6.4 Recent developments

Rupert Murdoch's Star-TV (Satellite Television Asian Region) began targeting India in 1992. India's response was especially artful. Although satellite reception was allowed, it was illegal to deliver Star TV by cable because the Telegraph Act forbad "to dig across a road to lay cables without permission of the Telecom Commission" (Chan 1994, 117). The cable disseminators took a very simple way out – they just laid their cables above ground.

D. Berwanger reports in an as yet unpublished article that Indian households were not only able to receive Star TV free of charge, but were called on to build up their own little cable distribution systems to supply the neighbours. Star TV also sold aerials because the greater its audience, the more it would be able to charge for advertising. Murdoch commented on his strategy: "The future in India as in Europe and America is subscription TV or pay TV whereby subscribers pay for access to a channel." Advertising target groups are easier to define that way.

The Indian Supreme Court ruled in 1995 banned government control of broadcasting. Broadcasting and reception were freed. The government was ordered to establish an independent, public law control institution to regulate access to frequencies. The ban on satellite dishes in private households had to be lifted (Reuters 9 February 1995). The ruling was seen as opening the way to commercial broadcasters. Up to then only the state-run Doordashan TV and All India Radio were allowed to broadcast. The TV landscape of the Indian sub-continent is undergoing big processes of change. From October 1995 Sony also targeted it, initially with Hindi films. Later the Sony library is to be used. Sony claims to reach eight million households already.

Developments in India show how commercial compulsions and competition from foreign TV broadcasters offering entertainment put so much pressure even on state-owned broadcasters that ultimately they have to adapt to the public taste so as not to keep losing viewers.

7. Europe versus Hollywood: experiences and strategies in resisting media imperialism

7.1 The beginnings of European media policy

Europe, until recently split by the Cold War into East, West and neutral states, is culturally much too heterogeneous and through its historical development much too complex to be expressed in a simple formula. Definition of European identity usually begins with the Greeks and the Romans, who in turn were greatly influenced by non-European cultures, i.e. Africa (especially Egypt) and Asia Minor. Then follows the concept of the Christian Occident, although Christianity quite obviously is of non-European origin. Great emperors such as Charlemagne, Frederick II or Charles V are cited, cultural achievements emphasised and so forth. But attempts to reduce Europe to one definition regularly fail. In an essay, "Europe – but where does it lie?"[43], Werner Weidenfeld (1985, 13) puts the issue of European identity in a nutshell: "Europe simply defies simple attempts at definition." Similarly Hans J. Kleinsteuber and Torsten Rossmann (1994, 45) note: "Europe cannot be understood as a unit in time and space."

All the same, since after World War I, contemporarily with the pan-European movement (the Austrian Count Richard von Coudenhove-Kalergie in 1923 published the appeal Paneuropa, which foresaw a phased plan for the creation of a United States of Europe), there have been attempts to develop a European film. An advantage was that silent film was involved, i.e. it was theoretically possible to disseminate contents throughout Europe without linguistic problems. The background was the stagnation of European film production due to the first world war, made clear by Gregor and Patalas (1962, 14): "Whereas still in 1914 90% of all the films shown in the world were of French origin, in 1928 85% of all films came from the USA." However, already in 1914 a short flowering of Danish film had ended French dominance. In 1925 American films dominated the market in Great Britain with a share of 95%, in France the share was 77% and in Italy 66% (cf. Guback 1976, 390).

Not surprisingly resistance against the predominance of American films began to stir in Europe in the 20s. Germany in 1925 became the first country to set a limit on film imports. Permission to show a foreign film in German cinemas

43 The title is an allusion to Goethe's Xenien and the utterance, "Deutschland? Aber wo liegt es? Ich weiß das Land nicht zu finden." (Germany? But where does it lie? I don't know how to find the country.)

was given only if at the same time a German film was being financed and distributed. Great Britain, France and Italy followed with curbs. France limited the number of film imports. Great Britain and Italy imposed quotas providing for certain percentages of national films. Thomas H. Guback (1976, 394) documents that America responded with arguments that have meanwhile become standard in the debate about European quota regulations: "This government has adopted no restrictive regulations similar in any way to those enforced in certain foreign countries."

The aim of the first European film initiative of the 20s involved cooperation in film distribution and production. Quality was to be raised by enlarging the technical and artistic potential and increasing the availability of studios and locations. Joint funding was to generate higher budgets and spread risks. Cooperation between several nations brought advantages in tapping various national promotion schemes and getting around import quotas. From the mid-20s onwards many cooperation agreements were entered (Thiermeyer 1994, 100). One tried to create European films whose production costs would be recouped quicker on the European market. The development ended with the invention of sound film.

7.2 Media policy players and the basic conflict: is film a merchandise or culture?

The European Union[44] in 1995 comprised a market of some 380 million consumers, one of the biggest in the world, with considerable growth potential. Not surprisingly, it is a preferred target area for American media enterprises.

The EU is a unique political construction worldwide. It is neither a federation (federal state) nor a confederation (a union of states leaving each member full

44 West European unification began in 1952 with the coming into force of the European Community for Coal and Steel, which controlled that sector of industry as a supranational organisation. Founder members were France, Italy, the Federal Republic of Germany, Belgium, Luxembourg and The Netherlands. The further integration in 1957 as European Economic Community (EEC) and European Atomic Community (EURATOM) in 1958 also involved these six founder countries (Treaties of Rome of 25 March 1957). In 1973 Denmark, Great Britain and Ireland joined; Greece in 1981; Spain and Portugal in 1986; Finland, Austria and Sweden in 1995. From here on only the name European Union will be used, including for the period when it was still European Community. Where European Community occurs in an official title (e.g. Green Paper) or in a decision, that will be used.

sovereignty). The major institutions making media policy decisions within the EU are:

The Council of Ministers of the European Union, comprising one representative of each member state. The Council consists of cabinet ministers of the member states. The Council members are empowered to make binding commitments on their governments' behalf. The Council is one of the Union's most powerful bodies, laying down joint legal regulations and entering international agreements. Its composition depends on the issues being addressed, e.g. the Council of Agriculture Ministers.

The Commission of the European Union monitors adherence to the European treaties. The Commission has the right to initiate legislation and has rights equal to the member states in respect of interstate matters. Another task of the Commission is to plan Union policy. The body comprises 20 commissioners, two Germans, French, Italians and Spaniards and one from each of the other member countries. They are appointed "by common accord" and are supposed to make their decisions independently of national interests in the interest of the EU.

Since 1979 *The European Parliament* has been elected for five years directly Europe-wide. The members are not to represent their respective nations but Europe. The Parliament appoints the Commission, approves its programme and, by a vote of no confidence, can force it out of office. The Parliament has no lawmaking powers. Its tasks comprise mainly responses to proposals by the Commission and controlling the Commission and Council through debates about the programmes and reports. Because its rights and powers are so small, the European Parliament is the EU's weakest institution.

Another media policy player that needs to be mentioned is the *Council of Europe*, established on 5 May 1949. It was the only European organisation grouping almost all non-communist European states. The Council of Europe makes no directly applicable laws but expresses itself in the form of resolutions and recommendations. In 1996 39 states were members. The last to be admitted, in February 1996, was Russia, which has also signed up to the European Convention of Human Rights. Although only theoretically, Russian citizens can now resort to this rights protection system against violations of human rights.

Up to the 80s media policy was the domain of national politics. At European level media policy was made primarily under economic aspects, respectively

with a technological perspective, the latter especially with regard to telecommunications policy.[45] The European players have in part totally different interests in respect of the mass media. Thus the views of the European Parliament are driven by cultural considerations. The EU Commission, on the other hand, emphasises the economic aspects. Here we have the fundamental conflict in European media policy. It centres on whether film and television have to be regarded as culture, or purely as a merchandise.

In a Green Paper published in 1984 (a Green Paper is an inventory with policy proposals), Television Without Frontiers, broadcasting was subjected to economic primacy to which its cultural function was subordinate. Television was categorised in the trade and services sector. But there would have been no other possibility at the time because the EC was then purely an economic community. Culture was the responsibility of the member states – in Germany not even of the central state, but of its constituent federal states – and did not fall within Brussels' powers. The Green Paper was to open frontiers within the community to national television programmes under the requirement of free trade in services.

The next major media policy milestone was the *Directive of The Council of the European Communities* on the coordination of certain provisions laid down by law, regulation or administrative action in member states concerning the pursuit of television broadcasting activities, of 3 October 1989, in force since October 1991. It aimed to create a unitary EU television market but also again treated television primarily as an economic activity, i.e. a service. The Directive states that television broadcasting constitutes, in normal circumstances, a service within the meaning of the Treaty establishing the European Economic Community. The Treaty "provides for free movement of all services normally provided against payment, without exclusion on grounds of their cultural or other content."[46] Correspondingly no distinction is made between publicly controlled and privately owned television. The Directive obliges member states to ensure that nothing is done to restrict the free flow of television programming or to favour the creation of dominant positions. The adoption of the Directive once and for all defined television as a service. Regardless of cultural or other content, trade in services usually provided for payment has to be free.

45 A report for the French government by Simon Nora and Alain Minc about L'Informatisation de la Societé (Paris 1978) showed the economic importance of telecommunications and the poor state of the European telecommunications industry. It prompted the EU to set up a Task Force on Information Technology and Telecommunications.

46 The Directive is printed in full in the Friedrich Ebert Foundation communication manual, Broadcasting regulations – The German example, pages 298 to 314.

When the single European market was completed at the end of 1992, providing free movement of goods, people, services and capital, the integration process was driven further forward by plans to create an economic and monetary union, i.e. one currency for all countries in the EU. The foundation on which this is being pursued is the Treaty of Maastricht on European Union. It also provides for political union in the sense of cooperating in foreign and security policy and in home affairs and the judiciary. Special to the process is that some areas of politics have been withdrawn from national control and subordinated to EU powers. This includes culture, under which Article 128 of the Maastricht Treaties includes the audiovisual sector. This was a step away from treating the media merely as a service, respectively a merchandise, and a move towards treating the media as a cultural good. Article 128 is decisive. It states:

"(1) The Community shall contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore.

