid

182. This summary has given some indication of the multiplicity of schemes in operation. A lot of money is spent: in 1983 the Budgets included DM 38 m for the FFA, DM 10 m for the BMI and the Kuratorium combined, DM 34 m for the Länder. In addition to this total of DM 82 m subventions were made to Kommunale Kinos, Film Archives etc. And production finance was available from the TV Stations. It has been subjected to criticism on a number of points. In the first place it may be argued that the division of labour between the FFA and the various cultural bodies may have many merits, but has also in practice tended to foster an unhealthy dichotomy of culture

versus commerce - a dichotomy which on the whole France has avoided.

183. Secondly it has encouraged a spirit of parasitism, for the film-maker needs to acquire an expertise in the arts of applying for aid.

It is possible for a film to get production finance from the FFA, the BMI, a Fund of one of the ["]Länder and a Television Station. After it has been shown the film may then secure a [']Prädikat from the FBW, and a Value Certificate from the FFA (both of which may be passports to further aid), a Basic and an Additional Subvention from the FFA, a Film Prize from the BMI, perhaps help with distribution expenses from the FFA or some other body. This pluralism has benefitted some films which have well deserved support, but in other cases it has tempted producers (so it is often said) to design films for the tastes of selection committees and to forget the paying public. This line of criticism was well put in a 'Variety' article - "Featherbedding from script to screen means that a producer who knows how to play the complex but bountiful subsidy game can totally finance his film without personal risk. Neither is he disciplined in his creative concepts by the needs of the market place."

184. This leads to a third criticism - that too often a film is planned without proper thought of the potential audience. Mention has already been made of the new attitudes of the new Minister of the Interior (paragraph 164 above). In addition a joint Memorandum from exhibitors' associations in December 1983 argued strongly that aid should in future be given only to films which (so far as could be judged) would find a distributor and be shown in cinemas. Significantly this Memorandum was signed not only by the organisation of the Mainstream commercial exhibitors (the 'Hauptverband Deutscher Filmtheater'), but also by the Gilde and the Arbeitsgemeinschaft Kino, the leaders of the cinemas outside the Mainstream.

185. A fourth criticism is that in both the commercial and the cultural aid sectors too little attention has been paid to promoting the

distribution and exhibition of the films whose production has been partially or wholly financed out of public funds. If many are not suitable for public exhibition, then that is a sign that the priorities have not been thought out with sufficient clarity.

186. It would be unfair to concentrate on the defects of the aid system and to ignore its great contribution to the renaissance of the German film. The 'Variety' article quoted in paragraph 183 went on to say "Without cash aid German film culture would not survive". Reforms are needed to promote the production, distribution and exhibition of films of cultural value which will be capable of attracting audiences, but this should not lead to a total neglect of experimental filmmaking, young directors and élitist cinemas. It is a question of balance - and the balance seems to have tilted in the past too much towards the concept of the film as an art which can survive through subventions instead of audiences.

Germany - some conclusions

187. The background paragraphs 105-109 painted a dismal picture, which recent events and trends have done little to improve. The fall in total attendances can be expected to continue, for the basic threats to the cinema are undiminished. Outside the Mainstream we found that the Programme Kinos are holding their position with difficulty, that the Gilde is losing some members and that the Kommunale Kinos are in decline.

188. It is unlikely that audiences will be won back without a better supply of German films acceptable to the public. This will require a switch of emphasis towards the encouragement of those films of cultural value which seem likely to attract audiences and also towards measures which will improve the distribution and exhibition of such films.

189. All this cannot be left to the Federal Authorities alone. An important part can be played by Lander and Municipalities and indeed by the industry itself, which has already been pointing the way through such organisations as the Gilde and the AGK, both of which realise that the film is a medium of communication.

ITALY

Background

190. After the end of the Second World War the Italian film industry (with the stimulation of governmental interest and aid) enjoyed a period of considerable success, culturally as well as commercially, but later the Italian cinema experienced the decline in cinema attendances common in Western Europe. Then a chaotic growth of television stations showing old films on a massive scale plunged exhibitors into a crisis which has become endemic. Attendances have fallen every year for more than a decade, from 525 million in 1970 to 192 m in 1982 and 163 m in 1983. Many cinemas have closed, particularly in the suburbs of large cities and in smaller towns.

191. All sectors have suffered. In 1973 a pamphlet published by the National Union of Italian Cinema Critics stated dramatically that 'the haemorrhage of spectators' had among other things led to the 'ostracism of films of quality'. This analysis had some truth at the time, but in Italy 'commercial' and 'cultural' have not been sharply divided into different worlds. The situation of art et essai type cinemas is certainly very serious, especially outside the large cities, but the nature of Italian exhibition suggests that the cinemas which show cultural films can make a useful contribution to the total level of attendances.

192. Films of national identity have been hard hit by the depression. In 1970 Italian films took 60% of the box-office, but in every year since 1978 their share has been less than 50% and at present American are taking more than Italian films. Naturally the Italian industry is alarmed and one official letter to the Minister included the lament that "We must not be allowed to disappear because we do not want to be colonised".

193. After American and Italian films have taken their share, little of the box office is left for other films, including art et essai films, from the rest of the world. Many who know the Italian public believe that a potential audience exists for foreign films of quality if they are not esoteric and that if art et essai cinemas could only find a way to reach this unsatisfied audience they could certainly increase the total attendances in the country. But how? They have no magic formula, but at least they have been trying to organise a campaign, as we shall see in paragraphs 226-228.

The Film Law

194. Successive Governments have taken a close, but often frustrated, interest in the cinema. The Law now operating (No. 1213 of November 1965) has long been scheduled for reform, but Governments have fallen or Ministers have been changed before a new Law could be passed: it is possible, however, that some radical changes will be made in late 1984 or early 1988.

195. Law 1213/1965 declares (Article 1) that "The State considers the cinema a medium of artistic expression, of cultural development, of social communication and also recognises its economic and industrial importance". The State therefore "encourages and aids initiatives designed to improve and spread the national cinema with particular reference to films of notable artistic and cultural interest".

196. To achieve these aims the Law includes provisions regarding Cinema Clubs (paragraphs 197-200 below), Prizes for Exhibitors (paragraphs 201-202) and a national body for the management of cinema affairs (paragraphs 203-206).

Cine Clubs

197. Article 44 of the Law provides that the Minister can recognise Associations of 'Circoli di Cultura Cinematografica' (Cineclubs and similar bodies) which have been operating on a non-profitmaking basis for at least three years in at least ten of the ninety provinces: their screenings are limited to Members who must be at least eighteen years old (except for Clubs which have a specific educational role). For the recognised Associations the Ministry can make grants out of the Fund at its disposal. This is a global sum and the amount of each grant depends on the activity of the Association relative to the others. In addition the Clubs have certain fiscal benefits.

198. Nine Associations have been recognised by the Ministry. The largest has about 135 Member Clubs (or Circoli) and the total number of Clubs is about 900. The Associations differ in their religion and politics - they may be Communist or Socialist or Catholic-left wing or Catholic-right wing - and they may also differ in their methods of working, but in spite of their many differences they co-operate in the pursuit of common interests through a Co-ordinating Committee.

199. In the immediate post-war years the Cine Clubs were important champions of the cultural cinema and in particular promoted the neo-realist films. When this school faded, the Clubs also lost much of their influence and in later years they have been very severely weakened by the explosion of Television and its screening of films on a massive scale. In the 1960's their annual attendances were said to be half a million but the accuracy of this estimate cannot be guaranteed and now there are no official figures for attendances. It is, however, generally agreed that the trend has been, and is, downward.

200. It would be wrong to dismiss the Clubs as unimportant because of their dwindling numbers. It is worth noting that the organisation of the commercial exhibitors (AGIS) takes an active interest in Cine Clubs, which

still make a valuable contribution in developing the appreciation of quality films and in providing filmgoing opportunities in some cinematic deserts. In a modest and indirect way they can help to increase the future level of cinema attendances.

Prizes for Exhibitors

201. The Law 1213/1965 has also provided (in Article 45c) for the awarding of 'Premi' (Cash Prizes) to exhibitors who operate Cinemas d'essai: the Italian law and the Italian trade talk of 'cinemas d'essai', but not of 'cinemas d'art', though in practice few of the cinemas d'essai in Italy would be classified 'Recherche' in France: The Premi are given to exhibitors in whose cinemas the overall achievement in respect of programming and associated activities during the preceding year is judged to have made a lasting contribution to the spread of cinematographic culture. The main defect of this system is that the uncertainty whether a Premi will be awarded to him may make the exhibitor less inclined to be adventurous in his programming, particularly as it is by no means clear what in practice have been the criteria used in evaluating the work done by the exhibitors.

202. Until recently the total amount of money granted has been too little to allow the scheme to become important. For 1981 the total was 200 million lire, shared out among cinemas, but for 1982 450 million lire were shared among 140 cinemas and hopes are held of a further increase for 1983. The Premi have done a little to encourage the growth of art et essai cinemas, but a substantial increase in the budget will be needed before they become really effective incentives.

Ente Autonomo di gestione per il cinema

203. The Law 1312/1965 also deals (in Article 42) with an organisation which had been set up previously in 1960 - the 'Ente Autonomo di gestione

per il cinema' (the 'Independent Organisation for the Management of Cinema Affairs'), which is commonly referred to as 'The Ente'. It was allotted Funds, but not given detailed terms of reference. In practice it is now responsible for the Studios Cinecitta (which do not concern us here) and for L'Istituto/Luce Italnoleggio which is primarily a state owned distribution company.

204. 'Luce' (which means 'Light' as well as standing for L'Unione Cinematografica Educativa) was an old organisation, established in 1924-25. L'Italnoleggio was established in 1966. The original purpose of Italnoleggio was 'to distribute and spread films which are of quality and genuinely interesting in order to meet the challenge of the growing presence of the American cinema in the Italian market'. It introduced, for example, the Polish directors and the Hungarian Jancso to Italian filmgoers, but many of the other films it had to market were not successful. It also acquired cinema interests: at one time it had 26 cinemas and did the programming for 13 others, but this level of activity could not be sustained. The major problem became Luce's loss-making production investments, which eventually led to the closure of both bodies in 1982. The next year the new joint organisation L'Istituto Luce/Italnoleggio was set up with a more limited mandate.

205. The revived Italnoleggio has avoided cinema responsibilities and limited itself to domestic distribution. Its catalogue of films includes not only a wide range of documentary films, but also a selection of fictional films from many countries. It has a number of Regional Offices through which it serves commercial cinemas, particularly those with art et essai programming, and sometimes Cineclubs as well. Its work is valuable, but has been on a small scale. Its potential value is of great interest for in Italy, as in other countries, the costs of importing

213. One example of the Convention is the Bergamo 'Film Meeting', which is a mixture of Market and Convention. It was at the first of these in 1983 that the Italian Federation of Cinemas d'Essai started to develop the campaign which will be described later in paragraphs 226-228. One hopes that there are also a large number of unreported Conventions devoted to considering how to strengthen the cultural cinema and increase attendances in a particular Commune (or Province or Region).

214. These paragraphs through ignorance of facts may have left a somewhat unfair picture of limited activity, but it is most probable that the Local Authorities have made a very partial use of their powers. One obvious reason is that action costs money and it has always been easy to find other, more urgent, problems requiring public expenditure.

215. A second reason is that the Government does not seem to have pressed for local initiatives: the local authorities come under the Ministry of Regional Affairs, which has no special interest in the cinema, not under the Ministerio dello Spettacolo, which is responsible for the film industry.

216. Perhaps a third reason is that the film industry itself has not marshalled its forces and devised a collective strategy. Indeed it may not agree that working partnerships between commercial cinemas and local authorities could increase attendances considerably without harm to economic or political principles.

Cinemas d'art et essai

217. Though the volume of public aid for art et essai cinemas has not been large (see paragraphs 201-2), subsidies have been available for three organisations initiated by the cinemas themselves as part of a lively art et essai movement.

AIACE (Associazione Italiana del Cinema d'Essai)

218. AIACE was founded in 1962, being in some ways the heir of the then declining Cine-Clubs. It is a cultural association whose members include not only cinemas, but also directors, distributors, critics and others.

Its cinema membership has grown quietly from 6 in 1965 to 12 in 1975, 15 in 1980 and (after some ups and downs) 16 in 1984. It had 32,000 individual Members in 1965, 32,000 in 1970 but only 28,000 in 1984.

Its importance cannot, however, be judged by its numbers alone.

219. For several years it was the chief, indeed the only, protagonist of art et essai, so later organisations owe a debt to the early work of AIACE. It has tended to concentrate on what some have called the more esoteric films: at a Congress in 1975 it announced plans to present films which, it said, were on the fringe even of the cinemas d'essai.

220. In concrete terms its achievements have not been noteworthy, for it has not expanded, it has not succeeded in securing more aid from the Ministero, it could not maintain the distribution company it established and in general it has watched the decline of the cinema it has championed. Some of its difficulties have arisen from the unease caused in cinema circles partly by its elitist tendencies and partly by its political commitment to the left. It has, however, been a valiant and valuable standard bearer for art et essai, particularly for the more adventurous and innovating films, and it has a fine record of 'missionary work', sometimes with mobile cinemas, in areas which would otherwise have been starved of quality films.