(2) Action by the Community shall be aimed at encouraging cooperation between Member States and, if necessary, supporting and supplementing their action in the following areas: ... artistic and literary creation, including in the audiovisual sector."

In reality, though, the commercial principle has won the day in Europe. Politicians may still talk about programmes being the purpose of television and that it has to disseminate the contents necessary for democracy to work and cultures to be preserved. That cuts no ice with the media moguls. To them programming is no purpose unto itself, but a means to carry advertising to viewers.

7.3 Creating a European identity

One of the EU objectives is one area without internal borders, something likely to be very difficult to create in the communication field. On the other hand, politicians ascribe to the media ever increasing influence in creating a European identity within the integration process. Colette Flesch, for example, the director general for audiovisual affairs, information, communication and culture of the Commission of the European Communities, wrote in an essay[47] that

47 Geistiger Binnenraum. Europa als publizistische Aufgabe, 1992, 32 f..

only constant exchange and renewal of knowledge about each other would create in Europeans the durable feeling of togetherness needed. Europe needed to become a mental internal area with wide scope to cultivate multiplicity and little scope for parochial patriotism.

It is a very difficult goal to achieve because the European media landscape is fragmented like no other in the world. It comprises various languages and different national and cultural experiences. In other words, Europe is no homogeneous communication area. Although many European media policy initiatives emphasise creation of a European cultural identity or awareness, such a region will be very difficult to create and very slow in coming about, if it happens at all. The European Parliament argued in 1984 that realisation of a European television channel was of fundamental importance to development of a European awareness. Since "the" European identity does not exist, the Parliament already in 1980 called for cultural pluralism. The fundamental character of European culture, namely its variety in unity, should be served by plurality of opinion.

French president Mitterand and German chancellor Kohl commented in November 1988 on the newly launched German-French culture channel, Arte: "The new channel should express the cultural identity of Europe on the one hand and the cultural peculiarities of the European states on the other hand. This will lay a major foundation stone for deeper understanding and the growing together of the German and French peoples as well as European citizens and promote a European awareness." The founding treaty defines Arte's task as expressing and preserving Europe's cultural identity, "in the desire to offer Europe's citizens a joint television channel to serve depiction of the cultural heritage and artistic life in the states, regions and peoples of Europe and the world". The very name of the treaty already shows how complicated media policy in Europe is; it is not a treaty between the Federal Republic of Germany and the French Republic, but a "Treaty Between the Länder Baden-Württemberg, Free State of Bavaria, Berlin, Free Hanseatic City of Bremen, Free and Hanseatic City of Hamburg, Hessen, Lower Saxony, North-Rhine Westphalia, Rhineland-Palatinate, Saarland, Schleswig-Holstein and the French Republic on the European Culture Television Channel".

A major motive driving the creation of a European identity is protection and support for the European programming industry. Thus the preamble of the Council of Europe's 5 May 1989 Convention on Transfrontier Television[48] states the aim "to present an increasing range of choice of programme services to the public, thereby enhancing Europe's heritage and developing its audiovisual creation" and "to achieve this cultural objective through efforts to increase the production and circulation of high-quality programmes, thereby responding to the public's expectations in the political, educational and cultural fields". Support for the European programming industry was also at the centre of the European Commission's 1994 Green Paper, which states: "Films and television programmes are not products like any others: as the prime vectors of culture they retain a specific place in the midst of the manifold new types of audiovisual products; as living testimony to the traditions and identity of each country they deserve encouragement." It is against this background that state sponsorship of filmmaking in Europe has to be seen. In addition to pan-European promotion, many European countries have their own programmes. In Germany filmmaking is supported by the national and 16 state governments as well as a number of other institutions, such as the Film Promotion Agency (Filmförderungsanstalt). The German Film Promotion Act defines the agency's task as "raising the quality of German films on a broad basis and improving the structure of the filmmaking industry". But the cultural motives cited cannot hide the fact that the economic interests of the European programming industry get top priority (Kruse 1994).

7.4 Much ado about nothing: the quota regulation

The 1989 television directive enacted by the Council of the European Community states: "Member States shall ensure where practicable and by appropriate means, that broadcasters reserve for European works ... a majority proportion of their transmission time, excluding the time appointed to news, sports events, games, advertising and teletext services." A minimum quota of 50% is stipulated. "This proportion, having regard to the broadcaster's informational, educational, cultural and entertainment responsibilities to its viewing public should be achieved progressively, on the basis of suitable criteria."[49]

The quota regulation was highly controversial from the start and has remained so. It was and is mainly the high proportion of U.S. productions shown on European television that was perceived as making it necessary. The quota proponents argue that Europe needs a strong programming industry that can

48 Also printed in full in Broadcasting regulations – The German example.

49 From the FES communication manual Broadcasting regulations – The German example, p. 305, Article 4.

take on Hollywood. Especially France was interested in strict regulation. Quota rules were seen there as an effective regulatory instrument to strengthen the French film industry. There was strong domestic political pressure from those working in it. In February 1995 the French culture minister Toubon announced at the Information Society Conference in Brussels he would keep fighting until there was a quota regulation. He argued "that cultural, social and political needs are to be taken into account, even if the infrastructure and the technologies obey free-market rules".

But as has already been pointed out, Western Europe is not homogeneous, meaning that there was a number of opponents of such regulations. Germany saw quotas as not being in conformity with the market and feared jurisdiction disputes between European and German law (a reminder: in Germany cultural sovereignty is held by the constituent federal states, not the national state). The Netherlands opposed the quota rule because at that very time the Dutch company Philips was trying to raise American money for development of high resolution television (Kleinsteuber and Rossmann 1994, 72). Great Britain opposed a quota regulation because it saw the British film and television industry's exports to Canada, Australia, New Zealand and the USA endangered. The British feared that these countries might retaliate with protectionist restrictions of their own.

The upshot was a compromise which devalued the quota regulation to a political obligation, which it has remained. Although there were attempts to strike out the phrase "where practicable" to sharpen the regulation, the Council of Culture Ministers of the European Union decided on 20 November 1995 to keep the regulation in place as it stood. It means in practice that television broadcasters will not be forced to air European products for at least half the time they allot to feature film and series programming. The rule still stands that at least half of such transmission time has to be filled with European productions, but this level has only to be achieved "where practicable and by appropriate means". One need only refer to unprofitability to avoid the quota rule. No checking procedures or sanctions are provided for.

The attempts to introduce quotas prompted massive protest from the USA which feared a drop in exports to Europe. The U.S. trade envoy, Clara Hills, in 1989 described the quota regulation as screaming to the heavens, protectionist and unjustifiable. In all seriousness she accused the Europeans of censoring excellent programmes developed in the USA and with that appealed to the patriotic feelings of the Americans (cf. Kleinsteuber 1990, 550). The Motion Picture Association of America (MPPA) also spoke of unfair trade

practices of the Europeans. American reactions peaked in a resolution of the House of Representatives accusing the European Community of violating free trade regulations set out in the General Agreement on Tariffs and Trade (GATT) and damaging the American film industry. The European Community defended its actions with the argument that GATT did not cover services, but only goods (cf. chapter 7.5); services would only be covered by the GATT Uruguay Round then in process.

However, the U.S. position was not as united as it appeared at first to the outside world. The three networks, ABC, CBS and NBC, had no problems with the quota rule. In fact, they actually saw it as a chance for them to gain advantages in their years-long struggle against the Hollywood companies. Since the Federal Communications Commission had forbidden the networks in the 70s to produce their own programming for prime time airing and to hold stock in production companies, they felt greatly financially disadvantaged. Hollywood's ferocious criticism of the European quota regulations provided an opportunity to point up the situation of the networks. Moreover, they saw a possible opening for producing completely on their own or for co-productions with European TV broadcasters that they could air (Kleinsteuber, 1990, 550 f.).

The strong U.S. resistance against a European quota regime is explained by the export earnings from film and television productions. TIME (February 25, 1995, 48) wrote in an article titled "Invasion of the Profit Snatchers! Europe's ailing industry cannot make up its mind how to beat Hollywood on the info highway": "The U.S. reaped an $8 billion bonanza in 1993, roughly 60% of it in Europe, from the international trade in film and TV products, its second largest export industry after aerospace." According to TIME American television exports bring in revenues of nearly $1 billion a year. The European trade deficit in programme exchange with the USA in 1993 was c. $3.5 billion[50]. The New York Times of 21 December 1995 reported the following U.S. Commerce Department figures on 1994 sales of films by U.S. companies to selected countries (in millions of dollars): Britain 351, Germany 348, France 342, Japan 324, Mexico 64, Brazil 50, South Korea 45, Taiwan 28, China 1. But in 1995 Hollywood achieved another revenue record, namely $5.35 billion box office takings on the U.S. market alone. Ticket sales ran to $1.22 billion, Disney cornering 19% of the market, Warner Brothers 16.3%. *Batman Forever* was the top earner with $184 million, followed by *Apollo 13* ($172.1 million), *Toy Story* ($147.2 million), *Pocahontas* ($141.5 million), *Ace Ventura: When*

50 Cf. the German Protestant churches' epd new agency's Kirche und Rundfunk, No. 5 of 21 January 1995, p. 27.

Nature Calls ($104.2 million), *Casper* ($110.3 million), *Die Hard With a Vengeance* ($100 million), *Goldeneye* ($92.4 million) and *Crimson Tide* ($91.4 million). Even *Kevin Costner's Waterworld,* criticised for a long time as a dramatic failure, according to Variety (April 29-May 5, 1996, 153) "kept his head above water". It "topped $88 million and ... soaked up another $166 million international". Probably the biggest flop in the film industry's history was the pirate film *Cutthroat Island,* which cost about $100 million and according to Variety (April 20–May 5, 1996) had by then taken in only $10 million "in domestic B.O. booty". In 1996 more new superlatives were reported from Hollywood. As already mentioned, *Independence Day* scored $100 million at the box office in just six days.