FAC (Comitato Nazionale per la Diffusione del Film d'Arte e di Cultura)

221. FAC was set up in 1970, as a rival to AIACE, by the joint action of AGIS (the general trade association of exhibitors) and ANEC (the association

of Catholic exhibitors). It promotes and develops the spread of films of cultural interest, it makes and circulates lists of quality films and in general it aims to be a study centre for the cultural cinema. It now concentrates on missionary work of a general nature, particularly among cinemas which do not regularly show art et essai programmes.

222. It has a number of Regional Committees and seeks to develop joint activities with local government organisations, but it does not seem to have done this to an extent which invalidates the comments made in paragraph 216 above.

223. At one time FAC had a membership which included cinemas, but is now a Committee without a general membership. The organisation of cinemas art et essai is now left to another association also set up by AGIS and ANEC.

FICE (Federazione Italiana del Cinema d'Essai)

224. FICE was set up by AGIS and ANEC in 1980. Its aims are to develop, within the framework of the existing exhibition system, the programming of films of cultural and artistic quality: to study and help to solve the legislative, economic and organisation problems arising out of the exhibition of cultural programmes: to arrange a machinery of support, such as agreements for the acquisition of films: and to promote co-operation with other organisations working in this field. It places less emphasis than AIACE on innovating films of minority interest, more emphasis on the need to keep cinemas alive by attracting audiences.

225. FICE has had a membership of 300 cinemas, but this has fallen as a result of closures in 1984. A quarter of its membership has been in Piemonte, but it covers the whole country, it has representatives in five of the other Regions and, because of its close relations with AGIS, it can make use of the widespread AGIS organisation.

226. Its attitudes and enterprise can be judged by the special campaign it launched in 1983. After some preliminary discussions at the first Bergamo Film Meeting FICE brought together in June 1983 at a Seminar in Viareggio what it described as the forces interested in a reform of the national cinema and TV market. The starting point of their argument was the fact that some five million spectators had attended the 300 cinemas associated with FICE, cinemas which had shown programmes of quality. The public response to these programmes indicated that the total potential audience was more than 5 million. What was needed was a circuit which would be a magnet for spectators who wanted such films and which would thereby reduce the risks at present incurred by their distributors. It would be important for the campaign to receive the support both of Italnoleggio and of the Regions, Provinces and Communi. FICE also stressed the need to secure that the system of Premi (paragraphs 201-202 above) is reformed and more generously funded.

227. The Seminar was followed by the issue of a Press Statement in October and the organisation in different parts of the country of 12 simultaneous Press Conferences which resulted in a very impressive press coverage on a national scale. The message was a simple one. FICE was planning to set up a circuit of some 300 cinemas, of which 20/25 would be first run cinemas in major cities, 40/50 would be in middle sized cities, 200 would be in small towns, devoting part of the week to art et essai programmes, and 20 would be repertory cinemas. The cinemas would be able to display a special sign ('Marchio') indicating to spectators that here they could find the films of quality they wanted. FICE also reported that some exhibitors had as an experiment acquired the film 'Da Mao a Mozart' for distribution in their own (and in other) cinemas, hoping that this might lead to some regular form of co-operative distribution company.

228. Since the successful Press Conferences of October 1983 the campaign has made little progress. The use of the 'Marchio' has been well received, but the proposed circuit has not started operations and the omens for the future do not look favourable. No cinemas exist in Rome able to serve as a launching pad for any release. Many of the art et essai cinemas in the Regions have closed or reduced their activities, so the circuit now looks like being not much more than half of what had been planned. Moreover, in the 1983-84 cinema season most of the films d'auteur found no public and this has led people to question the possibility of ever building a circuit. If this bold project fails, it will be a sad day for the cinema in Italy.

AIACE, FAC & FICE

229. The rise first of FAC and then of FICE led to some difficulties with AIACE, which had once been the lone champion of Art et Essai in Italy. AIACE suspected that cultural ideals were being sacrificed to commercial needs and was itself suspected of an ineffectual elitism and of excessive political interests. The records of the International Confederation of art et essai Cinemas contain ample evidence of the mutual bitterness, but suddenly in 1982 AIACE and FICE announced that they had made peace and a Treaty of Alliance. In practice this has proved to be more a pact of peaceful co-existence than a working partnership, for each tends to keep its distance and go its own way.

230. As a rough generalisation one can say that AIACE is mostly interested in what the French system calls 'Recherche' cinemas, that FICE wants to make cinemas d'art et essai a commercial success and that FAC promotes art et essai programmes among cinemas which hitherto have not often shown them. FICE and FAC work together, but to the outsider who has not lived with the problems of the past it seems a pity that there is not more systematic collaboration among the three groups which have much in common

as well as some differences. No doubt the insiders will laugh at such naivete.

Italy - some conclusions

231. The present position of the cinema in Italy is alarming and the future prospects seem worse. Further decline seems inevitable unless action is taken against the anarchic showing of films on television. That is not likely and in any case more than that is needed.

232. The closures which have taken place are making it very difficult for the small art et essai market to support the production, importation and distribution of art et essai films. Further closures will wreck this market. In spite of all the vision, forethought and energy of the exhibitors and their organisations they may not be able to defend and sustain an art et essai sector by themselves. They need help and co-operation.

233. In the first place, the State can help by reforming the system of Premi and increasing the money available but that will not be enough.

234. In the long run the more important solution would be a carefully planned campaign by the Ministerio del Spettacolo, the Ministerio degli Regionali Affari, the Local Authorities (Regions, Provinces and Communi) and the exhibitors through their various organisations. The object of such a campaign would be to keep the cinema alive, if necessary with commercial partnerships between public bodies and private enterprise, and to include the programming of art et essai films, either in specialist cinemas or as part of a mixed programme. In such a setting art et essai films could make a valuable contribution to the maintenance and increase of cinema attendances.

THE UNITED KINGDOM

Background

235. Truffaut was being unfair when he said "Well, to put it bluntly, isn't there a certain incompatibility between the term 'cinema' and 'British'?" It is true that 'culture' has not been one of the key words in the language of the British film industry, but it would be curious definitions of 'culture' and 'cinema' which excluded the best films of, say, Karel Reisz or the very long list of finely crafted British films of national identity. British production scene has been much more culturally alive than is commonly recognised and so also has been the British appreciation of world cinema, even though exhibition has been in such difficulties.

236. The decline of the British cinema is a familiar story. Its attendances fell from a peak of 1635 million in 1946 to 65.4 million in 1982 (with a slight and perhaps temporary increase in 1983). It has been overwhelmed by changes in social habits, the fierce competition for the leisure time and money of the public and the growth first of television and now of cassettes. The decline has been traumatic for the cultural as well as the other sectors of exhibition.

237. The market is particularly difficult for foreign language films, as the large supply of American and British films have made British audiences normally unwilling to accept either sub-titled or dubbed versions, unless, for instance, the pornography reduces the interest of the dialogue. In 1980 it could still be written that "Today it is a specific policy of Rank and EMI not to book sub-titled films" and even in 1984 such bookings are rare. The best films from outside the Anglo-Saxon world have, therefore, enjoyed only small - though enthusiastic - audiences in a limited number of cinemas.

238. The value of box-office receipts (allowing for inflation) has plummeted, but in one way the market has become easier, for the long-established 'duopoly', the Rank and EMI combines, have become less rigid. In the past when films were normally booked for the whole or the major part of one of the two circuits, the bookers were understandably reluctant to commit themselves to films which did not fit into one of the conventional categories. Now they follow much more flexible patterns and in their search for those relatively rare films which attract audiences they are willing to give trial runs to any film which seems to have a chance of being popular, even if it is 'different'. Other exhibitors have also shown a greater flexibility.

239. Recently, the two circuits have had the courage to make a special experiment. In response to a proposal from the British Film Institute they agreed that for one day a week in a carefully selected number of cinemas the BFI would choose for them the sort of films which would otherwise never be shown outside the Regional Film Theatres and a few specialised cinemas. The experiment started in 1982 with a total of 12 cinemas and continued into 1983 when the number of cinemas concerned rose to 21. The results naturally varied a lot from cinema to cinema, but were not exciting in any of them. Though the experiment is no longer in operation, it was a success to this extent: the circuits are now sometimes on their own initiative booking such films into their cinemas.

240. It would be a mistake to be too cheerful. The market is small, declining and mainly occupied by the American Majors whose most successful films enable them to secure preferential treatment for others as well. Moreover, some critics say, the exhibitors tend to be unadventurous and to underestimate the willingness of the public to buy tickets for quality films. This is to some extent a justified criticism, but bookers have

many sad memories of the public staying away from films warmly recommended by the cognoscenti. It is a miserably inadequate market for art et essai films from any part of the world, especially if they are in a foreign language.

The art cinemas

241. Some commercial cinemas have specialised in showing quality films, including many foreign language films in sub-titled versions. These so-called 'Art' or 'Specialised' cinemas are equivalent to the art et essai cinemas in France and other countries, except that they have never had any form of state aid. It has not been necessary to define them for statistical or other purposes, so figures of their strength have always been imprecise. In 1959 the magazine 'Films and Filming' calculated that there were then 50 specialised cinemas and after a later survey in 1964 reported that successful art films could get from 50 up to 140 bookings. Any attempt to compare the present with the past is confused firstly by the fact that many more cinemas make occasional bookings of such films without being specialised cinemas in the previous sense and secondly by the growth of the subsidised cinemas which will be discussed later in paragraphs 257 onwards. Now, if we limit ourselves to commercial art et essai cinemas, operating as such on a regular basis, there are about 20, of which 6 are outside London.

242. Whatever may be their exact number, most of these exhibitors have been operating at the margin of survival. Some have enjoyed a minor boom in the last two years, proving that audiences exist (in London at any rate) for good films well presented in comfortable, clean cinemas, but even they know that the future is very uncertain for themselves as well as for their less successful rivals. All face two major problems; the first is the supply of films which will attract the audiences and the

second is the escalation of costs.

243. Art et essai films, especially those in a foreign language, have never had more than a small audience in Britain. Success today has become increasingly hard to achieve, since specialised as well as general cinemagoers have become more selective and in any case know that the best art et essai films will soon be on television.

244. It has been more difficult in Britain than in most other film production countries to include art et essai films of domestic origin. In 1980 the Journal of the British Federation of Film Societies said that in past years British independent cinema had often been "obscure, experimental and unpopular" and in the BFI Productions Catalogue 1979/80 the Head of the Production Board himself said that the films produced "have in some cases been unfathomable even by those familiar with traditional minority cinema". Since the late 1970's, however, the Production Board has thought much more about communicating with audiences and have sponsored a number of films which have pleased spectators as well as friendly critics. Now unfortunately a lack of finance is limiting its work.

245. A fresh source of domestic art et essai films has been provided by the production activities of Channel Four Television, but too often these films have been televised before they could reap their potential cinema audience in full, so exhibitors have lost customers and found a new rival. It seems, however, that in the future Channel Four will allow a more rational timetable of release to operate: this will benefit exhibitors and indeed Channel Four itself, as more viewers will be waiting for the films when they come to be televised.

246. Of course neither BFI films nor Channel Four films will be limited to bookings in art et essai cinemas, because, if they seem likely to be popular, other cinemas in the Mainstream, both circuit and independent, will compete for them.

247. The other major problem has been the escalating costs of importing and launching films. Several art et essai exhibitors have set up their own import/distribution companies so that they can secure the best foreign films, for in the restricted market of today only a few will be worth importing: all this leads to overheads of foreign travel etc. Also, print, publicity and other distribution costs have risen steeply and make the decision to import a film a dangerous gamble. In consequence a foreign film is rarely acquired without the importing company being sure of a television deal. In practice it often happens that the BBC or an independent Television company is deeply involved: sometimes it imports the film itself and sells the cinema rights to a film distributor or it may give some sort of television guarantee which enables the importer to acquire the film.

248. In spite of all their problems these art et essai cinemas have never had an effective trade association to represent their interests - nothing like AFCAE in France or the Gilde in Germany or FICE in Italy. Some of them have belonged to the Cinema Exhibitors' Association, which is the vigorous champion of all commercial cinemas, but has no particular interest in the specific problems of the cultural sector. From time to time efforts have been made to set up a separate art et essai association, but these have been ill-financed, amateurish, ineffective and short-lived. Even the Independent Film Distributors' Association has done little more than provide a useful forum for occasional discussions. This failure to co-operate in facing their many problems of demand and supply is yet another reason why the art et essai cinemas remain a weak sector in a critically ill market.

State Aid

249. In other countries similar problems have led to measures of special aid, but in Britain nothing has been done for commercial cinemas in general

or for the commercial art cinemas in particular. British Governments have treated films either as an industry or as an art, but very rarely as a curious mixture. There is nothing comparable to the comprehensive embrace of the French CNC.

250. The film as an industry has come under the Department of Trade and Industry (which has had several previous titles such as Board of Trade). It has been responsible for the Screen Quota, the Film Production ('Eady') Fund and the National Film Finance Corporation. The details need not detain us, partly because it was announced in 1984 that the NFFC would be passed into private hands and the other two would be abolished, and partly because these measures have not been concerned with the quality of what was being produced, distributed and exhibited, except that the management of the NFFC has in practice taken this factor into account.

251. The film as an art comes under the Minister of Arts, who operates through the Office of Arts and Libraries. The OAL provides funds for the British Film Institute (BFI) and for the Arts Council which is responsible for the Regional Arts Associations (RAAs). In Scotland the Scottish Council for Educational Technology provides funds for the Scottish Film Council which in some ways is equivalent to the British Film Institute. This leads us into what has become the largely separate world of the cultural cinema. We will in fact start with the Film Societies, which are now under the aegis of the BFI, and then with the BFI's own activities in exhibition. Subsequently we will refer more briefly to the increasing amount of intervention by local authorities which are allowed to spend a portion of their income on arts and recreation, including the film.

Non-commercial cinemas

Film Societies

252. The showing of quality films, especially foreign language films, was

pioneered in Britain by the Film Society movement, which started in 1925 with 'The Film Society' in London. Its steady expansion was continued after the end of the War, but finance was always a problem. The BFI gave some help and eventually in 1971 decided to make the British Federation of Film Societies a grant-in-aid body with its own budget and full time staff.

253. In the early 1960's the Director of the BFI justified the support given to the Film Societies with the argument that they were doing the work of the BFI in the neglected provinces, but in fact their part-time officers were not able to do all that was needed. This was one argument which persuaded the BFI into the establishment of Regional Film Theatres (see paragraph 257 below). Many Film Societies played a big part in helping to launch the new RFTs and some abandoned their own separate existence to provide a nucleus for a RFT. Overall the Film Society movement was considerably weakened.

254. By 1980 the Membership of the BFFS had settled down to about 650 Societies (including about 400 'Closed Societies' in e.g. Universities). It was a volatile membership with recruits balancing resignations each year, but there seemed to be no special reason why they could not continue to survive through the devoted efforts of the voluntary workers in the movement. In 1980, however, the BFI, which was in the middle of a painful economy campaign, did not increase its grant to the BFFS in spite of the severe inflation in the country. Worse was to follow in 1981, when without warning the BFI cut its grant by 26%. After indignant and desperate protests from the BFFS a Joint Group was appointed to examine the relationships between the two bodies.

255. The Joint Group found "evidence that film societies in general are at the best very wary of the Institute and at worst positively hostile to it, seeing it as an organisation remote from their concerns and sometimes as the dictatorial proponent of incomprehensively academic

Marxist film criticism". On the other hand it seemed that BFI officers had regarded the BFFS as "failing to give a sufficiently forceful lead", but forecast that "the traditional role of the film society of enabling people to see films they would otherwise miss is likely to become less significant and the need for film societies, purely for exhibition purposes would largely disappear". They would, however, deserve support for their "broadly educative role".

256. There seems no likelihood at all that in Britain the Film Societies, which have continued to decline, will be able to make any direct contribution to an increase in attendances, though indirectly and in the long run those which survive are helping to build up a more receptive audience.

The British Film Institute and Exhibition

257. The BFI had been founded in 1933, but did not move into exhibition until it set up the National Film Theatre in 1952. This soon became the flagship of artistic films in Britain, but it was situated in London and so were most of the best commercial art cinemas, while in the Regions some cities and most of the smaller towns had no access to the best films from outside the Anglo-Saxon world, except on a modest scale through the Film Society movement. The Governors of the BFI decided that they had a responsibility to fill this gap. They commissioned an inquiry and in 1965 adopted its recommendation that the BFI should seek to establish centres throughout the country for the exhibition and study of films (on the lines of the NFT) and should do so by stimulating regional and local action rather than by undertaking developments itself. The BFI would "give help particularly at the launching stage, and some assistance thereafter, but continuing responsibility should rest primarily with those on the spot." The BFI plunged into this venture armed with optimism and good intentions, but sadly ill-prepared.

258. The general idea aroused considerable enthusiasm. In 1969 a total of 36 RFTs were in active operation and the BFI was clearly envisaging a period of steady expansion. Its booklet 'The BFI in the Regions', published in 1969, said "By the end of 1970 it is expected that some 300 areas will have responded to the invitation to submit schemes for Regional Film Theatres to be set up during the next five years or so. While it is unlikely that all these will come to fruition, the number is sufficient to indicate the growing interest and activity".

259. In fact no such expansion took place. Moreover the BFI was over-valuing what had been achieved: only 3 of the 36 RFTs active in 1969 were full time and the ambitious aim to establish local equivalents of the NFT had been abandoned. "At one time", said this BFI booklet, "they thought of modelling programmes on NFT programmes but it soon became clear that local audiences wanted to decide for themselves". In practice many became not a small edition of the NFT, but a slightly larger edition of a Film Society with more frequent sessions, more numerous admissions and a higher standard of technical efficiency, but with much the same sort of audiences, programmes and procedures.

260. The RFT movement soon fell into a state of crisis. Cash shortages, unclear thinking and uninspired management were putting out of reach the tempo of development previously anticipated. Often the RFTs could not even offer adequate programmes, as some distributors found them too unrewarding to service. It was not surprising that in its Report for 1972-73 the Governors announced a major review of regional policy. Inside the BFI, whose regional interests now included education and production workshops as well as exhibition, there was a move towards the concept of multipurpose film centres. It was argued that in exhibition the BFI should aim at 6 to 8 Film Centres and a limited number of full time RFTs, plus measures of coordination with Film Societies, but should not offer capital or revenue assistance to community cinemas.

261. A sharper indication of new attitudes emerged in the BFI News of November 1974 - "Traditional Institute policy regarding the programming of the RFTs has been in a certain sense 'to let a thousand flowers bloom'. We are asking ourselves whether a more systematic programming policy might not better accord with the role the Institute is obliged, by its terms of reference, to play in British culture". A stormy debate followed. Those who feared a threat to regional independence were told that their independence was illusory, for in practice they were in thrall to a handful of critics and "any policy constructed on the basis of quality cinema is liable to be inexplicit, mystificatory and élitist". Others who pointed out that systematic programming had always led to a downward plunge of the box-office (because what the audiences of the RFTs wanted was to see films which would otherwise be denied a regional screening) were rebuked with a warning that a RFT which thought of full houses rather than asked "What Policy we should have" was putting the cart before the horse. (It was a high-minded reply, but if the houses are empty who pays for the film?).

262. It was not surprising that in their Report for 1976-77 the BFI Governors said that a number of RFTs would 'disengage' themselves from a direct relationship with the BFI. The rejection of the old RFTs with their often amateurish enthusiasm for quality films was strongly influenced by the growth of 'oppositional cinema'. Some appreciation of the new approach can be got from a pamphlet 'Independent Cinema' by Sylvia Harvey (published by the West Midlands Art Association in 1979). "Any Avant Garde" she wrote "which fails to engage with ... questions about the nature of the social system ... is doomed to occupy an alternative and not an oppositional space in relation to mainstream cinema. Such an isolated and ignorant avant garde can only contribute to the reproduction of existing social relations and not to their transformation". This concept of the cinema as the midwife of revolution is far removed from the original RFT aim of showing 'the best of world cinema'.

263. In the 1970's the spokesmen of Oppositional Cinema were very vocal. Like old fashioned preachers they denounced the frivolity of culture, referred scathingly to "the deeply embedded ideology of cinema entertainment" and often seemed to regard art cinema as 'the enemy' which had to be supported only as a temporary ally. Perhaps there was some justice in Lindsay Anderson's comment that the 'swingers' of the 1960's were "succeeded by the self-regarding theoreticians of 'Alternative Cinema' - Marxists, Trots, Semilogists etc. ... without influencing anything more than a handful of critics, certain departments of the BFI and the specialist programmes of Channel IV."

264. RFTs, however, are always poor and must sell some tickets, so bookers need films which their audiences will pay to see. In any case the movement has never been monolithic and the voices of sanity have secured a dominant influence.

BFI and Exhibition - the present position

265. The National Film Theatre remains the most important cinema connected with the BFI. It shows over 2,000 films a year, attracts some 300,000 spectators, organises the London Film Festival and many lectures, seminars etc. In the 18 months ended 30 September 1983 it cost a little over £600,000 which was spread over a wide range of responsibilities. In the exhibition of films it aims to offer a continuing history of world cinema in all aspects, show the best of what has been made in the current period (including some which will get no other screening in the country), give opportunities to neglected areas such as the films of the Third World and also encourage British independent cinema with regular programmes of its films. Despite a number of recent schemes to send on tour through Regional Film Theatres some elements of the NFT programmes, including a selection from the London Film Festival, it remains essentially

an institution of the capital city, while the BFI is increasingly conscious of its nationwide responsibilities.

266. The BFI does not own, manage or fully subsidise any cinemas except the National Film Theatre, but it gives assistance in a variety of ways to cinemas which are now often referred to as 'BFI Supported Theatres'. For convenience sake we will continue to use the more familiar title of 'Regional Film Theatres'.

267. Assistance may be given in the form of Capital Grants or Revenue Grants or the Supply of Services. At present (October 1984) Capital Grants total about £150,000 a year and Revenue Grants about £250,000 (the exact figures have not been published). At present 39 cinemas are listed as 'BFI Supported Theatres'. Sixteen of these receive money plus services (Programming, Booking and Publicity Services for 14 and Programming Services only for 2 of them). Programming, Booking and Publicity Services are supplied to 19 of the remaining 23 and Programming Services only to 4. Some of the 19 also receive grants from the Scottish Film Council.

268. The BFI also assists the RFTs by servicing their organisation of co-operative self-help - the 'Consortium', which was founded in 1978 with the purpose of helping into distribution important films not available in the UK, of purchasing replacement prints of agreed titles, of importing seasons and packages of films, of co-ordinating tours by speakers and film-makers and of commissioning special publicity and documentation.

269. It is a voluntary body which through an elected committee advises the Regional Programming Unit of the BFI on the use of its films subsidy budget. At present 32 of the 39 RFTs are members of, or associated with, the Consortium, but no other cinemas are involved, although the original intention was to include not only RFTs but also "other non-profitmaking

venues". The BFI services and finances the Consortium, but encourages it to think independently.

270. The Consortium has not achieved as much as might have been hoped in its early days. It has never succeeded in establishing working relationships with commercial art et essai cinemas, so its market has been narrow: it is said to be slow in reaching decisions: and it is accused of not understanding the need for publicity. Nevertheless, it has certainly brought benefits to its members and their audiences.

271. The RFTs do not form a unified circuit showing the same films simultaneously or in turn, but most have a common core of films through the programming services of the BFI. Many Repertory films are included (particularly if the theatre has Late Night screenings), but the balance is in favour of new or fairly new films. Most of the new films cannot be seen in any other local cinema and many would have very few screenings outside London if there were no RFTs. Programming is not merely dependent on what is available. They try to shape their programmes with reason and balance, but with less theoretical structuring than there used to be, so local audiences are spared the cinematic and social dogmatism of the past.

272. This is an important sector of British cinema, but small in terms of numbers. Only 14 of the 39 RFTs are full-time: the other 25 operate from 1 to 5 days a week, averaging about 13 days a month: but this average applies only during the months they are open, for 6 are open only during the term time of the local university (or some other educational establishment) and 3 shut for 2 months each year. In 1983 their total attendances were about one million, but 45% of this total came from five cinemas, with 17 cinemas having 15,000 or fewer attendances each in the year. Attendances recently appear to be slightly on the decline, particularly in the smaller theatres, some of which (one guesses) may not survive.

273. The BFI also aids cinemas indirectly through grants to the 12 Regional Arts Associations set up by the Arts Council. The RAAs, which have to cover all the arts, mostly limit their film activities to what can be financed from their BFI grants which total about £600,000 a year. These enable the RAAs to appoint film officers and to give grants to film bodies of different sorts, such as film workshops, but also to cinemas. For example, the Greater London Arts Association helps ten cinemas with modest grants.

Local Authorities

274. The BFI revenue grants normally vary between 20% and 40% of a cinema's budgeted deficit (with a theoretical upper limit of 50%), so additional funds must be raised from other sources. The main such sources are local authorities (through their arts and recreation budgets), educational establishments (by reducing charges for premises, services etc.) and Regional Arts Associations. Contributions from commercial enterprises and other groups are still small, but they are a factor of growing importance in the development of the major Media Centres (in, for example, Bristol and Edinburgh). The essential contributor is in most cases the Local Authority, whose active interest and financial support is normally a condition of success. The RFT movement could not have been launched without their participation.

275. Sometimes a local authority wants to have in its area a cinema which shows quality programmes, but prefers to take action outside the scheme of RFTs. They may, for instance, want an Arts Centre, which will include a cinema, and prefer to be independent of any outside body.

276. In other cases local authorities are primarily interested in the cinema as a social amenity. When the last commercial cinema has closed or is about to close, they may feel that it is their civic duty to ensure its rescue or replacement. It is, of course, possible in these

circumstances to arrange that part of the programming is devoted to films of cultural interest.

277. Unfortunately no statistics have ever been published showing what is the total number of cinemas operating with the aid of Local Authorities or Regional Arts Associations or a mixture of the two. And there is nothing to show what may be their total attendances and receipts. It would be very surprising if they accounted for a significant proportion of the national attendances, but the volume of activity is much larger than is generally recognised. For example, though the Cinema Exhibitors' Association keeps its membership list confidential, it is known from other sources that the list includes a growing number of cinemas owned or subsidised by local authorities.