7.5 The GATT negotiations

The General Agreement on Tariffs and Trade (GATT), which went into force for the first time in 1948, is to promote world trade by reducing customs duties and by liberalisation. The multilateral pact aims to cut tariff and non-tariff trade barriers on all world markets. The dispute between Europe and the USA over the quota regulations went into the GATT negotiations in 1993 in the socalled Uruguay Round. Whereas the USA wanted GATT completely to cover all audiovisual services, that is, to have no trade restrictions on them at all (which would have made the European quotas and subsidies illegal), the French, very influential in the EU, strove for a complete and permanent exclusion of this sector, arguing "exception culturelle". That meant they wanted the audiovisual sector treated only as an exception in the partial agreement about services. The ministers responsible for communication finally agreed in October 1993 in Belgium on the "Six conditions of Mons" as their negotiating position. Under this agreement subsidies were to be allowed to continue and expand.

The other five Mons conditions were: Promotion programmes are to be excluded from the most favoured nation clause which in principle allows each GATT signatory to provide such supports according to the rules. National powers to regulate dissemination channels were to be preserved. Development of further promotion programmes was to be allowed. The EU television directive was to stay in force. These principles were not to be included in any new negotiating processes.

Towards the end of the negotiations of the Uruguay Round (which took its name from its 1986 start in Punta del Este in Uruguay) a number of French film stars, led by Gérard Depardieu, demonstrated in the European Parliament in Strasbourg against U.S. predominance in the film and television sectors. The then French prime minister, Edouard Balladur, thereupon pledged to veto any attempt to liberalise the trade in films and videos.

7.6 Hollywood in Europe

Hollywood's dominance in Europe after World War I is addressed in chapter 7.1. The present situation was characterised by TIME (February 27, 1995, 46) as follows: "In Europe annual attendance for European-made films has plummeted since the early 1980s, from 600 million to just 100 million, while the average for U.S. films has remained steady at roughly 450 million." In France attendance for French films dropped from 94 million in 1984 to fewer than 40 million in 1994, while American films attracted 10% more audience to reach 76 million (European Cinema Yearbook, Utrecht 1995, 33). In 1993 U.S. films held a market share of 57.1% in France compared with the French share of 34.6%. At the same time the export of European films to the USA is small and falling. At most 1% of the U.S. film market consists of imports.

Probably the most important reason for U.S. dominance is that from the beginning the American media sector has been purely commercial. In contrast to Europe, the supreme aim was and is maximum profit. And that needs the greatest possible public acceptance. Because of the cultural multiplicity in the USA contents have to be produced acceptable to all parts of the population. In other words, the lowest common cultural denominator has to be found to guarantee success. But the craftsmanship of the films is high. Production in the film and television sector is concentrated on a few locations, mainly Hollywood. That is where actors, directors, camera people etc. are concentrated so that producers' possibilities are correspondingly good.

U.S. productions are not only cost-intensive but also high-risk. Major companies have a high failure rate eben with big productions. Estimates about this vary widely. Some say three out of four films fail (Kruse 1994), others say there are seven failures to each success (Schorlemer 1993). Hence one of Hollywood's great advantages is that as a rule the necessary risk capital is available.

Of special importance is that there is no consumption rivalry between films and television programmes (cf. chapter 3.2) and that the borderline costs arising from further exploitation of already produced programmes are almost

zero. That enables selling abroad at prices below actual production costs since they have already been wholly or partially recovered in the USA.[51] Given these sometimes very low prices it is not surprising that U.S. productions are imported to many countries and their own productions are put on a back burner. Buying an hour of American film costs only about 10 to 15% of the cost of producing a European one.

There is no rivalry, either, in film rights, i.e. very different prices can form in various countries, the price in each case depending on the market structure of the importing country. The periodical Variety in its April 15–21 1996 issue published a Global TV Price Guide giving average prices or ranges of prices paid by mainstream broadcasters in key territories for various genres of U.S. TV programming. The prices are in U.S. dollars. The following are examples of prices for feature films and TV movies from this table for a number of countries:

	Feature films	**TV movies**
Argentina	$15,000 – $22,000	$6,000 – $10,000
Austria	$17,500	$20,000
Belgium	$56,000	$7,000
Brazil	Up to $50,000	$8,000 – $18,000
Canada	$150,000 – $200,000	$50,000 – $90,000
Czech Republic	$2,500 – $ 17,000	$3,000
Egypt	$1,650 – $2,850	$850 – $1,250
France	$550,000	$135,000
Germany	$150,000 – $600,000	$100,000 – $250,000
Holland	$20,000	$15,000
India	$4,000	$2,500
Italy	$200,000 – $800,000	$80,000
Japan	$100,000 – $1.5 million	N/A
Malaysia	$8,000 – $30,000	$3,000 – $4,000
Mexico	$15,000 – $25,000	$13,000 – $18,000
Philippines	$50,000 – $100,000	$4,500 – $15,000
Russia	$12,000 – $17,000	$5,000 – $17,000
Scandinavia	$19,000	$10,000
South Africa	$15,000 – $18,000	$15,000
Spain	$40,000 – $300,000	$35,000 – $45,000
Thailand	$25,000	$3,000
United Kingdom	Up to $2 million	$50,000

51 That depends, of course, on the film being an economic success.

The U.S. film industry's export earnings in a country are in most cases relatively low compared to actual production costs. Thus in 1992 a cinema film of the U.S. majors cost an average $28.9 million. If one includes the independent producers in the calculation, the average production costs were around $9 million (cf. Schorlemer 1993, 537). TIME (February 27, 1995, 48) puts the average production costs of a U.S. film in 1995 at $30 million. Given such high costs, the required earnings as a rule cannot be made on a single market. That is why after the first exploitation further marketing follows both on the home market (video lending and Pay-TV) and through exports.

Colin Hoskins and Rolf Mirus, Department of Marketing and Economic Analasis of the University of Alberta, have examined the reasons for the U.S. dominance in international trade of television programmes. Central to their explanation is the notion of cultural discount (1988, 500): "A particular programme rooted in one culture, and thus attractive in that environment, will have a diminished appeal elsewhere as viewers find it difficult to identify with the styles, values, beliefs, institutions, and behavioural patterns of the material in question." If in an assumed two-country world made up of the U.S. and Country B a cultural discount of 40% is assumed, it is shown that a film with the same production costs ($1 million) of the same quality and with the same "cultural discount" (40%) if it is produced in the USA, when it is exported can, because of the market size in the USA, achieve much greater earnings (inland $1 million) than if it were produced in Country B (inland $100,000) and then exported to the USA. Although the "cultural discount" diminishes profit in both countries, the American film can still make profits while the other film loses.

Thus the total revenue from the U.S. production is:
$1,000,000 + (1-0,4) * 100,000 = $1,060,000

Whereas the total revenue from the Country B production is:
$100,000 + (1-0,4) * 1,000,000 = $700,000

The U.S. programme makes a profit of $60,000, while the Country B product makes a loss of $300,000 (1988, 503f): "Thus *ceteris paribus*, production costs being the same in each country and the cultural discount applied to foreign programmes being the same, the cultural discount together with the size of the U.S. market, are sufficient conditions for U.S. dominance of international trade." The "cultural discount" structurally explains the American dominance of the international market, whereby the assumed 40% are extremely unrealistic. Hardly any films and TV programmes are imported to the USA and in many countries that do import American products a taste culture in affinity

with these products has developed, i.e. the cultural discount is likely to be substantially smaller. Film stars, directors and the Hollywood location possess a kind of "trade mark" function. Of special importance are the globe-spanning lending and distribution nets of the U.S. companies and the global sales promotion. Already weeks before a new film appears massive public relations and advertising campaigns are started which can extend to the entire world market. In Europe, by contrast, marketing as a rule is only national.

In Germany, which has a population of 80 million, 125 million cinema tickets were sold for $820 million in 1995. With that, Germany has the second largest film-going audience of the world. The dominance of U.S. productions becomes especially clear with cinema films. Of the 1,452 feature films which premiered from 1990 to 1994, 709 (48.8%) were from the USA and 310 (21%) from Germany. The relationship is even more marked on the German public's popularity scale. Among the 40 most successful cinema films of 1994 are 34 American, only four German and two British productions, the first five rankings given to the Americans: *The Lion King, Flintstones, Schindler's List, Mrs. Doubtfire* and *Forrest Gump.* Sixth place went to *Four Weddings and a Funeral.* Only the seventh placed film was from Germany: *Der bewegte Mann* (*The Most Desired Man*, respectively *Maybe...Maybe Not* in the USA).

In the 50s almost 70% of the 10 biggest-audience films showing in Germany at any one time were German-produced and only 7% came from the USA. In the 80s the relationship turned around, dropping the share of German productions to 20% and raising the American to 61%. The trends were similar for films from France, Italy and Great Britain. Whereas in the 70s they had still provided c. 45% of the 10 biggest-attendance films in Germany, in the 80s they had dropped to 15%.

Table: Production country (in %) of the 10 biggest-audience films in Germany for the respective decades from 1950 to 1989 (taken from: Klingsporn, J., Überstehen ist alles. Das Dilemma der unabhängigen Verleihfirmen, in: Filmecho/Filmwoche 49, 1991, 12).

Decade	Germany	USA	France Italy Great Britain	Other countries
50s	67	7	7	19
60s	53	15	15	17
70s	16	33	43	8
80s	20	61	15	4

The development of hire turnovers from the 50s to 1992 shows that the market share of German productions has dropped from 40% to 10%. The cumulative market share of movies from France, Italy and Great Britain of the distribution turnover also dropped from 26% in 1965 to 4% in 1992. American films expanded their market share. The market share of the U.S. productions, which stood at 30% in the 50s, in the early 90s had risen to more than 80%.[52] However, in the commercially irrelevant field of culture and documentary films German premieres win hands down.