278. The economic depression of recent years and the severe restraints placed on local government expenditure have limited the amount of money available for arts and leisure activities, but, if and when better times come, we can most probably expect a considerable increase in the volume of local government activity in the cinema. Some will think in cultural terms and may support a cinema jointly with the BFI or initiate an Arts Centre which will include a cinema or adopt some alternative formula. Others will think more in terms of their town's social need for a local cinema and either acquire their own cinema, perhaps by purchase of one which is closing, or enter into some form of partnership with a commercial exhibitor.

Disunity of Cinemas outside the Mainstream

279. It has been mentioned earlier (paragraph 248) that the commercial art cinemas have never had an effective organisation. Nor have the RFTs, which in practice have used the BFI Regional Conferences and other gatherings as their forum for discussions and proposals. In 1982,

however, they set up 'The Independent Distributors and Exhibitors Association' ('IDEA'), which would also be open to commercial art et essai exhibitors. IDEA had two important features which all previous bodies had lacked - it included distributors as well as exhibitors and it offered a bridge between the RFTs and the commercial sector. Unfortunately its members have been too busy with their responsibilities as RFT managers to breathe life into the new organisation, which has been inactive and may not survive unless it can find a source of funds for its administration.

280. Obviously a RFT in the provinces, a London West End cinema and the cinema of an Arts Centre in a deprived area of an inner city all have different audiences and different problems, but they also have problems and interests in common. They need not a joint organisation, which would be impracticable, but a forum where their different organisation can occasionally come together. The possibility of any such common effort seems very remote, for the separate groups have not yet been able to set up effective associations of their own.

The BFI plans for the future

281. In its 1983 publication 'The BFI in the Eighties' the BFI has set out its hopes and plans for the future. Its general ambition is to "make its own contribution to maintaining a viable film exhibition and distribution structure in Britain in face of the widely held expectation of the imminent collapse of existing structures".

282. A key role is envisaged for the NFT and it is hoped to develop a National Programming Strategy for the programming of film and television material at the NFT and the RFTs", but perhaps a problem will be that, while the RFTs continually want help and advice from the NFT and the BFI, they will also tend to protect their own strategic independence.

283. One main line of action will be to secure "a rapid development programme of major media centre/NFT type operations" in large cities. Their five year plan envisages that by 1988 there will be about five in operation and a further four in advanced stages of preparation.

In addition "A second tier of venues will receive approximately current levels of subsidy to develop the most appropriate cultural programmes for their situation, backed up by a 'touring grid' of speakers, special programme events, exhibitions and normal programme material co-ordinated by the BFI".

Also, "A potentially large number of smaller venues will be able to receive occasional subsidy and assistance towards the enhancement of their normal film programme".

284. In practice shortage of funds perpetually forces the BFI into difficult choices. It is impossible both to concentrate on the key centres and to spread its aid widely over a large number of deserving causes. The commitment to the key centres is very strong, so the capital grants are followed by revenue grants to sustain what has been created at considerable cost. Unless more money is allotted to the BFI, it seems on balance probable that it will be giving a significant amount of support to a decreasing number of theatres.

285. A most important part of the five year plan concerns the crisis in the commercial cinema. "It has in the past been felt the commercial cinema would operate without interconnection with the BFI." However each had come to see the need for the other and "It is imperative, therefore, that the Institute revise its relationship with the UK distribution/exhibition system in the coming years." This would require that the terms of the Housing the Cinema Fund is revised and its resources increased "In order to permit the BFI to refurbish the fabric of public cinemas throughout the UK" and that the BFI should seek collaboration with Local

Authorities "to ensure that attractive cinema amenities should be maintained and developed to meet changing needs in communities". Provision was therefore made in the five year plan for a capital fund for the refurbishment of strategically placed commercial cinemas. The new fund would get £500,000 in 1983-84 and a further £500,000 in 1984-85. Unfortunately it depends on the BFI itself being given a larger public grant. This has not been secured, so the far-sighted plan to build a closer relationship with the commercial industry has not been put into operation.

286. The general conclusion one draws, particularly from the two preceding paragraphs, is that the BFI will not be able to go far in achieving the ambition reported in paragraph 281 above.

The U.K. - Some conclusions

287. The British cinema is deep in a crisis which affects both the Mainstream and the other cinemas.

The art sector has declined to a small group of valuable cinemas in London and a handful in the Regions. To hope for any government aid scheme on the lines of the French art et essai system or for the Prizes in Germany and Italy would be utopian.

The Regional Film Theatres, handicapped first by amateurism and then by ideologues, lost what chance they had of establishing a circuit for the release of art et essai films. It is probable now that the BFI will concentrate more on a few Film Centres than on building a circuit: they cannot afford both.

An increasing number of Local Authorities have shown interest in the cinema and, in spite of the economic depression, have contributed to the RFTs, subsidised other art cinemas, maintained Arts Centres which include a cinema, or supported ordinary entertainment cinemas in order to save a social amenity for their community. This sector could grow considerably.

It is an untidy scene, but one can find evidence of a public that would buy tickets for quality films if the sector was better organised. It would be easier to satisfy and increase this audience if there was more co-operation over importing, launching and publicising films.

BELGIUM

Background

288. The Belgian cinema is besieged by difficulties. Attendances have fallen from 110 million in 1955 to 45 million in 1965 and an average of 20 million in the years 1979-82. The position is not likely to improve. Television is an exceptionally powerful rival as the geography of Belgium has laid it open to programmes from neighbouring countries. Nearly 90% of homes are cabled, so eighteen channels can be received, including some from France, Britain, Germany, Holland and Luxemburg. There are no official regulations or industry arrangements about limiting the number of cinema films screened and in any case it would be very difficult in Belgium to exercise such controls in the absence of an effective European agreement. Without drastic (and most improbable) reforms it would be utopian to expect the Belgian cinema to recapture its lost audiences. Indeed the situation is likely to deteriorate even further with the introduction of Pay Television in 1984. Cassettes are not yet a serious problem (partly at least because people can see so many films on Television that they have no need for cassettes), but they may soon become more widespread.

289. The dominance of television has been particularly harmful for the art et essai exhibitors, for they have always relied heavily on the showing of foreign films, which now can so easily be seen on Belgian television.

290. In any case the market is geared for other sorts of films and other sorts of cinemas. In exhibition there are no national monopolies, but some groups have a local monopolistic position. They use their bargaining power ruthlessly against the smaller distributors - those who are more likely to be handling art et essai films - but find the subsidiaries of the American Majors too strong to be bullied. It is not surprising that,

as in many other countries, a vicious circle operates, for the audiences are given and so come to expect a large number of American films, with the less attractive riding on the backs of the most popular. Exact statistics are now published, but certainly a high proportion of screen time, perhaps 30 to 35% is taken by American films. In addition, French films are naturally popular among the French speaking community of Belgium and take 45 to 50% of the screen time, so probably not more than 15 to 20% of screen time is left for films from the rest of the world, including Belgium itself.

291. Further problems are caused by the division of the country into two communities, both anxious to maintain and express their cultural identity through films as well as through other media. For both of them the home market is very small: only 55% of the Belgians speak Flemish as their first language and there is no significant market for Flemish films outside the country, while French language Belgian films must compete at home and abroad with the product of the much stronger French industry. The two Cultural Ministries tend to concentrate on their separate problems and do not think of exhibition as a whole. They are not in any way at war, but in practice they very rarely work together. There is no central body, such as exist in France or Italy or Holland to promote film culture as a whole.

Art et essai

292. In these circumstances it is not surprising that the art et essai movement has not flourished in Belgium. In the 1960's some art cinemas were working successfully in Brussels, but they were badly hit by the general decline in cinemagoing and many turned from art to popular entertainment, including pornography. Some, however, survived and, after years of non-co-operation between the two cultures, formed the ABCAE/BVK

(Association Belge du Cinéma d'Art et d'Essai/Belgische Vereniging voor de Kunstfilm), which started with 15 cinemas, 6 of them in Brussels. One of its main aims was to secure support from the authorities, which, however, were more inclined to be interested in specific events, such as Special Weeks of Films, than in the continuing work of the full-time art cinemas. At last in 1977 the Ministry for French Culture gave a small budget to the French wing of the Association, ABCAE.

293. This grant from the French Ministry persuaded ABCAE/BVK to split into two separate bodies with the hope that it would then be easier to secure Ministerial aid. Each aroused interest in its Ministry, but neither won the support it wanted. The French section (now ABCFAE) has continued to get a modest grant, but the Flemish section (now the VVKT - Vlaamse Vereniging van Kunsttheaters - the Flemish Association of Art Cinemas) has not received a grant, because the mandate of the Flemish Ministry is to promote Flemish Culture, while VVKT is concerned with film as an international art. The Ministry will aid a Week of Flemish Films, but not the Belgian art et essai movement.

The VVKT has, however, managed to continue working with a modest degree of success. It has a membership of only 12 and most of these cinemas are owned or programmed by the same company: it laments that the Ministry is concentrating on libraries, the opera and the theatre at the expense of films: and undoubtedly it operates under many difficulties.

Nevertheless art et essai films enjoy a good release in the VVKT cinemas, even in some smaller towns, and films made in the Flemish language can rely on bookings. The record is a good one and deserves all encouragement, but it would be wrong to suggest that VVKT plays a role of statistical importance in Belgian cinema.

294. The French section (ABCFAE) is in a much weaker condition, largely because of the trading position of its members. French films, art et essai as well as others, are shown widely in ordinary Belgian cinemas and

on television, so ABCFAE members can only book the most 'difficile' French films, which are not wanted by other exhibitors with better cinemas in better situations. These films are not much wanted by the audiences either. They can, of course, fill their programmes with other foreign films, but the popular ones are taken by ordinary exhibitors and the rest are not very popular with Belgian audiences. In these circumstances it is not surprising that ABCFAE declined. At the beginning of 1984 it had a nominal membership of 7, but subscriptions had not been paid, meetings had not been held, the Monthly Bulletin had been discontinued and new members had not been recruited. ABCFAE ceased operations in April 1984, but was revived later in the year under a new leadership which is trying to build a sounder basis for activity and expansion.

State Aid

295. The great difficulties facing the Belgian cinemas, including the production of Belgian films and the exhibition of quality films, has led to various measures of state intervention. It comes partly from the Ministry of Economic Affairs (MEA) and partly from the two Ministries of Flemish and French Culture. All three concentrate, mainly but not exclusively, on encouraging films 'Recognised' as Belgian according to a definition which requires such creative, acting and technical participation that the films are likely to express the national, or community, culture.

296. The MEA has a scheme whereby an addition is made to the box-office receipts earned by a Recognised Belgian long film and a similar scheme for short films, whose bonus depends not on what they earn but on the box office receipts of the long film they accompany. It is therefore most profitable to send out a short film with an American 'epic'. In consequence more of the MEA money has gone to short films, in practice to their distributors, than to long films, so the scheme has

done little to promote Belgian long films and has not been concerned with their quality.

297. The MEA has also since 1963 tried to encourage the exhibition of Belgian (and other EEC) films. When an exhibitor has screened a film (other than e.g. a newsreel or advertising film) of EEC origin he is able to claim a sum equal to 0.5% of the gross receipts of the programme. Until 1983 the figure was 0.15% (instead of the present 0.5%) and the benefits were so small that most exhibitors did not bother to spend time on making claims. The increase to 0.5% is not expected to make much difference. The scheme is not concerned with the quality of the films screened.

298. Aids from the Culture Ministries were introduced in 1964 when the Ministry of Flemish Culture was authorised a budget for the promotion of the cinematic culture of the Flemish community. A parallel decree was issued in 1967 for the Ministry of French Culture. Each Ministry uses its funds for the support of both long and short films, mostly at the stage of production or pre-production, but partly to improve their distribution. Most of the money goes to long films, according to procedures which are much the same in both Ministries. In selecting projects for assistance the criteria used refer not only to the quality and style of the idea and script and the abilities of the creative team, but also to the sort of audience that might be attracted.

299. In practice the French language films have not done well in commercial cinemas, not even in the cinemas d'art et essai, and of course they have not been able to earn much money in the small non-commercial market. The subsidies from the Culture Ministry have helped to bridge the gap between costs and revenues, but they have done little to improve the distribution and increase the exhibition of the films in commercial cinemas.

300. On the other hand the Flemish language films have been quite successful in ordinary commercial cinemas and are consistently booked for the art et essai cinemas (which have been of particular value for the more artistic ones recently made). This is not surprising, partly because Flemish filmmakers tell good stories with technical efficiency, and partly because these are the only films which come to Flemish audiences in their own language. However, one must still ask if enough has been done to encourage their distribution and exhibition.

Non-Commercial Exhibition

301. One consequence, and possibly one cause, of the weakness of art et essai cinemas in the French speaking sector has been the development of the 'Réseau d'Action Culturelle' (RACC) (The Network of Cultural Action in the Cinema), which the Ministry of French Culture, working in alliance with 'The Commission for French Culture in Brussels' established in 1973. (There is no equivalent in the Flemish sector.) The RACC is a non-profitmaking organisation working outside the commercial sector. It has a double objective, firstly to encourage the wider circulation (mainly in 16mm) of quality films, foreign as well as Belgian, which get little or no release in commercial cinemas and secondly to foster a capacity for the critical enjoyment of film and so to enlarge the audience for quality films.