Other European countries are in similar situations (cf. table). In the cinema sector the USA holds large market shares, usually more than 75%, while home productions rise hardly above 15%. In Ireland and Greece the shares of U.S. films are even more than 90%. Still an exception is France, where up until 1993 the American share was below 60%. But France, too, is endangered. In 1994 the 28.6% share of home produced cinema films was the lowest ever. Also in Italy, a country with a long film tradition, the shares of home productions have declined drastically. Whereas they have been able to hold just under 20% since 1990, they were down to 17% in 1993. Great Britain has become a typical country for U.S. imports, its own films comprising only around 5% of the market from 1990–93. In 1994 it was heading for 10.5%, due mainly to the British film, *Four Weddings and a Funeral* (cf. chapter 3.1).

According to *European Audiovisual Observatory* of February 1996 the market share of American cinema films has grown in the European Community from 56% (on a base of 397 million film-goers) in 1985 to 76% (based on 516 million film-goers) in 1995. For 1994 the *European Audiovisual Observatory* gave the following market shares for American films: France 60.4%, Italy 61%, Spain 72.3%, Germany 81.6%, Great Britain 90%.

The percentage share of local films in the USA, on the other hand, looks like election results for the governing party in totalitarian states: 1990/91 97%, 1992 98.7%, 1994 99.3%. It is easy for anyone with so firm a grip on their market, without quotas or anything similar, to call for free trade without quota regulations, because fairness in this case means that because of the structural conditions of the market the other countries have no chance of

52 The entire 1994 hire turnover in Germany was DM 525.8 million. The share of German films of the total hire turnover rose from 7.2% in 1993 to 10.1% in 1994. With that, German films turned over DM 52.9 million in hire revenue. Compared to that, the 1994 hire of American films in Germany achieved a turnover of DM 428.8 million, corresponding to an 81.6% share of total hire turnover.

Table: Local market shares in percentages, by countries (taken from *SPIO* 1995, p. 58).

	1990	1991	1992	1993	1994
Belgium	2.2	5.0	1.6	8.8	6.7
Denmark	14.7	10.8	15.3	15.9	–
France	27.4	30.1	35.1	34.8	28.6
Germany	9.7	13.6	9.5	7.2	–
Great Britain	7.0	5.5	3.6	4.7	10.5
Ireland	5.0	2.0	8.0	–	–
Italy	21.0	24.0	24.3	17.3	–
Japan	41.4	41.9	45.1	35.8	40.1
Netherlands	2.0	4.0	13.0	–	–
Portugal	1.0	1.0	1.0	–	–
Spain	10.4	11.0	9.2	8.8	6.7
USA	97.0	97.0	98.7	–	–

Source: European Audiovisual Information, Strasbourg/ CNC, Paris, taken from SPIO 1995, p. 58

changing those structures. Being powerful, it is easy to demand fairness, if fairness means keeping your power.

On top of that, even small and insignificant successes or efforts of the competition are played up by the American media. Thus TIME (April 8, 1996) assumed a revival of the German film industry and headlined its report, Hollywood Has a Rival. This was deduced from three German films having been watched by more than a million people in 1995. *Der bewegte Mann* (*The Most Desired Man,* to be released in the U.S. as *Maybe ... Maybe Not*) attracted seven million viewers. It cost $2.7 million to produce and brought in $48 million at German box offices. The film *Superweib* (*The Super Wife*) was also very successful, so was *Männerpension* (*Jailbirds*). The failure of German films up to now was explained by the Munich manager of the Disney owned Buena Vista distribution company, Wolfgang Braun: "They weren't given the chance they deserved. Theater owners thought American films would always draw more." TIME speculated further about the return to glory of the German movie industry that the historic Babelsberg studio near Berlin could become successful again. Fritz Lang and Ernst Lubitsch had learned their craft in Babelsberg. In 1992 the studio was sold to a British and a French firm and under the leadership of director Volker Schlöndorff is being transformed into Europe's largest and most technically advanced facility for film and television production. Variety (May 27-June 2) also had a cover story, "GERMAN SHOWBIZ MAKES COMEBACK. Former entertainment power on road to

recapturing its past film, TV glory". Nothing can be said at this time about success or failure of this enterprise.

Schlöndorf, a director famous in Germany, said: "Our aim is not just to copy mainstream products á la Hollywood but to make films of American dimension with European content." Hollywood's successful formula of telling simple stories with simple characters and a happy end will, hopefully, not work forever. Gilles Jacob, director of the Cannes International Film Festival, says: "We in Europe must find our own formula." Til Schweiger, star of German hit comedies (*Maybe ... Maybe Not, Jailbirds*) said of the new German film: "The films in the past were so boring. Everyone always wanted to make these highbrow films. But now people are seeing that these comedies are successful, that they're entertaining and that people are going to German films again. Now I think it's demonstrated that you can make very funny films in Germany, films that people really want to see."

The USA also dominates in the television sector. Data published in February 1996 by the *European Audiovisual Observatory* of the Council of Europe on the European television market (cf. statistical yearbook 96) give the following picture: In the 15 states of the European Union there were 88 television broadcasters in 1994. Only 23% of the TV movies shown in Union countries were produced in Europe, 77% were imported from non-European countries. Almost 70% of the feature films and series aired came from the USA. Comment in the statistical yearbook 96 of the European Audiovisual Observatory (1996, 159): "Nevertheless, the figures do show one well-known fact: the overwhelming domination of American fiction, which represents 69% of programming time for fiction imported by the 88 channels examined." Despite these limitations the figures confirm a known fact, namely the predominance of American fiction, amounting to 69% in the 88 TV broadcasters examined.

As commercial broadcasters increase in the course of deregulation in Europe (in 1994 98 new TV broadcasters were launched in the 33 countries affiliated to the European Audiovisual Observatory) the demand in this growth market will continue to increase, i.e. further growth in the cheap U.S. imports must be expected. It must not be assumed from this that any American series will succeed. Some of those which were most successful in the USA were flops in Germany in 1996: *E.R. – emergency room,* a hospital series (NBC) holds a market share of 27% in the USA, only 8% in Germany; *NYPD Blue* (ABC) rates 13.9% in the USA, 6.2% in Germany; *Seinfeld* scores 29% in the USA, 1.6% in Germany. All the same, the maxim of Redstone goes: "Content is king". That is shown by the following example. Just the German TV stations

have to fill 16,000 movie slots a year. Hence the archives are the most important programme sources. And so the films airing on German TV are on average 23 years old. TV series are more than nine years old.

A possibly only temporarily somewhat different picture than that of American dominance emerges when one looks at TV movies in Germany.[53] Here there is a trend even among the commercial broadcasters to more German productions. An explanation of this comes from the good prestige of the TV movie in Germany which usually can show both quality and good switch-on ratings. Moreover, especially the commercial broadcasters have come to recognise that the German public prefers German productions. Hence the German commercial broadcasters are ready to invest in productions of their own, although buying from the U.S. is usually cheaper. For 1996 the German commercial broadcaster Pro7 budgeted DM 150 million (c. $100 million) for the production of TV movies. The budget of the public ARD network for the same purpose was DM 180 million (c. $119 million), that of the public Second Channel (ZDF) DM 184 million (c. $122 million), the biggest commercial broadcaster RTL DM 60 million (c. $40 million) and SAT.1 DM 70 million (c. $46 million). However, RTL planned for 1997 to reduce the share of own productions from 70% to 50% in future and instead buy more U.S. productions again. It cites the high costs of producing itself. Moreover, argues RTL chief Helmut Thoma, younger viewers quite clearly prefer U.S. productions, which are also cheaper.

In other European countries viewers also clearly prefer own productions. But the high costs incurred in most cases cannot be recovered by sale to other European countries since as a rule viewers prefer U.S. productions in second place after national ones. This fact is put down to the socalled Dallas effect, that is people being accustomed to American formats, storytelling style, shooting techniques and so forth.

53 These are "movies made for TV", i.e. generally shot in the 35 mm cinema format, which makes them somewhat more expensive than normal TV films.

7.7 Public funding for Europe's audiovisual industry

The European audiovisual industry receives national and European public subsidies. According to TIME (February 27, 1995) the 1993 promotion for France was $416 million, for Italy $157 million, Germany $115 million, Sweden $34 million, Spain $30 million, Great Britain $16 million, Norway $12 million and Portugal $10 million. In Germany about 100 films a year were produced, in France about 130. France has the strongest film industry in Europe. The revenues for film promotion come primarily from an 11% tax on cinema tickets and 2.5% tax on the sale and hiring of videos. There is also a special tax on pornography. Canal Plus, the leading pay-TV channel, and all other commercial stations must invest a certain proportion of profits in new productions. A law forbids films being shown on television on Wednesday and Saturday evenings to encourage people to go to cinemas. Despite these measures, attendance in France at domestically produced films plummeted from 94 million to less than 40 million between 1984 and 1994. Attendance at American films rose by 10% to 76 million. Only one French film made the Top Ten, with eight American and one British films. *La Reine Margot,* the most expensive French film ever made, reached only 15th place. In the following three important European promotion programmes are briefly outlined – MEDIA, EURIMAGES and the EUREKA Audiovisual:

"MEDIA" (Measures to Encourage the Development of the Industry of Audiovisual Productions) is a subsidy programme of the EU providing aid funding for audiovisual programme production. The foundation of the MEDIA programme was an action programme of the European Commission from 1986. The MEDIA programme was conceived for the period 1991-1995 and was budgeted at 200 million ECU (DM 400 million; $265 million).[54]

Ute Schneider (1995, 770), on the MEDIA staff, regards this sum as "peanuts". She points out that it is about half as much as the German subsidy and as a total sum is about as much as the American majors can spend just on promoting a single film in Europe. Eighteen states participate in the MEDIA programme. In addition to the 15 member states of the European Union they are Iceland, Norway and Hungary. The MEDIA programme concentrates on the areas of sale and distribution, cinema showing, production, training, financing, exploitation of audiovisual works and exploitation of archive material.