302. The RACC encourages the circulation of quality films by subsidising the costs of renting certain selected films. The bodies taking advantage of this system include Cine Clubs, Maisons de la Culture, Youth Centres, Cultural Groups etc. but not commercial companies or profitmaking associations. The selection of films to be supported is done by Commissions composed of officials of the subsidising bodies, film experts and representatives of the users.

303. The rates of subsidy vary. In the case of Belgian films which are in the French language and which have been 'Selected' the RACC meets 50% of the hiring charges. A lower subsidy of 10 or 20% is given for (a) Belgian films in the French language which have not been 'Selected', (b) Belgian films in the Flemish language, (c) foreign films which have been 'Selected' and (d) films which are handled by a special division of the Belgian Archive - 'Décentralisation des films classiques et contemporains'. All the subsidies, which are dependent on the length and gauge of the film, are subject to ceiling figures. In addition the RACC has a scheme under which it supplies free of charge certain distribution services, such as insurance and transport. This was started in 1979 as a compensation when the rates of subsidy were reduced from 100% (instead of the present 50%) and 50% (instead of the present 10 or 20%).

304. The 1982 Catalogue of RACC listed nearly 1,000 films of which about 180 were Belgian, including 150 entitled to the higher rate of subsidy. On the whole the list of non-Belgian films is what might be expected, but it contains far fewer of the best commercial films than are found in French art et essai lists.

305. In the non-commercial sector encouraged by RACC the Ciné-clubs form the most important element. Most of them are related to some specific interest group, perhaps educational (such as the 'Confédération nationale des groupements parascolaires de l'enseignement officiel') or political (such as the 'Fédération Socialiste des Ciné-Clubs' and the separate 'Socialistische Federatie van Filmclubs') or religious (such as the Flemish KFL - the Catholic Film League) or social (such as the Flemish JEFI for young people or the French 'Federation de Ciné-clubs Loisirs et Culture'). They are spread widely throughout the country, in the French regions, the Flemish Regions and in Brussels (more or less in the ratio of 6:6:5). It is not known exactly how many Ciné-clubs exist, but there are said to be about 300 of which many are only intermittently active. A majority

of the active Clubs have 16mm projection only, some have 16 and 35mm and a few have 35mm only.

306. A high proportion of the active clubs (except for the members of the Catholic Film League) belong to the Service National des Ciné-Clubs (SNCC)/Nationale Dienst voor Filmclubs (NDFC), which is a general source of information and advice, supplies training facilities, arranges viewing sessions of films from all over the world and can offer discounts on sub-titled copies of prints from the Archive. The membership of the SNCC rose from 103 in 1970 to 160 in 1982, but fell back to 150 in 1983.

307. Annual attendance figures in this Non-commercial sector are not known, but according to some experts consulted the total does not exceed 100,000, so in quantitative terms it is irrelevant beside the 20 million attendances of the commercial sector. However, space has been given to it for two reasons. In the first place, it provides opportunities for films, both Belgian and foreign, which would otherwise not be seen at all in the country and it also enables young audiences to learn a critical appreciation of films. Secondly, space has been given because so much time and effort is given to maintaining what is in truth a most inadequate alternative to a network of art et essai cinemas. Even this small world has been weakened by the multiplicity of organisations representing separate and often conflicting interests. Their future is not encouraging, for a great deal depends on the efficiency and enthusiasm of volunteer and it is said that the standards achieved are not as high as the situation requires.

Belgium - Some conclusions

308. The Mainstream cinema in Belgium is weak and likely to become weaker. The commercial art et essai sector is small in the Flemish Community and has collapsed in the French Community. The Non-commercial sector is small and declining.

Owing to the division of responsibility between the two Ministries of Culture there is no central body for encouraging cinemas which would include in its programmes Belgian films (of both cultures) and international films d'art et essai.

Perhaps the Ministries have neglected the art et essai sector in favour of the Non-commercial sector where the audiences are very small.

Above all the cinema needs some control, on a European basis, over the timetable of the release of films through the cinema, cassettes and television.

DENMARK

Background

309. Cinemagoing has also declined in Denmark - from 59 million in 1955 down to 19 million in 1975 and 14 million in 1982, but the decline has not created any sense of disaster, mainly because the Government has traditionally accepted a responsibility for the welfare of the cinema.

310. Television is less of an enemy than in other countries, because so far only one TV Channel has been opened (but a second Channel may be added in the future). It transmits about 50 films a year only. A cinema film co-produced with TV is not shown until 18 months after its initial releasing, while for other films (including foreign films) the period of delay is normally 2 years.

Exhibition is not under the control of any monopoly, though naturally some bigger cinemas have a much stronger bargaining power than their competitors.

Distribution is dominated by the American Majors and American films, which normally attract 50% or more of the spectators. They do not handle Danish films, most of which are distributed by three specialist Danish companies.

311. The situation is much better than most other countries, but the difficulties are severe enough and would be much more severe, if the Danish authorities had not for some years been following a courageous, imaginative and on the whole successful policy. The tradition of caring about films is so strong that even during the general economic crisis of 1983 the Government increased the budget of the Danish Film Institute (DFI), which has a wide range of responsibilities in the areas of production, importing, distribution and exhibition.

Production

312. With its small home market (a population of 5 million) national film production would be impossible but for state subsidies. In practice subventions of up to 80% of the cost have enabled 10-15 Danish feature films to be made each year. The films are made for, and attract, audiences: although Danish films represent only 3 to 5% of the total number of those released each year, they have been attracting 20% or more of the total spectators (22% in 1985).

313. All Danish films supported by the DFI must be made available to the smallest theatres at a distribution percentage of 25% only. A genuine public demand exists for Danish films, but that by itself is not enough and, as we will see later in paragraph 315, steps are taken by the authorities to strengthen the exhibition sector.

Foreign films of artistic value

314. The DFI has also the duty to support the import, distribution and exhibition of films which are artistically valuable and of films which are considered especially suitable for children. For these purposes the DFI sets up a special Jury to choose which films should be supported. DFI grants varying from 10,000 to 50,000 Danish Kroner are given to 12 to 20 chosen films each year.

Exhibition

315. The DFI has the power to give grants for loans or guarantees for loans towards the renovation, re-equipment or re-furnishing of cinemas. Spectators, who are now demanding high standards of comfort and technical efficiency, will travel to larger cinemas if the small, local ones do not satisfy these demands. It is the smaller cinemas which are the most likely to be showing Danish films, so this work of the DFI has a special importance.

Municipal Cinemas

316. Even so the smaller cinemas are finding it hard to survive and this has led to a growth of municipal intervention. Municipal Authorities are responsible for 22 cinemas and support some others. The 22 are organised in an Association of Municipal Cinemas, which also runs a distribution company specialising in quality films.

Film Clubs

317. A supplementary market is provided by Film Clubs, 100 of which are organised in the Society of Danish Film Clubs. They are found in all parts of the country, some with 16mm equipment, some with 35mm, some with both. In addition about 80 Clubs cater for children. The Clubs are well attended and show no signs of declining.

Denmark - Some Conclusions

318. The cinema of a small country cannot escape the European depression and it has additional problems of its own. In these circumstances the Danish cinema has done remarkably well, mainly because of the policies of the Danish Film Institute. The distribution and exhibition of films d'art et essai has become an integrated part of the whole system, so one cannot estimate what is its share of the total attendances or how this can be increased, but one can assume that, if the encouragement of art et essai films was reduced, attendances would decrease.

The maintenance of the whole system will continue to be difficult and economic pressures are endangering the smaller cinemas, so it would perhaps be wise to build a closer co-operation with the Municipal Cinemas.

GREECE

Background

319. In the 1960's the Greek cinema was flourishing, but in 1969 attendances began to fall and the slide has continued (with occasional and temporary recoveries) from a peak of 137 million in 1968 down to 40.5 million in 1981 and 35.4 million in 1982.

320. A major cause of the decline has been the competition from television since the First Channel started in 1966 and the Second a year later. Altogether the two Channels transmit about 640 films a year, including about 150 Greek films. Hitherto no control or self-discipline has been exercised over the delay between the cinema release and the TV transmission, but a change may come as a result of the new Law.

Exhibition

321. The exhibition system is not monopolistic, so exhibitors are in a weak bargaining position in dealing with distributors. Far the strongest of these are the American Majors, who not only bring in films from USA and the rest of the world but also handle Greek films. Statistics are not issued about the shares of the total market secured by films of different national origin, but for Greater Athens and Salonica, which taken together have 45% of the total population and account for over 45% of the attendances, we have statistics for the winter periods of 1982/83 and 1983/84. Greek films attracted 33.2% of the attendances in 1982/83, but only 21.1% in 1983/84: American films attracted 37.4% in 1982/83, but more than half (55.5%) in 1983/84: the share for French and Italian films went down from 9% in 1982/83 to 5.7% in 1983/84: and Other Films got 9% in 1982/83 and 11% in 1983/84.

Art et Essai

322. As the market is too small to justify the costs of dubbing, Greek language films have a natural advantage over the sub-titled versions of foreign language films. Most Greek audiences like most Greek films, particularly the melodramas and farces, some of which are tinged with pornography, but they have not liked some of the artistic films d'auteur, which have been found too difficult. This audience reaction has persuaded Greek distributors to avoid Greek films d'art et essai, and look instead for foreign films, particularly foreign action films.

323. In consequence cinemas d'art et essai have not been numerous or important. In 1979 the Greek spokesman at CICAIE (the International Confederation of Art et Essai Cinemas) said that there were only four specialised cinemas in Greece (and gave as his explanation that the American Majors controlled programming as much as they could): in 1984 the Greek Association belonging to CICAIE has only one member. Greece has had no Law protecting, aiding or favouring art cinemas, which have had to compete on equal terms with other commercial cinemas. The new Law pending in Greece will provide some help for the first time.

Cine-Clubs

324. A modest alternative to cinemas d'art et essai can be found in the Cine-Clubs. Before 1967 their numbers fluctuated between 5 and 15, but then they began to grow as an opposition movement to the Colonels and their growth continued after 1974 under the influence of various parties and groups. Now most of them operate in the traditional style of Cine-Clubs. Sixty-five Clubs belong to the Confederation of Cine-Clubs and another 20 non-member Clubs are also in operation. Their combined attendances amount to about 450,000 a year. In 1983 and in 1984 they received 6 million drachmas in aid from the State.

The Local Authorities and Cinemas

325. Sometimes a Municipality will make a hall available at a low or nil rent for film performances which are arranged by a small exhibitor or a Ciné-Club, but this adds up to very little on a national scale. Hitherto the local authorities have not had the money or the time or perhaps the desire to set up Municipal Cinemas of any sort, but now the first is being built.

The State and films

326. Greek Governments have from 1980 (and especially since 1981) taken a keen interest in films, but have helped production rather than distribution or exhibition.

Finance has been supplied for production. 'Assistance' (in the shape of money prizes) is given to films 'possessing artistic or intellectual qualities' and 'Protection' (Prizes with more money) to films possessing such qualities 'to an outstanding extent': and Bonuses are paid to films successfully exported. No encouragement or rewards are, however, given to the domestic distributors or exhibitors of 'Assisted' and 'Protected' films.

327. Moreover, exhibition has been given handicaps which have made survival even more difficult. Cinemas have had to pay an admission tax (now 25% but previously 40%), while theatres and football grounds have been relieved of the tax. Some of the tax has been given back to Greek films (and more will be given under the New Law), but this brings little comfort to the exhibitors. Moreover, they cannot increase their revenue by raising seat prices, for the prices are fixed by the Government and, though they are no longer frozen as they were at one time, they have been raised at a rate lower than the rate of inflation. The exhibitors have felt so strongly on these issues that in 1982 they went on strike.

328. Distributors have also been ignored. Nothing has been done to support or encourage Greek importers and distributors or to promote the distribution either of indigenous Greek films or of foreign art et essai films. It may be argued that all this should be left to the free play of market forces, but the market is not free when it is dominated by a group of internationally powerful distributors.

329. It remains to be seen how far the new Law will change the situation. The 25% admission tax will be the source for a fund which will be used mainly for production, but a part will be reserved for other purposes, including help for exhibitors, if they are technically efficient and show the quota Greek films which will be laid down.

Greece - Some Conclusions

330. Few art et essai films are imported into Greece. The most popular Greek films are the farce and melodramas, while the artistic Greek films d'auteur often fail to get a satisfactory release. Partly as cause, partly as consequence only one cinema d'art et essai has survived. Little interest has been shown in the cinema by Local Authorities - the first Municipal Cinema is only now being built. On the other hand the Cine-Club movement has grown and is flourishing.

The situation may improve with the new Film Law. The success of the Cine-Clubs suggests the existence of a potential audience. Perhaps it might be possible to work towards at least a few film centres in the more important towns, if the co-operation of the Cine Clubs and the Local Authorities can be secured, but it will be some time before this will lead to any significant increase in cinema attendances.

THE NETHERLANDS

Background

331. Danger clouds have been threatening the Dutch cinema. After the decline in audiences from the post-war peaks, attendances were steady in the 1970's but now they have fallen from 31 million in 1978 to 21.6 million in 1983. They are expected to fall a further 20% in 1984.

332. In the past the televising of films has done less damage than in other countries, because the Nederlandse Bioscoopbond (NBB) (The Netherlands Cinema Association) has been able to operate a longstanding agreement with the Television Authorities that not more than 140 films should be screened a year and has also enforced its own rule that no NBB distributor should (unless an exception is approved) let one of his films be televised until 40 months have elapsed since its first cinema release or sold in cassette form until six months have elapsed. These safeguards have been weakened in recent years both by the extensive piracy of cassettes and by the easy access to films on foreign television channels, for over two-thirds of the country has been cabled.

333. Any further decline in attendances will create serious difficulties both for Dutch films and for films d'art et essai. Already the American film is the dominant force (with 49.6% of the spectators in 1982 and 52% in 1983), and, if the box office falls, will want to increase their percentage so as to maintain their absolute revenue. In the past some exhibition groups have been very strong in particular towns, but none have had the strength on a national scale to challenge the dominance of the American Majors. Now one group (an American company - Cannon) has acquired the two largest circuits in Amsterdam, Rotterdam and The Hague, where they can now exercise a controlling influence over exhibition. It is too early to say what will be the consequences of this development,

but they are unlikely to be in favour of films art et essai or of Dutch films.

Dutch films

334. The Dutch market is too small to justify the dubbing of imported films, so they are shown in sub-titled versions. Films made in the Dutch language have therefore a special appeal for audiences who like to hear their own language spoken, especially in the smaller towns where, to the surprise of some visitors, not everyone is a linguist. Dutch films in expressing and preserving the cultural heritage and national identity of the Dutch people have a genuine cultural value. At one time their short films were better known, but since about 1970 they have produced a flow of long films. During the period 1977-83 an average of 10 long films were produced each year and the Dutch share of the box office averaged 10%: in 1983 it was 14.3%. As there has been no Screen Quota or other protection this has been a considerable achievement, but their percentage of the box office used to be higher and the future is uncertain.

335. The present level of output would have been impossible without the system of state aid operated by the Ministerie van Welzijn, Volksgezondheit en Cultuur (WVC) (Ministry of Welfare, Public Health and Cultural Affairs), which has taken over from the old C.R.M. No law governs film aids or defines a Dutch film, but the annual budget includes an allocation for funds to promote film production and sets out guidelines, which include both cultural and commercial requirements. Loans will be made only to films which have a Dutch character in cultural terms, creative and technical teams of proper quality, sound financial structures and agreed distribution arrangements. The loan formula is designed to encourage distributors to support Dutch films, for they get their investments repaid first.

336. The overall figures of production conceal a strong polarisation of success and failure. For example, only 7 of the 94 films made with support from the WVC in the period 1975-79 showed a profit, but the list of the most successful films on the Dutch market regularly includes 3 or 4 Dutch films. Most of these have been of a popular rather than an artistic nature, but in recent years more are being shown in the art et essai cinemas and some in the alternative circuit of Filmhuizen (which are described in paragraph 340). Total attendances will fall if cinemas do not exist to satisfy the audiences which want to see Dutch films.

Art et Essai Cinemas

337. Similarly, films of artistic value from all countries are in danger of being squeezed out if a contraction of the market seriously weakens the sector now catering for such films. In 1963 some commercial cinemas which specialised in art et essai programmes came together to form 'CICAE Afd/Nederland' (the Dutch Section of CICAE). In its early years it did not flourish, because the absence of any art et essai legislation made it difficult to focus activities and attract new members. Its attempts to secure such legislation failed completely and left it even more purposeless. Meanwhile in the larger cities some ordinary cinemas frequently showed films of high artistic quality and seemed to make an art et essai association unnecessary. Moreover a new challenge was coming from the non-commercial sector, the Filmhuizen (Film houses), which Municipalities were subsidising, and such distributors as 'Film International' subsidised by the Ministry (then the CRM). To face such problems the Art et Essai Association needed a dynamic leadership which was not forthcoming. In 1977 its spokesman at the Annual Assembly of CICAE prophesied a fusion with Film International, but in those days it seemed more likely that the Association would die in its sleep.

338. The Association was, however, rescued by the emergence of a group of enthusiastic younger members, who found a new sense of purpose - to get good films accepted in the provinces, where in the past only films with a record of commercial success had normally been welcomed by exhibitors. A considerable amount of missionary work has been done in the way of giving advice on the selection of films and on their presentation. Progress has been made and membership has increased to 16, so that it has influence with the WVC and in the Bioscoop Bond, to which its members all belong, but the Ministry must listen also to other viewpoints voiced by the sector of subsidised exhibition and distribution.

Cine-Clubs

339. The commercial art cinemas had been preceded by the Cine-Clubs, which had been founded in the 1920's, but had not grown until after the war when they began to flourish, mainly but not exclusively, in University towns. The decline of the movement came in the 1960's for a variety of reasons. It suffered from the rise of television: it was further weakened when many Clubs became involved in the political turmoil of the 1960's: and new rivals came, not only the art et essai cinemas but also, and especially, the Filmhuizen (Filmhouses), which will be discussed in the next paragraph. The need for Cine-Clubs dwindled and now they are of minimal importance.

Filmhuizen (Filmhouses)

340. Outside the commercial cinemas an alternative world of exhibition outlets has grown up in the form of the Filmhuizen, where the motive force is not profitmaking but a dedication to the cultural value of the cinema. It must, however, be remembered that most art et essai exhibitors have a similar devotion to films and that even a subsidised cinema must somehow pay its bills.

341. The term 'Filmhuis' is applied loosely to exhibition outlets which vary immensely in size and 'professionalism'. The Filmhuis proper normally has a minimum of 4 screenings a week: the use of a filmhall, a separate projection room and projector: an office with its own telephone: and, if possible, a legally independent existence or at least its own budget. In nearly all cases the Filmhuis is more than an exhibition place, for it will issue programme notes and make the film performance a source of information and thinking as well as entertainment. Discussions are organised about the film or its director or the genre to which it belongs. Almost every Filmhuis has its own newspaper or bulletin. Many work with schools in various forms of film education. Some have production workshops. No statistics are published, but about 30 such Filmhuizen, some larger and better than others, were operating in early 1984.

342. Some Filmhuizen are not independent, but operate under the umbrella of a 'Filmcircuit', a title given to a regional circuit of exhibition places which share the release of a film, so that it is shown in one town today and in another town tomorrow. This is the only way to take a non-commercial film into some provincial towns which could not support a full time Filmhuis. The Film Circuit - the parent body - gives help and protection to the small exhibition centres. It deals with their practical problems such as film supply, film hire, administration and publicity, relationships with public authorities. A publication issued in 1982 by the organisation 'Het Vrije Circuit' (see paragraph 347 below) lists 81 'filmhuizen' in membership of 13 Circuits, but the numbers may be a little different today, for such Filmhuizen often open or shut without publicity.

343. In addition an occasional exhibition outlet may once or twice a week show a film of the Filmhuis type and call itself a Filmhuis. Their

numbers are not known and indeed, as has been shown already, statistics in this field are scarce. A common estimate is that altogether there may be about 150 Filmhuizen of different sizes, ranging from the independent Filmhuis which behaves like a cinema d'art et d'essai and a dedicated group which meets weekly in a farm barn. Nor is it known what might be the total number of attendances each year at all sorts of Filmhuizen: in 1983 it may have been about 400,000.

344. Few, if any, Filmhuisen of any sort can make their way without a subsidy. Nearly all get support from a Municipal Authority, either in the form of a guarantee to meet losses up to some fixed figure or by the supply of premises for little or no money or through contributions to the costs of publicity and paid staff or by the inclusion of a Filmhuis in a youth or cultural centre. Because of the economic difficulties of recent years the Municipal Authorities cannot afford to be generous and most examine very carefully the budgets submitted by Filmhuizen.

345. In addition some Provinces have given subsidies, more probably to the Circuits (to help with their transport and administration costs) than to individual Filmhuizen.

346. The complaint has often been made that the Ministry (WVC) has not supported the movement. In practice its support has been indirect. It has left to Municipal Authorities the responsibility of deciding whether help should be given to individual Filmhuizen, but has itself subsidised distribution companies, thereby making lower rates of film hire possible, and has also subsidised the central organisation of Filmhuizen - 'Het Vrije Circuit' (The Free Circuit). The Distribution sector will be discussed later in paragraphs 349-352, and we will now briefly look at Het Vrije Circuit.

Het Vrije Circuit (The Free Circuit)

347. Het Vrije Circuit (HVC) was founded in 1974 by a group of exhibitors, distributors, filmmakers, film journalists and critics in an attempt to give some unity and coherence to the whole movement. In order to help the scattered Film Circuits it has published a catalogue of films and has arranged discussions between exhibitors and producers on problems of mutual concern (such as film hire). It has operated through a system of working groups where members can meet each other, discuss common problems and formulate policy.

348. Unfortunately it has not been effective. Such a dispersed and independent-minded membership requires professional administrators of considerable skill. Moreover, conflicts inevitably arose when the larger and more successful members were consistently outvoted by their smaller and more numerous associates. It will be seen in paragraph 356 that the HVC disintegrated in 1983.

Alternative Distribution

349. All Filmhuizen have faced the never ending problem of finding suitable films. What they want basically are quality films not seen in the commercial cinemas, which, however, are now offering a wider range of films than they did some years ago. It continually happens that the Filmhuizen introduce a new director, but soon see his later work booked by commercial cinemas where a larger revenue can be expected. So they must discover the next generation of new directors, for theirs is a role of continuing research and experimentation.

350. They must rely on distributors, particularly those which import, for the managers of Filmhuizen cannot normally travel the world to find the new films. One supplier has been 'Fugitive Cinema' which has specialised in political films and until recently has included propaganda

films of the extreme left, so most of its business has in the past been done with clubs and societies rather than Filmhuizen. Now, however, it has tended to turn from the revolution to films d'art et d'essai.

There have been several other specialist distributors, such as Cinemien, which deals solely in women's films. Far the most important is 'Film International', which (like Fugitive and Cinemien) has had subsidies from the Ministry.

351. Film International was founded in 1972 with aid from the Municipality of Rotterdam and the Rotterdam Foundation. Now the Municipality's aid is devoted entirely to the increasingly important Rotterdam Festival which Film International has been organising, while its distribution activities have relied on a substantial subsidy from the Ministry.

352. Initially its mission was to secure and distribute foreign films of an artistic quality which would otherwise not receive the opportunities they deserve. Most of these have been the first films of new directors. In recent years its range of activities and its ambitions have expanded, for it now aims at a much larger portfolio and wants to include the later films of the Directors it first introduced to Holland, even if these would in any case find a release easily enough in the Commercial Cinemas. It has moved into dearer markets and has in consequence wanted to sell its films to commercial cinemas as well as to Filmhuizen in order to recoup its expenditures on Minimum Guarantees (some of which are given before the production has started). Film International is an importer which can operate with knowledge, skill and flair, anxious for a more leading role in Dutch distribution than was envisaged in its original mandate. It is now in financial trouble.

NBB (The Netherlands Cinema Association)

353. At this point, however, Film International has come into conflict with the Nederlandse Bioscoopbond (NBB), (the Netherlands Cinema Association), which has organised the production, distribution, exhibition and other sections of the commercial industry in a central trade organisation of considerable power. One of its rules has been that its distributor members supply films only to exhibitors who are themselves members of the NBB and that exhibitor members can take films only from distributors who are themselves members. In practice some exceptions have been permitted for NBB distributors who want to supply a film to a Filmhuis, but very rarely has a NBB exhibitor been able to take a film from a non-member distributor. In the past, therefore, there has been little or no trading between the two separate worlds. In 1983 the situation began to change through initiatives taken by the WVC. The new developments will be described at a later stage (paragraphs 356-60), but first we will deal with the situation as it has been in the past.

354. At first sight the NBB policy may seem to have been unreasonable and negative, but a strong case can be argued in its defence. The commercial importers and distributors make accusations of unfair competition against Film International: they say that they are losing films because they cannot match the excessively high bids which only the subsidised Film International can afford. What is 'excessive' may be a matter of opinion, but it is a fact that its subsidies have enabled Film International to travel extensively, to establish a worldwide network of contacts and to pay more for some films than the commercial distributors can afford. The latter feel that their taxes are subsidising a rival which is exceeding its real mandate, which was to bring in 'difficult' films for a particular market.

355. It is a pity that there has been controversy where there might have been co-operation or at least some *modus vivendi*. Ideally it should be possible for a film which has had great success in Filmhuizen to move on to commercial art et essai cinemas or for a film which has proved too 'difficult' for commercial cinemas to seek a new audience in the Filmhuizen, but this flexibility has not been possible as long as the commercial sector has felt that Film International uses its subsidies as an unfair weapon. The debate could last indefinitely, but the Ministry (the WVC) intervened.

The changes of 1983-84

356. The Ministry has initiated a new policy with two main objectives: to make the Filmhuizen movement more coherent and efficient and to secure a rapprochement between it and the commercial cinema.