54 The European Commission approved MEDIA II on 8 February 1995 and submitted it for a decision by the Council of Ministers.

The MEDIA programme does not provide complete subsidisation of certain projects but starting capital, "seed money" in film parlance, not allowed to comprise more than 50% of total costs and repayable. This provision of basic capital is meant to attract other investors (Cf. Kleinsteuber/Rossmann 1994, 77). Thus the DM 30 million (c. $20 million) seed money paid by the European Commission into MEDIA 92 led to investments of more than DM 100 million (c. $66 million). The following table shows the subsidy areas and funds of the 1991-95 MEDIA programme (Luyken 1991, 182):

SOURCE

Promotion area	Million ECU 1991–1995
– audiovisual distribution promotion	85
– improving production conditions	75
– investment promotion	10
– vocational and training promotion	15
– promotion of small member countries	15
Total	200

It must be noted that the funds never flow directly into production, as they do in the EURIMAGES project of the Council of Europe. MEDIA subsidises only the areas before and after production. Thus there is for example support for producers, screen playwrights, cinema owners, archives, seminar organisers and financiers.

Within the MEDIA programme are individual projects. Thus the European Film Distribution Office (EFDO) project based in Hamburg, Germany, for example, promotes the distribution and hire of European cinema films, "low budget" productions, i.e. films whose production budgets may not exceed 5 million ECU. EFDO's task is to try to find distributors for these "low budget" films, which comprise 80% of the films made in Europe. EFDO has promoted 242 films since 1988, including the highly successful *Four Weddings and a Funeral.* A total of 1,400 distribution campaigns were supported with DM 100 million (c. $66 million).

EURO AIM (European Association for an Audiovisual Independent Market) offers independent producers help to assert themselves on the international film and television market. EURO AIM is represented at the major programme markets, e.g. Cannes, and thereby enables independent producers to take part in these events. EURO AIM provides a common stand, the socalled "umbrella", as well as funds for advertising materials and advertisements. Different to EFDO, EURO AIM promotes television distribution as well as cinema hiring. More than 3,000 producers have so far benefited from EURO AIM in selling films to distributors or TV broadcasters.

Eve (Espace Video Européen) promotes the distribution of audiovisual productions on video cassettes, laser discs or CD ROM. Video providers can receive a loan of 25,000 to 100,000 ECU. EVE sponsors full-length feature films, documentaries and older productions.

BABEL (Broadcasting Across the Barriers of European Language) promotes the subtitling or dubbing of films to further cultural understanding between countries and facilitate pan-European viewing. Especially translations into English are supported because these are best to market. The project especially addresses smaller countries with rare languages to enhance their films' appeal to other European viewers. Priority is given to productions that already have a commitment from a foreign broadcaster or can prove demand for an English-language version. Projects with feature film plots, especially youth films, but also pilot films for series and documentaries are preferred.

GRECO (Groupement Européen pour la Circulation des Oeuveres) supports both distribution and production of European TV movies, multi-part productions and series at least 60 minutes long up to a limit of 2.5 million ECU, respectively 12.5% of the production costs. Two thirds of the production costs must be assured by commitments to air of three television broadcasters in three countries.

SCRIPT (European SCRIPT Fund – Support for Creative Independent Production Talent) supports the development of individual films or series before the first day of shooting (pre-production phase). Both individual authors and teams of authors and producers are sponsored. A treatment or draft screenplay as well as a development estimate and outline of investment intentions must accompany the application.

There is a large number of other projects within the MEDIA framework, including animated and documentary films. Under the MEDIA SALLES (Cinema d'Europe) scheme European cinemas are supported in the struggle against U.S. distribution firms that to a great extent determine cinema programmes and in many cases ignore European films (cf. Trappel 1994, 86). That is why a campaign is run in which cinemas in about 100 European cities are supported. In one week every November, at least three films from various European countries are to be shown.

EUROPA CINEMAS subsidises cinemas prepared to show more than 50% European films. Their presentation is supported by regular advertising measures. The cinemas can obtain a maximum 30,000 ECU a year.

The European Film Academy was established in Berlin, Germany, in 1991. Special films are awarded the European cinema prize, the "Felix". It has never been able to reach the Hollywood model, the "Oscar". After the subsidy funding in Berlin kept diminishing, the "Felix", in the view of the Frankfurter Allgemeine Zeitung daily newspaper, "was left only with the character of a family celebration of the European filmmakers". Since Berlin is not prepared to continue funding there are considerations to move the awarding of "Felix" to Strasbourg and the academy to another European city. Florence or Stockholm were mentioned. It is uncertain whether "Felix" or the academy will survive.

Overall, the MEDIA Programme was not able to brake American influence. Its many individual projects are a disadvantage. The five-year budget of 200 million ECU (DM 400 million, c. $265 million) is small compared to other EU budgets. For example, the EUREKA audiovisual technology programme receives an average DM 2.26 billion (c. $1.5 billion) a year. Even the national French film promotion considerably exceeds the annual MEDIA budget of DM 80-90 million (c. $53-60 million) and even the German film subsidies are twice as high. As mentioned, the MEDIA budget is about the same sum as is spent to promote just one American film in Europe. Despite this the programme that expired at the end of 1995 was extended after a management consulting firm judged 14 of the 19 MEDIA projects to be "very good". A new programme, MEDIA II, started in 1996. The EU allocated 310 million ECU to it. One the provisions of MEDIA II is for an "automatic promotion model" to be based on a subsidy of 0.3 ECU per cinema ticket for European, but not national productions.

EURIMAGES is an initiative of the Council of Europe tasked to promote European films. Apart from financial support for filmmakers it strives for "creation of a cultural European identity". This again testifies to the stronger cultural orientation of the Council of Europe expressed also in its Convention on Transfrontier Television. EURIMAGES is meant to complement MEDIA and puts its emphasis on the production phase. Of the Council of Europe's 34 member countries, 24 are also signed on to EURIMAGES. In addition to the 15 countries of the European Union, these are Bulgaria, Cyprus, Czech Republic, Hungary, Iceland, Norway, Poland, Switzerland and Turkey. Each of these member countries pays a contribution. In 1994 the contributions

amounted to some 131 million French Francs. Apart from that, EURIMAGES is funded from repayments from projects supported. These repayments and interest made c. 148 million Francs available in 1994.

EURIMAGES sponsors coproduction of feature and documentary films as well as distribution and cinemas. Certain conditions have to be met to receive support from EURIMAGES. For example, most of the production team have to be Europeans. The shooting language should be a language of a country of the European Union or the EURIMAGES group. EURIMAGES supported 202 feature films and 33 documentaries from 1988-1993. In 1994 EURIMAGES promoted 72 feature and 18 documentary film projects. The 1988-1993 sponsorship helped 700 producers. In the period EURIMAGES promotion was about 474.2 million Francs (70.5 million ECU). At the same time promotion funding flowed to 92 distribution enterprises that showed 43 films. In 1994 30 European films received distribution support.

The EURIMAGES programme is also criticised. One objection raised is that it is too French-oriented. In 1991 13 of the 34 subsidised coproductions had been French-led and 12 more had had French participation (Trappel 1994, 76). There is also criticism that there should be such a second promotion programme alongside MEDIA at all because both pursued similar aims. Miriam Meckel (1994, 139) argues that with EURIMAGES the Council of Europe "only wanted to make its importance stand out with a promotion project of its own". Instead of many different programmes, concentration on a few, but well funded projects would probably make more sense.

The last European promotion programme to be mentioned here is EUREKA Audiovisual, launched in 1989 by 26 European states. The suggestion had come from 350 representatives of the audiovisual industry. EUREKA Audiovisual models itself on its almost identically named forerunner in the technological area, EUREKA. Its aim is promotion of European audiovisual programme production. EUREKA Audiovisual provides no financial support but aims to offer structural aid by building up a network and spreading information. Thirty-three countries have signed on.[55]

55 In addition to the 15 EU countries, the following are members: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Iceland, Latvia, Liechtenstein, Lithuania, Malta, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Switzerland, Turkey. The European Commission and, as an associate member, the General Secretariat of the Council of Europe, are also subscribers.

Projects are decided by a coordination committee comprising one coordinator from each country. An approved project is awarded the label "EUREKA Audiovisual". This quality seal is to facilitate contacts with future business partners, provide pointers to development projects and by that indirectly also support the quest for funding. The project has to involve partners from more than one European country belonging to EUREKA Audiovisual. More than 100 projects have received the label in the past five years.

EUREKA Audiovisual has launched various activities to improve cooperation between audiovisual practitioners. In 1993 the "European Audiovisual Observatory" was established to collect and publish economic and technical data about the European audiovisual market. There is also a "Bruges Group" for transnational cooperation between public satellite TV broadcasters. These aim to help create a European identity by assuring all-encompassing satellite reception and facilitating pan-European access to the best audiovisual transmissions.

Another EUREKA Audiovisual initiative is OPERATION HERACLES (How to Encourage the Rate of Audiovisual Circulation in a Larger European Space). This is to enable television companies in central and eastern Europe to air western European programming and thus promote exchange of all audiovisual programme productions throughout Europe.[56] EUREKA Audiovisual is perceived as an adjunct to the MEDIA Programme because it is not so strongly focused on individual issues and is not restricted to the EU countries. The film industry particularly values the inclusion of the east European region. Cooperation between MEDIA and EUREKA Audiovisual is planned.