357. It announced that its subsidies would expire at the end of 1983 and would then be transferred to a new body - the 'Centrum voor Cinematografie', which would embrace Het Vrije Circuit, Film International and the Fugitive Cinema. The two distribution companies agreed to accept the new arrangements, but Het Vrije Circuit split on this issue. The smaller Filmhuizen feared that they would be swallowed up in the new organisation and, for instance, would find it very difficult to set up or use small independent import and distribution companies. Some of the larger Filmhuizen grew weary of being outvoted by a large majority in the rather chaotic debating condition of HVC and formed a new body the 'Associatie Van Nederlands Filmhuis Theaters (ANFT) (Association of Dutch Filmhouse-theatres) with a membership of ten. The ANFT is willing to take its place in the new Centrum. Meanwhile the remaining members of HVC are undecided about the future of the organisation, which will now be unsubsidised.

358. The second part of the Ministry's initiative has been to set in motion talks between the Bioscoopbond and the Filmhuizen movement. At the time of writing (October 1984) it seems probable that some formula will be found to make it easier for NBB distributors to sell films to Filmhuizen. This problem should not be difficult to resolve as only rarely do commercial cinemas feel Filmhuizen to be real rivals, for though Filmhuizen may charge lower prices, only some have 35mm and very few are as comfortable as a modern cinema. In many cases a Filmhuis gets help from neighbouring cinema and, if artificial barriers are removed, it should be possible to develop a relationship which is complementary rather than competitive.

359. It will be less easy to find a formula which will enable Film International to sell films to NBB exhibitors, for reasons summarised in paragraph 354. On balance it is likely that some solution will be found as Film International will not want to risk losing its subsidy and the NBB will not want to risk any legal action against its restrictive practices.

360. So far, however, little progress has been made. The Centrum Voor Cinematografie has not started to operate so the prospective members (the distribution companies and the Associate Van Nederlandse Filmhuis Theaters) are still on their own. Nor has the future relationship between the NBB and the Filmhuizen yet been settled.

The Netherlands - Some Conclusions

361. The Dutch cinema is in a mood of uncertainty. All are waiting to see whether attendances will continue to fall and what will then be the consequences (in addition to some cinema closures).

Moreover, the changes initiated by the Ministry are, as shown in the previous paragraph, not yet in operation.

Also, Film International is more or less inactive, partly because of

financial difficulties and partly because of the illness of its key figure. And the Nederlandse Bioscoopbond itself has had some internal controversies. It would be rash to make any firm prophecies, but the previous record of the industry suggests that it has the traditions and the strength to overcome the troubles of 1984.

In the central problem of maintaining and, if possible, increasing audiences the Dutch cinemas d'art et essai can make a valuable contribution. They have a public which can be attracted to their cinemas with programmes of art et essai films balanced by some others. The total audiences can be increased particularly if a sensible agreement is concluded with the leading Filmhuizen.

IRELAND

362. The exhibition industry of the Republic of Ireland is small.

The programmes are almost entirely composed of English language films, American and British. Irish films are rarely made.

363. No art cinemas exist. One club was converted into a public art cinema early in 1984, but was closed later in the year. One of the larger cinemas has started a policy of mixed programming which will include some films d'art et essai.

364. Those who want to see such films can join one of the thirty Film Societies in different parts of the country.

365. One can only guess, but it is at least possible that cinemas in a few key centres could with skilfully developed policies of mixed programming attract members of the Film Societies and so increase the total number of attendances.

366. In general, perhaps Ireland (population 3.5 million) could learn something from the activities of Luxembourg (population 400,000), which will be looked at in the next section.

LUXEMBOURG

367. Luxembourg is too small to have a comprehensive film industry. Its production has been confined to some fiction films of medium and full length made by skilled amateurs. Several have been screened in public cinemas and one of them had a considerable success.

368. There are no indigenous distribution companies. All distribution for commercial cinemas is undertaken by foreign companies, mainly Belgian. Normally distribution rights for Luxembourg are held by the company which distributes the film in Belgium.

369. Cinema attendances fell from a little over 2 million in 1967 to 667,000 in 1978, but have steadied since then and the 1983 figure of 740,000 was the highest since 1977.

370. Strong competition comes from television. La Compagnie Luxembourgeoise de Telediffusion transmits programmes in the Luxembourg, French and German languages (and one in Italian also). Some feature films are included. Additional programmes can be received clearly from three French, two German and two Belgian stations, all of which transmit many cinema films.

371. There is ^{one}no Government body responsible for films. The Ministry of Cultural Affairs set up in 1967 a Commission with the task of preparing a plan for the encouragement of the cinema in cultural as well as commercial terms, but the Commission went out of action after a change of Government in 1979.

372. However, the Commission left one legacy behind it - the Festival of the Cinema, which the Ministry still organises (in collaboration with a non-profitmaking association - the 'Centre de Diffusion et d'Animation Cinématographique'). The object of the Festival is to promote at the beginning of each season through special screenings and publicity the best films of the annual programme.

373. Also of interest is the one Municipal Cinema: the City of Luxembourg has established a Cinémathèque, which shows films from all over the world, usually in special seasons centring round a particular genre or period or auteur.

374. No art et essai sector exists, but the Centre de Diffusion et d'Animation Cinématographique has been set up with two main tasks. In the first place it looks after the non-commercial distribution and programming of 16mm films in Ciné-Clubs and cultural associations: for this task it gets an annual subsidy from the Ministry of Cultural Affairs. Secondly, it encourages the creation or re-opening of cinemas in the regions and secures the booking and commercial distribution of art et essai films: for this it gets a subsidy from 'Le Fonds Culturel', an institution set up by the Ministry of Cultural Affairs.

375. One must conclude that the amount of support given to film culture in such a small country is really remarkable.

CONFEDERATION INTERNATIONALE DES CINEMAS D'ART ET D'ESSAI (CICAE)

376. The summaries of the position in each Member Country will now be followed by a brief section on the nature, work and potential value of CICAE. There would also be a similar section on an International Confederation of Associations of Municipal cinemas, if one existed, but the decline of Ciné-Clubs makes a study of their International Federation unnecessary.

Membership

377. The inaugural meeting of CICAE, called on the initiative of the German Group, was held in Paris in 1955. Six countries were represented with a total of 67 cinemas, of which 55 were in West Germany. Since the late 1960's the member with the largest group of cinemas has always been France, which now dwarfs the others. In the 1984 List of Members France had over 750 cinemas, the next was Germany with under 150 and only 4 others had more than 10 (but all under 30) - Flemish speaking Belgium, Italy, The Netherlands and Switzerland. CICAE had 8 other members, of which 6 had only one cinema.

378. Of the 14 members 8 (including the six larger) are from Europe and 6 of the 8 are in the Community. It is heavily dependent on France, which not only pays the largest subscription, but also supplies the office, the staff and a special prestige.

No member comes from the Soviet Bloc, but Poland has been included among 'Correspondents'.

Four members come from Africa and two from Asia. Five of the six had one cinema each.

Principles

379. The classic statement of CICAÉ principles was made as long ago as 1957, but is still valid. It includes the following:- " ... our tastes and preferences may incline us towards works of originality and audacity, but our group is not burdened by any preconceived theory of aesthetics, preaches no formula, owes no allegiance to any coterie, belongs to no school or political party. Its only wish is to promote the quality of what is shown in the cinema - quality of its genre without discrimination. We do not wish to work solely for the soi-disant élite, we do not scorn the prospect of reaching the mass audience: that would be to abandon the task of raising its standards ... We do not fail to recognise the necessity of a commercial cinema ... and we do not at all wish to lose contact with them, but we also wish to be ... the avant garde of our colleagues".

Activities

380. CICAÉ serves as a centre where information and ideas are exchanged in meetings and circulars, so that each Association can be helped to do better in its own national setting. If there was no CICAÉ, the leading representatives of the national movements would do this informally and less effectively.

381. It has also tried to focus attention on films which are deemed to have achieved a high level of artistic quality. Each year it organises what it calls 'The Challenge' and awards a 'Prix CICAÉ', but this event has not achieved a position of any importance.

382. It has had a longstanding ambition to set up an International Distribution Agency which would be a Co-operative Association of CICAÉ members. This ambition was first discussed in 1959 and it seemed that the concrete plans made in 1982 would at last bring the 'Pool CICAÉ' into

operation, but the structure of the French industry made it impossible for the French Association to participate and the scheme was then shelved.

383. Perhaps its main function is to be the voice for the movement internationally. For many years a number of eloquent and energetic leaders have helped to create a growing awareness that there is a movement art et essai and that it deserves governmental support and aid.

Achievements

384. It is easier to point out how few have been the concrete achievements of CICAÉ than to weigh the intangible results of its direct and indirect pressures. The leaders of CICAÉ are well aware that its achievements have been disappointing and have told General Assemblies in clear terms that it had been failing to make its mark. Each member association tends to concentrate on its own problems and all are too dependent on the French Association, so CICAÉ has not often enough been able to define and pursue international objectives. Such a pessimism should, however, be balanced by the comment made at the 1983 Assembly that "Cultural Achievements demand patience and are recouped in the long term".

The Future

385. The importance of CICAÉ for the future is that it is alive and operative, with members, a mutual understanding and a machinery. Often it is better to use an existing body, if possible, than to create a new one, so when we come to think of what might be done in the future, it is well to remember that the co-operation of CICAÉ could be enlisted in, for example, schemes to improve the international distribution of film d'art et essai or to develop contacts with the film industries of the Third World.

386. The strength and influence of CICAÉ would be greatly increased if it could also effectively represent distributors as well as cinemas d'art et essai.

CONCLUSIONS AND RECOMMENDATIONS

General

387. This tour d'horizon has shown that the structure and strength of the Non-Mainstream Cinema varies considerably from country to country and that almost everywhere it is going through a period of important changes, so factual statements can quickly become out of date and predictions are more than usually difficult.

388. We must not expect too much of the market outside the Mainstream. Paragraph 14 of the Resolution of the European Parliament said that this is already 'a very important market', but our analysis has shown that nowhere is it 'very important' and that in some countries it is very small. It is reasonable to work for an expansion but illusory to hope (as does Paragraph 14) that this market can succeed in 'recapturing a considerable proportion' of the audiences lost to television, for the mass audience has moved from the cinema and there are no signs whatsoever of its return. This is not a counsel of despair and surrender, but merely a warning that the movements we have been discussing are still of minor numerical importance and share the general crisis of cinema.

389. One basic problem common to all types of cinemas is that a series of changes in technology and social habits have traumatically reduced audiences. Now more films are seen in the home than in cinemas, an endangered species, whose prospects of survival depend a great deal on the future strategy and timetable of showing films on Cassettes (without Piracy) and Television. If adequate control is not exercised (at an European level) either by law or by agreement or by other means, over the 'hierarchy of release', more and more people will not bother to go to the cinema, but instead will wait the brief period before they can see the film in their own home.

390. An optimist can argue that the television and cassette companies may willingly accept controls, as it is in their interest to keep some cinemas alive as the testing ground, launching pad and source of publicity for the films they will need at a later date. This sounds very reasonable, but the jungle is a wild one and in any case some leaders of television look forward to new methods of marketing which will not require an initial release in the cinema.

391. As far as the foreseeable future is concerned we can reasonably assume the survival of the cinema, but not with its present numbers and structure. It would be surprising if the centres of large and medium-sized towns did not continue to have cinemas which regularly show the most popular films, but the outlook is bleak for a great number of other cinemas, particularly if they have nothing special to offer and cannot (sometimes because of monopolistic pressures) get copies of the films they need for their own solvency. Many more of these will be driven to closure and will often leave a cinematic desert behind them. It is against this sort of background that we have to consider whether and to what extent ~~the~~ exhibition outside the Mainstream cinemas can increase total attendances.

Cine Clubs

392. In one area we must be pessimistic, as it is difficult to foresee an expanding future for the Cine-Club movement. In many countries these Clubs were the forerunners of the art et essai movement and earned their honourable place in cinema history, but in recent decades they have suffered a decline, sometimes a drastic decline, in numbers and effectiveness. A recovery is most improbable. For some years they will continue to play an interesting role as educational or self-educating groups, so that

indirectly they will be nurturing art et essai audiences, but they cannot be expected to make any significant contribution to the building up of attendances as desired by paragraph 14 of the European Parliament Resolution. For the fulfilment of those hopes we will need to look to the cinémas d'art et essai and the Municipal Cinemas.

Cinemas d'art et essai

393. Cinemas d'art et essai are also a prey to the economic forces which lead to closures, but at least many of them do have something special to offer - programmes of quality films; a technical presentation better than can be expected on television; the pleasures of shared experiences; and the chance to develop a film culture. At their best they can attract spectators who would otherwise stay away from the cinema altogether and can also, through a policy of mixed programming, encourage among their patrons a greater tendency to buy tickets for a wider range of films. Moreover, when they offer films with new directors, new ideas, new styles, they are building for the future. A generation ago the French cinemas d'art et essai introduced a virtually unknown Ingmar Bergmann who later in the 1970's was one of the most commercially successful of all directors in the French cinema as a whole. Not all stories end so happily, but without these cinemas it would be even more difficult for innovators to pioneer the changes which any medium needs for its good health and future success.

394. Cinemas d'art et essai can sometimes be reasonably successful without aid from public authorities (as in Holland and Flemish speaking Belgium), but in most countries some form of support is available.