7.8 Attempts to create a "European Television"

The first initiatives to create a "European Television" came in 1980 from the culture committee of the European Parliament. At first it wanted a European television corporation set up but later made do with the launch of a European TV channel. In 1982 the Parliament passed a resolution on radio and television broadcasting in the European Union. Its main objective was to start European television programming containing information, politics, culture, entertainment and sport and with a European accentuation in regard to its origin, transmission area, target groups and themes. All regions of the European Union were to be given fair consideration and their inhabitants and organisations enabled to take part in preparing suitable programmes. One wanted to propagate the idea of a unified Europe and project an objective image of the European Union. The attempts to create a "European Television" can be classified as language area programmes, lingua franca programmes and multilingual programmes (Faul 1987).

Language area programmes are restricted to a certain, trans-frontier transmission area where the same language is spoken. Thus is 1987 the German-language satellite channel 3sat was launched by public broadcasters from Germany, Switzerland and Austria (ZDF, SRG and ORF). 3sat wants to counter the flattening out of programming by the increasing number of commercial TV broadcasters and offer an "alternative for the discerning" (Konrad 1990). Hence 3sat perceives itself as a channel for interested minorities offering in addition to its major focus, culture, also information, sport and entertainment. 3sat is not meant to compete against its three public mother corporations but to complement their programming.

A similar culture channel in French-speaking areas is the satellited TV5, jointly operated initially by five TV broadcasters from France (TF1, Antenne, FR3), Belgium (RTBF) and Switzerland (SSR). It was joined in 1986 by the Canadian broadcaster CTQC from Quebec. A TV5 aim is to promote the French language and culture among European and international viewers and thereby to counter the growing output of English-language programming. The station also offers its programming in America and Africa and can be received in 22 European and north African countries as well as Canada.

Lingua franca programmes, in the most widely used language in a larger multilingual area – for western Europe it is English – are aired by commercial broadcasters, e.g. BSkyB, Super Channel and MTV-Europe.

Multilingual programmes are the only category able to realise a European television programming in the real sense of the word, but at the same time cause the most linguistic problems. The propagation of multilingual programming should be enabled by subtitling, dubbing or overvoicing in all countries.

56 "Audiovisual EUREKA" also cooperates with the University of Geneva, the European Broadcasting Union (EBU) and the International Telecommunication Union (ITU). They jointly launched DIGIMEDIA, grouping researchers, producers, TV broadcasters, consumers and others in the telecommunication sector. DIGIMEDIA offers a forum to present new technological developments. A similar coalition is "Partnerships in Multimedia". But this is directed more at the big telecommunication companies, the makers of audiovisual equipment and computers, TV broadcasters and capital enterprises seeking to invest in multimedia projects. The aim is to form alliances for development of high grade multimedia products.

Multilingual programming is very cost-intensive. So far only the public corporations have tried it out.

The first attempt at creating a European Television was made under the name of EURIKON in 1982. Five corporations took part in the attempt which excluded the public. In 1985 the first multilingual European satellite channel, *Europe TV,* was established. Germany's ARD, the Netherlands' NOS, Italy's RAI and Portugal's RTP took part. For five hours a day national public service full range programming was aired, complemented by European perspectives. Europe TV's motto was "from Europe – for Europe". Programmes were in English, German, Portuguese and Dutch. The project was to help create awareness in European viewers sharing a past and future with their neighbours. After just a year the Europe TV project folded. Especially the languages had been a hurdle almost impossible to take. There were also financial and organisational reasons, such as the cost of subtitling and overvoicing having been underestimated. Nor did the viewing public show any interest. Richard Dill of the ARD hit the nail on the head with his comment: "Europe TV is the European programming everyone agrees should be done by someone else", meaning that someone else should pay (Dill 1989, 137).

Since no full range European programme channels could be realised, one turned to European specialised programming, such as *Eurosport.* The main reason for its coming into existence was the European Broadcasting Union's possession of sports broadcasting rights (cf. chapter 7.9) which to a large extent were not utilised by member corporations. It was also assumed that there was demand for a European sports channel airing international events. An advantage was seen in language playing only a minor role in this. *Eurosport* was launched by 12 member corporations of the EBU together with Rupert Murdoch and now airs in German, English, French and Dutch.

But the market for specialised sports channels is not without problems. To achieve enough viewer acceptance *Eurosport* had to be offered in various language. Besides this there are different national sports preferences. That means the market shares of such broadcasters are reduced not only to those interested in sports generally, but to the followers of certain sports.

Euronews was another attempt by the EBU to create a specialised European TV channel. In 1995 the newscaster overspent its budget by DM 40 million (c. $26 million). *Euronews* airs in English, French, German, Italian and Spanish and can be received in 75 million households. The deficit makes its future uncertain.

Closest to realising the idea of a multilingual European television is the Franco-German culture broadcaster "arte". Its brief is to broadcast European culture programming giving expression to the various mentalities, life customs and depiction forms and to be an alternative to existing programmes. The culture of Europe is to be reflected in its entirety to help people integrate. Arte went to air in 1992 and addresses a broad public with a high standard output. It does not present a full range of programming, starting transmission at 5 p.m.. No sports events are covered live, there are no American series and no big entertainment shows. Programmes air in German and French.

7.9 European programme exchange and coproductions

The European Broadcasting Union (EBU) was formed on 12 February 1950 by 23 west European broadcasting organisations (cf. Type 1992). It now has 63 members from 48 countries of Europe and the Mediterranean region as well as 52 contractual members from 30 non-European countries. The EBU's main task is to exchange programmes between individual public broadcasting stations of the member countries through "Eurovision". Only non-fictional programming is exchanged, such as news, sports or largescale events. Sport is the largest single category. From 1988 to 1991 it accounted for an average 87% of the Eurovision programmes. But Eurovision also deals with culture programming, although it accounts for only a very small part of the exchanges. In 1991 they were 0.1% folklore, 0.5% drama/opera/ballet, 1.6% music/jazz, 4% light entertainment, 2% religious broadcasts, 5.8% news/current affairs. News footage is exchanged six times a day. In 1992, for example, the Eurovision pool offered c. 17,755 news items worldwide, i.e. c. 48 per day.

Over time a "one way street" came into being between western and eastern Europe, i.e. between Eurovision and Intervision. There was very little programme exchange between the EBU and the OIRT (Organisation Internationale de Radiodiffusion et Télévision), its counterpart in East Europe, and practically all there was went from west to east. The problem was only solved with the post-communist era merger of the two organisations in January 1993. Now programme exchange across all of Europe is possible.

At a meeting at Marino, Italy, on 6 April 1990 EBU leaders, concerned with "the turmoil of the European audiovisual scene" drew up a blueprint for the organisation's future, the socalled "Marino Charter". It defines the EBU as "a community of broadcasters with an obligation to provide varied and balanced programming for all sections of the population". The Charter speaks of

the need "to promote the richness of European cultural and linguistic diversity", including in the Mediterranean basin. Collaboration between broadcasters should be extended from the Atlantic to the Urals. Because of a decision by the European Commission the EBU has opened up to commercial broadcasters so that they can also obtain sports broadcasting rights and news material from it, although they are not members. This cooperation is "on a contractual basis and with reciprocity". The Charter also calls for more intense cooperation between members through coproduction, "especially in the cultural area" and to "promote other forms of joint European initiatives".

Coproductions between individual European countries, mainly between France and Italy, began in the 50s. A coproduction is "a film project carried out not by one but two or more producers linked as partners who share the raising of means of production, respectively their funding, and correspondingly the exploitation rights. The participations can consist of bringing in the film rights to the subject matter or of material and other valuable inputs" (Kallas 1992, 21). The main short term purpose of coproduction is to reduce production costs. In the medium term the promotion of coproduction aims at strengthening Europe's audiovisual industry. A long term aim could easily be to create and preserve a European identity (Siebenhaar 1994a). Cofinancing is moving ever closer to the centre of considerations and is often more important than the content of the production (Kallas 1992).

Another form of cooperation are joint ventures, i.e. coalitions of producers as a production community. It lessens the financial risk and facilitates distribution within this community (Kallas 1992, 26). The major coalition of this kind is The European Co-production Association (ECA) established in July 1985 by six European TV broadcasters (Antenne 2, ZDF, SRG/SSR, Channel 4, ORF, RAI. Spain's RTVE joined in 1987.

The ECA's objective is joint realisation of high-standard "European" TV productions which none of the stations could produce on their own for cost reasons. It was also intended to produce European series to compete with "*Dallas*" or "*Denver*" from the USA. Such an ECA project was the crime series "*Eurocops*". Each ECA member country produced episodes of it which were then aired in all the ECA countries. The expected success did not materialise. Adequate audiences were attracted only in the countries where the respective episodes were produced. The ECA responded by deciding to produce more "prestigious fictional big productions in short-series format" (Jézéquel 1994). With that the ECA went back to the beginnings of traditional coproduction. The ECA was not able to meet another expectation placed in it: its

average annual coproduction capacity of 52 programme hours is extremely low compared to the broadcasters' needs (Meckel 1994, 123).

Clearly the biggest problem of European coproductions is to make them appealing to all Europeans. And that seems hardly to be possible. Most attempts ended up as *Europudding* supposed to offer everyone something and therefore not appealing to anybody (Ridder 1991).

The commercial broadcasters have also formed production coalitions. There is, for example, the European Producers Corporation (EPC), a grouping established in 1986 by FIT of France, Tele-München of Germany, Tangram of Italy and Lion of Great Britain. Or there is Tricom, grouping the German media mogul Kirch, the Italian media mogul Berlusconi and TF1 of France (Meckel 1994, 123). As a rule the production coalitions of the commercial broadcasters are purely economically driven. The marketing of the production is the main concern. The aim is transnational productions guaranteeing global exploitability.

7.10 The weaknesses of European media policy

A reader writing to TIME (March 20, 1995) said: "Thanks to government intervention the European film industry can produce beautiful movies whose content is not dictated by an audience of 10-year-olds." Nice to hear, but as the previous chapter has shown, on the whole Europe's struggle against Hollywood dominance has made negligible impact. The European film and television market is ruled by U.S. productions. Media policy measures have done little to form a European identity because national programmes are preferred. There is no European audience. Thus the often mentioned successful German film *Maybe ... Maybe Not* flopped in Holland. The differences in Europe are made very plain by the 1995 study Television 95. European Key Facts. The single European market is a fact, but that does not hold for the television market. A few examples:

- Greeks, Britons and Austrians prefer programmes aired in many episodes.
- Greeks and Britons prefer soap operas.
- Germans and Austrians prefer police and family series which are not liked much in Belgium and Italy.
- Italians and south Belgians prefer both light entertainment shows and magazines/documentaries.
- Italians are the keenest European news watchers. There is less interest in news in Great Britain, the Netherlands, Germany and Greece.

- Daily viewing time of adults ranges from 124 minutes in the German-speaking parts of Switzerland to 221 minutes in Italy. (In the USA it is 243 minutes, in Japan 247.) Germany is in the middle with 178 minutes. The European average is 191 minutes. Especially in small countries that air few country-specific programmes television is watched less than in states where more local productions are aired.
- Not only is television watched more in southern Europe, viewing patterns are also different there to the north's. As well as the main evening viewing time there is also a second period during the afternoon siesta in Spain, Italy, Portugal and Greece.

The different viewing patterns are one reason why programme exchange works so poorly. Some figures to make this even clearer: German programmes had a 1.8% share in France in 1995, conversely French programmes had 1.7% in Germany. The corresponding numbers for Great Britain are 0.1% and 2.5%, for Italy 0.75% and 1.4%. But apart from this diversity in European TV consumption there are other, much more important reasons for the failure of European media promotion. Right at the top of the list are distribution and hiring of the productions. Distribution means the trading of a film between producer and hirer who places it in the cinemas. Distribution firms are concerned only with the import and export of films (Kallas 1992, 144). The European film and television industry's main problem is that there is no standardised European distribution and hiring system, but hundreds of small firms working the market. For example, the proportion of German distributors/hirers who put more than 12 films a year into the cinemas was only 18% from 1987 to 1991. And that figure includes the German subsidiaries of the big U.S. distributors Warner, Columbia and Fox as well as UIP, which distributes films of MGM, Paramount and Universal. In 1992 these American enterprises had 65.8% of the German hiring turnover (Prodoehl 1993, 162). Apart from these American enterprises there are few vertical concentrations in Germany and the rest of Europe. For the most part the areas of production, distribution/hiring, playoff/showing and video are separate. The exception is the German Kirch Group. This separation makes it very difficult to devise a comprehensive strategy to market a film in all possible areas, such as cinema, television, video, book and so forth. The 1994 German distribution/hiring turnover was DM 525.8 million (c. $350 million). U.S. films had more than an 80% share of that, i.e. DM 428 million (c. $283 million) (SPIO 1995, 14). European politicians have, however, recognised the situation. In February 1995 the culture ministers decided in Bordeaux to subsidise the building of a pan-European distribution net with $480 million.

The global distribution net of the American major companies enables them to make big profits, cut costs per film and save costs by globe-spanning advertising. On top of that, the U.S. distributing companies dominate the playoff places in the cinemas (multiplex cinemas) and fill them with U.S. films, being distributed in ever greater numbers of copies. That leaves hardly a chance for European films (Wöste 1993, 532).

Another decisive disadvantage vis-a-vis Hollywood is the fragmentation of production structures (cf. Braunschweig and Keidel 1991, 786ff). Germany alone is estimated to have between 300 and 1,000 producers. The majority are small, called "back pack" producers (Rucksackproduzenten) in the industry, do not work continuously and only on a small scale. The two biggest German firms are Bavaria Film in Munich and Studio Hamburg. Both are subsidiaries of the public broadcasting corporations and employ 450 to 500 people. Bavaria's 1990/91 turnover was DM 225 million (c. $150 million). In France there are some 650 independent firms, including some large ones, such as Gaumont or Union Générale Cinématographique. In Britain, too, most of the producers are tiny. Almost 90% of the approximately 600 production companies turn over less than a million pounds, a quarter of them even less than 100,000 pounds. About 70% of the firms employ fewer than 10 people, only about 25 firms employ more than 80. The Italian structure is oligopolistic. Although there are some 150 production firms, the market is dominated by the public broadcaster RAI, mogul Berlusconi's Fininvest and the largescale producers Mario and Vittorio Cecchi Gori.

In this context another important difference between Hollywood and Europe must be pointed out. In Hollywood scripts are done professionally and routinely by teams. In Europe it is still tradition for just one person to write a script. It is the same in television. Thus in Germany an author named Herbert Reinecker almost has the monopoly at the ZDF public station on TV crime thrillers and series. He has written all the screenplays for the ZDF crime series *Der Kommissar* (97 episodes) and *Derrick* (more than 200 episodes by 1990) (cf. Reinecker 1990, 292 ff.).

Apart from hiring, distribution and production, the subsidies are another big problem of the European film industry. For one thing, there is a large number of different film promotion possibilities. In addition to the sponsorship through MEDIA, EURIMAGES and EUREKA Audiovisual dealt with above, there are additional national and regional subsidy systems in almost every country. They all work more or less separately from one another and most have very little funding. That is hardly likely to equip the European film

industry to compete against the American. Just one example suffices to make the dimensions clear: the costs of producing and marketing the U.S. film *Jurassic Park* were greater that the entire German film subsidies of $115 million in 1993.

On the other hand, there is increasing criticism of a "subsidy mentality" developing (Kruse 1994, 197). Prodoehl (1991, 164) calls German film promotion a "system of risk-minimising pre-amortisation. In this system the costs of producing a film (including the producer's fee) are already completely covered before shooting begins. ... For the producer production of the film has paid off in this system even if the film fails commercially." European promotion also supports lack of competitiveness: "In the German but also certainly in the European subsidy jungle a swamp honeysuckle has come into being, the socalled 'HU(Handlungsunkosten)-Produzent' (activity costs producer). He knows where to get subsidy funds. He organises the funding of a project, takes his 15% cut for 'activity costs' as a fee and bothers no more about the destiny of the film" (Frank 1993, 93). In this way it is possible for films to be produced with public funds that hardly anyone will want to see. One can call oneself filmmaker, benefit from the subsidy funds and quite without risk produce absolutely unsuccessful films.

TIME (February 27, 1995, 49) also referred to the problem and argues that the subsidies led to self-destruction. There were what it so aptly called subsidy gypsies, experts in milking subsidies and absolutely disinterested in audiences. And hundreds of films are actually produced in Europe every year because there is a wide range of supports. The German federal state of Hesse, for example, subsidises films that contain a reference to Hesse. The German producer Dieter Geissler (*The Neverending Story*) remarked on the subsidies: "All this wonderful support is driving the European industry into a state of self-destruction." It appears that many films are made not primarily to attract viewers, but to get money for the production of them, and it seems that despite the often decried small size of the subsidies one can live well off them.

American film and television producers know that as large as possible an audience has to be reached. If switch-on ratings or cinema attendance are too low, the product is taken off the market. In their study *Violence in Television: The Industry Looks at Itself*, Baldwin and Lewis (1972, 313) quote a television producer: "Film-making for television is a business of merchandising and profit making. We are manufacturing a product and we want it to attract the largest possible audience, short of prostitution."

As a rule, the most important European filmmakers perceived themselves as intellectuals – a term one would use for your usual Hollywood director only if one stretched its meaning to the limit. The Europeans were culture-critically arrogant. One was not out to produce mass culture, but to create art. Commercial success was almost equated with culturally inferior products. Productions were planned without a thought for the public; after all, there were subsidies. An example of this perception of culture is the Franco-Swiss director Jean-Luc Godard, who was 65 in December 1995 and is one of the film cult figures. One of the initiators of the Nouvelle Vague (New Wave) and celebrated by adorers as one of the greatest aesthetic avant guardists of the 20th century, Godard also has critics. Many are repelled by his uncompromising intellectual rigour. Without doubt Godard has greatly influenced modern film, but although the cult film *Breathless*[57] was a big box office success, filmgoers, or better: the public taste, never really interested him. He is supposed to have said he did not feel good in full cinemas. One cannot, of course, impugn a subsidy mentality to Godard. He produced with small budgets like the other greats of the Nouvelle Vague (Francois Truffaut, Claude Chabrol, Louis Malle). They did not want to "capture a reflection of life", they wanted to conquer the cinemas for "film become life".

This attitude of disdain for the public, of cultural elitism, is also cultivated in Germany. The very controversial German director, Hans Jürgen Syberberg, a nationalistic German intellectual who brands his critics as Jewish-leftist intellectuals dominating German cultural life, has said: "I make what nobody wants, what lies at odds with everything else." A small number of followers adore his *"German trilogy"*. It comprises films about Ludwig II of Bavaria (*Requiem for a Virgin King*), famous German novelist Karl May and Adolf Hitler (*Hitler, ein Film aus Deutschland*). He has also made a film about Winifried Wagner, called the Mistress of Bayreuth, consisting of a five-hour interview. The works caused quite a stir among foreign intellectuals as expressions of "the German being" (whatever that may be) but left the general public cold. Amongst other things, Syberberg received the Federal Order of Merit, the Film Band in Gold and the Critics' Prize. The New York Times called the Hitler film, which runs seven hours (!), one of the greatest works of art of the 20th century and arguably the greatest film of all time. But one thing is certain: under commercial conditions the film would never have been made. Syberberg described his position as follows: "If you don't swim in the mainstream you're lonely in your own particular way. That's me, but no complaints, no accusations." Syberberg, whose themes were always The Great Art

57 The story of a love and a big betrayal, starring Jean-Paul Belmondo and Jean Seberg. The film's breathless narrative rhythm broke the conventional grammar of film images.

and The Great Loners, is an outspoken opponent of commercial cinema, of realistic film narrative, and pleads for a highly manneristic cinema aesthetic.