395. First there are systems of rewarding cinemas which have shown a special amount of art et essai programmes in the previous year. The prime example is the French system which was dealt with in paragraphs

32-76 and summarised in paragraph 58. It has served France very well and established a network of nearly 900 cinémas d'art et essai of many sorts and in most areas. It is not perfect and it is at present under review, but while some countries (such as the U.K.) would find its approach unacceptably strange, others could learn from the French experiments and experience. Of course it would be necessary to alter the formula to suit the different traditions and practices of another country and also to find a friendly Minister of France.

396. Alternatively, rewards to art et essai cinemas can be given in the form of Prizes with money, as in Germany (paragraphs 163-66) and Italy (paragraphs 201-02). The Prizes give a valuable encouragement to exhibitors, but the uncertainty whether they will get a Prize can make them more cautious in their programming. In France the exhibitor knows that if he gives a stated proportion of his screentime to the listed films, then he will get benefits, but the German and Italian exhibitors must wait and see. On the other hand, the Prizes system is much less complicated than the French one.

397. Even if a country has nothing like the French, German or Italian schemes, there is much the state can do to reduce the costs and difficulties of art et essai exhibition and distribution.

It is essential that cinemas should offer the standards of comfort and technical efficiency which modern audiences demand. Many small exhibitors are not able to afford the necessary re-equipment, re-furnishing and, perhaps, re-building required, unless he can borrow money on some special terms. Schemes are operated in Germany (paragraphs 176 and 169), Italy (paragraph 206) and Denmark (paragraph 315), but the most interesting work is being done in France, where the Agence (paragraphs 90-93), after mapping what are the cinema requirements in the Regions, guarantees loans if satisfied

with the financial reasonableness of each proposal and the cultural quality of the programmes of the cinema concerned.

398. Even the most comfortable art et essai cinema needs suitable films and the shortage has been a constant source of complaint. One reason is that audiences have become increasingly selective and hard to please in, for example, France (paragraph 104), Italy where "in the winter season 1983-84 most of the films d'auteur found no public"(paragraph 228), Germany (paragraph 155) and elsewhere. This places a large question mark about the future of art et essai cinemas which do not follow a policy of mixed programming. In the meanwhile each film industry and its Government should see what can be done about three specific problems - the shortage of suitable indigenous films, the expense and difficulty of importing suitable foreign films and the inadequacies of the distribution system.

399. The shortage of suitable indigenous films is sometimes blamed on the way production aid schemes are operated. It is accepted that experimentation must be financed, that mistakes are inevitable and that few subsidised artistic films are likely to recover all their costs, but it is also argued that too often a reasonable balance has not been maintained. It is very easy to pour money into a bottomless pit, if the authorities do not insist on production costs bearing some relationship to audience potential. The film is a medium of communication and cannot afford the filmmaker who is so liberated from financial cares that he feels no need to think of an audience. It is desirable that the films of cultural value benefitting from production aid should be films which art et essai audiences will enjoy. Is that a platitude or a piece of Utopia?

400. The supply of suitable foreign films presents quite different problems. The costs of importing and launching a foreign film (subtitling, prints, publicity etc.) make each decision to import a dangerous gamble. The costs are certain to be high, but the public response is

unpredictable. One answer is to secure some sort of deal with a television company, but in that case the choice of the film and the planning of its cinema release may be determined primarily by the interests of the television partner.

401. An effective long term solution is the development of some form of co-operative importing. This is done in Germany through the AG Kino (paragraph 131) and on a small scale by the Consortium in the U.K. (paragraphs 268-70).

The State can also help, as in France, (paragraph 89), Denmark (paragraph 314) and Italy (paragraph 203).

402. Even if suitable films have been made or imported, distribution problems may arise as many of the films lack an obvious sales appeal and will need to build up their audiences slowly. In some countries aid is given for the distribution of a particular film, as in Germany (paragraphs 175, 162 and 168) and Denmark (paragraph 314). Or aid may be given to particular companies, as in France (paragraph 89), Italy (paragraphs 203-205) and The Netherlands (paragraph 351).

403. Another type of difficulty arises when suitable films have been made or imported and are being distributed, but remain out of the reach of small exhibitors. Sometimes nothing need be done, as a bigger competitor who can do more business with the film may have a natural priority, but that is not the whole story, for sometimes the small exhibitor is being unreasonably starved of copies by a competitor's greed or a distributor's lack of imagination.

Co-operative booking arrangements are possible when the art et essai sector is large, as in the case of AG Kino's distribution company FiFiGe (paragraph 135) and FICE's proposed circuit in Italy (paragraphs 226-228). Sometimes the state intervenes, as in Denmark (paragraph 313) and France (paragraph 95).

404. The importing and distribution of films d'art et essai raises problems which cannot be solved on a purely national basis. What is needed is a network of art et essai distributors who could collaborate to build up a circuit or series of circuits of art et essai cinemas, repertory cinemas, municipal cinemas and others, which in total could offer a European market for art et essai films far more effective than the sum of the divided and struggling markets of today. CICAÉ has long had dreams of this nature (paragraph 382), but its failure was probably inevitable as it has been an organisation of exhibitors. AG Kino would certainly be very interested in any such development (see paragraph 134) but the launching costs are beyond the resources of any private organisation. We will suggest later in paragraph 415 that a vital contribution could be made by the EEC itself.

Municipal Cinemas and Municipal Intervention in the Cinema

405. The motives for intervention vary. Sometimes the Local Authority in an area where there is no cinema or the last cinema is closing may wish to create or preserve a social amenity. Or it may wish to fill a cultural gap if no local cinema is showing films of cultural value. Or it may mix the two types and have an amenity cinema which includes films of cultural value in its programming.

France has more purely Amenity cinemas than the other Member Countries and it also has more that combine the amenity and cultural functions. Cinemas subventioned purely for cultural purposes include many in France and also the Kommunale Kinos in Germany (paragraphs 120-23), the Filmhuizen in the Netherlands (paragraphs 340-45) and some in other countries. Altogether the number and variety of Municipal Cinemas is much greater than is generally recognised.

406. The methods of municipal intervention also vary. Different formulae of direct or indirect control, partnership, subsidies for specific expenses, deficit guarantees etc. as used in France are summarised in paragraphs Similar formulae are found elsewhere, but the U.K. has in addition the Regional Film Theatres, now called the BFI Supported Film Theatres, which are 'hybrids' because they are aided both by a State Institution (the BFI) and by local authorities (see paragraphs 266-67 and 274).

407. Municipal cinemas are important nationally as well as locally. They strengthen the market for films of national identity and even the amenity cinemas which do not often show films d'art et essai increase the number of spectators from whom art et essai cinemas can recruit audiences. Moreover, if an increasing number of small and medium sized towns are through an absence of municipal intervention left without any cinema at all, their young people will grow up with a belief that cinemagoing is an obsolete activity. The whole of exhibition will suffer.

408. The arguments in favour of municipal intervention are strong, but some critics must be answered. In the first place, struggling private exhibitors feel a natural resentment about the dangers of unfair competition from subsidised rivals, but Municipal cinemas should operate only when an amenity or cultural gap has been left by private enterprise. The ideal would be some form of partnership: for example, if the last exhibitor in a town is being forced to close his cinema, then a Municipality might make some deal immediately rather than wait for the bankruptcy and start something new.

409. Secondly, it has sometimes been assumed that a Municipal Cinema will have excessive overheads, high running costs, an inefficient management and a general atmosphere of dull bureaucracy, but many examples can be found of economic and dynamic administration, especially in France. Not enough information has been made public about the alternative ways of establishing, financing and managing municipally subsidised cinemas.

410. Thirdly, some have feared Municipal Cinemas as weapons of the extreme left, and point, for example, to the influence of the events of 1968 on the Kommunale Kinos in Germany (paragraph 121), and the Regional Film Theatres in the U.K. (paragraphs 262-63). These are all examples of cinemas which were subsidised for cultural purposes: many of their leading figures responded to the fevered ideology of the decade, but that fever has subsided. Moreover, most of the cinemas subsidised by Municipalities for social amenity reasons have not been political. It is true that Municipalities controlled by the left are more likely to subsidise cinemas, but that is because they have a stronger belief in public enterprise, especially where private enterprise has failed: normally their motivation is not propaganda.

411. Many of the fears about Municipal Cinemas can be dispelled by a look at the Norwegian experience. In 1983 more than 50% of their 487 cinemas were municipally owned and these attracted 85% of the total number of spectators (with 87% of the total box office). Almost all of them had been set up for a mixture of amenity and cultural reasons - The Municipality wanted a cinema and wanted its programmes to include films of cultural quality from all parts of the world. This has been achieved at a relatively small cost. The 1983 figures are not yet available, but in 1982 the subsidies were equal to about 14% of the country's total box office receipts. Of course they are not perfect. One major criticism is that they dominate the market and in consequence determine the choice of foreign films and the pattern of release. This is not the place to attempt any solution of Norway's problem, but at least it is one which has been caused by the success and popularity of Municipal Cinemas. In any case we are suggesting not that the cinemas of the Community should be Municipalised, but that Municipalities could play an even more important part than they do at present, particularly if they seek partnerships with private enterprise exhibitors.

What should a Government do?

412. In view of the variations in problems and traditions no magic formula can be devised for all Member Countries, except that the authorities and industries of each should consider what has been done in the others and review the alternatives which have been summarised in paragraphs 394-410. What can be learnt and taken from the French art et essai system or the Prize Schemes or the various forms of aid for importers and distributors or the loans to exhibitors? How much can be done by local authorities and should the Central Government help or persuade them to do more? What schemes of self-help should be encouraged and aided?

413. In general the State should aim to ensure that cinémas d'art et essai and Municipal Cinemas should become integral parts of exhibition rather than eccentricities on the fringe (see paragraph 13). Ideally the cinema in all its aspects should be under the supervision of one Ministry or official Institution. The CNC in France, the WVC in the Netherlands, the Danish Film Institute and the Ministry of Cultural Affairs in Luxembourg demonstrate the benefits of a single authority, while Germany, the U.K. and Belgium illustrate the disadvantages of divided responsibilities.

What can be done by the EEC?

414. Action on such problems as the timing of the release of films on television and cassettes (paragraph 389) will not be discussed further, because that is a concern of all cinemas and the question here is "What can the EEC do specifically to help cinémas d'art et essai or Municipal Cinemas?" The answer is "In concrete terms - not very much".

415. It would be utopian to recommend any measures which would involve a serious claim on the Community's purse: money would not be made available to finance (for example) a Community scheme of art et essai distribution. On the other hand, it would be reasonable to suggest that limited sums should be spent on promoting schemes of self-help. For example, AG Kino and others would be interested in a network of art et essai distributors on the lines mentioned in paragraph 404. Perhaps the Community could initiate the necessary discussions and underwrite much of the launching costs. This would be cheaper and more effective than an attempt to start an entirely new enterprise.

416. Also Utopian is the suggestion sometimes made that the Community should introduce concessions regarding the payment of VAT so as to help art et essai cinemas or art et essai films. Such concessions would require precise definitions and a clear procedure, all of which would be difficult to achieve as the cinema varies so much in the different member countries. Moreover, as VAT rules and rates also vary from country to country, it would be difficult to have such a specific exception in the absence of a general harmonisation.

417. The main role of the EEC in this field should be to give leadership, to encourage exchanges of information and experience, to stimulate new thinking, to support initiatives of co-operation.

418. A good starting point would be to secure a full recognition that a film is more than an ordinary commercial commodity. As M. Jack Lang said (at a Meeting of Ministers in Athens in 1981), "... one must watch that the Community Authorities do not apply the rules of the Treaty of Rome without taking into consideration the special character of cultural action": a similar point has been made by the German FFA, even though its own Terms of Reference are commercial rather than cultural: and a

senior member of the Italian film industry has urged that the EEC should not become "The Wailing Wall of the Italian Cinema". The basis of the Community's film policy should be that films expressing the national identity of Member Countries, separately or jointly, and films of artistic value both deserve support for cultural reasons and that their distribution should have all practicable encouragement.

419. At this point some will return to the argument that the fate of films should be left to the free play of market forces, but in practice the dwindling market has become less and less free. Many monopolistic groups are in positions of strength and tend to favour unadventurous policies, preferring films which imitate rather than films which innovate. Moreover, a factor of special importance in most markets has been the preeminence of the American Majors, which have succeeded in securing a very high proportion of screen time in the Community for their own films, not only for their best ones which are in great demand, but also for others which exhibitors are discreetly obliged to book if they want to get the popular ones. The market is not a free market and cannot safely be left to look after the cultural future of the European cinema, particularly as the films in today's cinemas will be the films of tomorrow's television and cassettes. The real question is not whether there should be public intervention, but what should be its direction, nature and extent.

420. A Ten Point Plan of Action would provide a pleasant finale, but it would be misleading, for panaceas are made impossible by the variety of structures, traditions and problems in the Cinemas of the Community. Progress is more likely to be achieved through a series of minor measures appropriate to each country.

The main messages of this Study are:

- that the Community and its Members should recognise their obligations to safeguard the cultural feature of the European cinema:
- that each Member should consider what lessons can be learnt

from the policies and experiences of the others: and that the Community should be willing to provide support for specific movements of co-operation among Members and should also in general be a constant source of information, ideas and leadership.

It should then be possible to strengthen the contribution which cinemas d'art et essai and Municipal Cinemas can make to the total size of cinema audiences in the Community.