The German director Hark Bohm describes the situation as follows: "We old ones wanted to be elite, you know, exclusive and High Culture. We were aesthetes and romantics like Wim Wenders, or Marxist pedagogues. You made films to illustrate theses. People were to learn in the cinema to be better human beings. This elitist clique wanted nothing to do with the mass. That was regarded as populism. To them commercial meant whorish."

But a change has begun in Europe. The German director Dieter Wedel, who made such successful and good films as *Der große Bellheim,* describes the way American films are made as exemplary. He says he has successfully adopted it and takes references to that as a compliment. He characterises his films as follows: "They are films with many shooting angles and fast edits. They have tempo and humour and avoid this ghastly German ponderousness. That's got nothing to do with Americanisation of our way of telling a story."

In mid-1996 a certain optimism was spreading in Europe. The business journal *Wirtschaftswoche* (2.5.96) reported that in France the share of U.S. films dropped from 60 to 54.2%, the share of local films rose to 36.8%. Nicolas Seydoux, president of the French production company, Gaumont, said, "We are capable again of making attractive films for the public at large." Director Luc Besson at that time was shooting the most expensive European film ever, *The Fifth Element,* budgeted at $90 million. There is hope, too, in Germany where in the first quarter of 1996 German films had more than doubled their market share to 20%. There is again in Germany something it did not have for a long time: German film stars pulling people into the cinemas. At the end of May the Philips subsidiary Polygram was negotiating with MGM to buy the film studios for $2 billion. But the deal did not go ahead, Europe got no Hollywood major company. In July 1996 a group around the American billionaire Kirk Kerkorian bought MGM for $3 million.

7.11 Present strategies of the European Union

A central problem of European media policy, to be reiterated here, is the disunity within Europe[58] over how to stand up to Hollywood. In the one camp are the proponents of deregulation, more or less without compromises, who want film and television treated like any other merchandise. In the other is the school that wants non-market conforming regulations and these media treated as vehicles of culture. Also in the equation is the big decline in the impact of national and/or European media policies. Mark Wössner, head of Bertelsmann, pointed out in 1966 that the needs of the television market are no longer national. "We have long been on a global playing field," he said.

The European Commission sees the future in the "information society". New audiovisual services and products like interactive television, video-on-demand, pay-per-view or teleshopping are driving the trend. Introduction of digital technologies has made them interesting. Together they come under the label multimedia (cf. chapter 3.1). The programme industry, the broadcasters and the telecommunication enterprises together with information and communication enterprises form the economic sector regarded as having the greatest growth potential, guaranteeing competitive-ness and providing employment for millions of people. This assessment is set out in a 1993 White Paper[59] on "Growth, Competitiveness, Employment – The Challenges and Ways Forward into the 21st Century". In addition, in 1994 the report "Europe and the Global Information Society" was presented which also depicts the information industry as the future growth market and makes concrete suggestions about Europe's path into the "information society". Also in 1994 the European Commission published a Green Paper titled "Strategy Options to Strengthen the European Programme Industry in the Context of the Audiovisual Policy of the European Union". It addresses as "the essential problem" the question "How can the European Union contribute to the development of a European film and television programme industry which is competitive on the world market, forward-looking and capable of radiating the influence of European culture and of creating jobs in Europe?" The European Commission has recognised the mistakes and weaknesses of the European programme industry and the need for precise structural planning of further support action in a field of growing internationalisation and globalisation.

The European Commission demands propagation of the new technologies in all enterprises of the programme industry. Communication infrastructures are also to be promoted and special training methods developed. The Commission's Green Paper argues that although promotion measures have assured the existence of the programme industry in Europe, their effect was too small to

58 Denmark, for one, does not intend to adopt the Television Directive as national law.

59 A White Paper is a compilation of documents, statistics and the like about a certain subject, put together by statal institutions and presented to the public. The colours of such "Papers" vary from country to country. For example, in Britain they are blue, in Italy green and in Germany white.

achieve the real goal. That goal is a profit making European programme industry that can provide European viewers with comprehensive programming.

With the MEDIA II subsidy programme the European Commission launched two initiatives to counter the structural weakness of the European programme industry. One scheme is to improve follow-on training for people working in programme production, another is to foster project development and distribution. The formation of pan-European distribution nets is to be advanced to make the European programme industry more competitive on the international market (Kreile 1995). MEDIA II has a budget of 310 million ECU, again much too small to make European producers more competitive internationally. The former French foreign minister, Jacques Lang, demanded a billion ECU for promoting the European audiovisual industry at a conference in 1994. He argued it was needed to help the badly hurting European film industry. But the demand was not met because the European Union lacked the funds for it in its budget (Kreile 1995).

In a study titled *Zukunft Multimedia: Grundlagen, Märkte und Perspektiven für Deutschland* (*The Multimedia Future: Foundations, Markets and Outlook for Germany*) the consulting firm Booz Allen & Hamilton (1995, 99) argues that if Europe wants to stay in competition with the USA, a uniform, deregulated market for telephone, cable and satellite has to be created as fast as possible. The starting positions were already being allocated, given the future digital fusion of television, computer and telecommunication and the creation of information highways connected with it. Europe could only stay internationally competitive through a concentration of content providers, broadcasters and equipment makers.

The European Commission has doubtlessly recognised the importance of the new digital technologies which open up possibilities for hundreds of television channels, video-on-demand and interactive television. The former commission president, Jacques Delors, maintains: "This revolution will be as important as the invention of printing by Gutenberg." However, it is feared in Europe that the Americans will also dominate this market. At stake are about two million jobs and many billions of dollars. "We must not lose this battle the way we lost the battle for consumer electronics and computers," he exhorts.

But EU initiatives in this field have faced two problems. For one, there is no joint, coordinated EU action in the multimedia field, just as there is not in other areas, either. For another, the process from the first idea to development of a Green Paper to implementation is far too long (cf. Booz Allen &

Hamilton 1995, 97). Moreover, EU legislation greatly restricts possibilities for concentration. Enterprises questioned be Booz Allen & Hamilton took the view that concentration movements in Europe should only be assessed under cartel law, not media law (preservation of opinion multiplicity). Mergers that might help Europe to compete internationally, the questioned entrepreneurs said, would probably be forbidden by the EC authorities (Booz Allen & Hamilton 1995, 99 ff.).

Bertelsmann chief Wössner sees Europe five years behind America in building a multimedia market. That was why Bertelsmann would put more effort into building a European multimedia business, he said in September 1995. A study by the Arthur D. Little management consultants of Boston predicts this future: "Not those with the technology, but those with the customers and the hardest-hitting marketing will be on the winning side." According to another prognosis of these consultants the programme suppliers, such as film studios, TV companies, publishing houses and video game producers are the clear profit makers in the multimedia market[60].

The question arises whether, faced by such crushing American dominance, the European film and television industry still has a realistic chance and whether it is following the right strategies. Jacques Lang commented in 1994, "There is no point in trying to find a scapegoat on faraway shores. The ills we are suffering are not due to the actions of a powerful American industry. The prime responsibility is our own." Actually, the solution is quite simple: produce and adequately distribute films and television programmes that people like.

60 Reported in the German business journal Wirtschaftswoche (No. 21 of 20 May 1994, p. 43). There is no indication of when the two studies were made.

8. Summary

The discussion of the 60s and 70s distinguished between two types of manipulation, not to be perceived as a pair of contradictions. One was the perception that certain elites occupied the mass media. The other was market mechanisms, i.e. the striving for recipient maximisation, which produces apolitical mass culture. The media were occupied by a small elite. As has been shown, there is a small circle of very rich people who obviously know each other well and govern the media giants.

Furthermore, the following trend is apparent: both production and exploitation of contents propagated by mass media will in future lie globally in the hands of a small number of huge enterprises. Their owners, as mentioned, were described by Jonathan Tasini in the *Washington Post* as *tele barons,* as reincarnation of the infamous robber barons. The oligopoly in the media sector will become even tighter. The newest information taken into account in compiling this book indicates that the U.S. Federal Trade Commission has approved the merger of Time Warner Entertainment Corp. and Turner Broadcasting Systems after all, despite great concern over the role of TeleCommuniCations Inc.. According to TIME (July 29, 1996) Malone solved the problem of TCI and Time Warner controlling 40% of the U.S. cable market "by suggesting the creation of a spin-off company comprising as much as 14.9% of Time Warner shares – a company he would not control". With that, Time Warner is the largest media enterprise in the world. Murdoch also continued his merger drive, acquiring the New World Communications Group for $2.48 billion. TIME (July 29, 1996) commented: "News Corp.'s Murdoch now controls 22 TV stations – more than any other U.S. owner – reaching 40% of TV viewers."

The commercial success of enterprises like Disney, Viacom, News Corp. and others rests largely on contents the manipulation theoreticians saw as fusing culture and advertising because the profit motive was introduced into cultural production. Mass culture then means adapting to the relaxation and entertainment needs of consumer groups with relatively low level of education. Precisely this is the target group commercial television, wanting large viewer numbers, and Hollywood address. Evidence of this is the list of the most successful films at the U.S. box office published by the periodical Variety (February 26 – March 3, 1996): 1. *E.T.* (1982), 2. *Jurassic Park* (1993), 3. *Forrest Gump* (1994), 4. *Star Wars* (1977), 5. *The Lion King* (1994), 6. *Home Alone* (1990), 7. *Return of the Jedi* (1983), 8. *Jaws* (1975), 9. *Batman* (1989), 10. *Raiders of the Lost Ark* (1981). The most successful 1995 films listed in-

cluded *Batman Forever* (22nd place), *Toy Story* (24th), *Apollo 13* (33rd) and *Pocahontas* (55th). At least seven films budgeted between $80 and $100 million each are planned for 1997: *Batman & Robin* (Warner Brothers), *Dante's Peak* (Universal), *Faceoff* (Paramount), *The Lost World* (Universal), *Men in Black* (Columbia), *Starship Troopers* (TriStar/Disney) and *Titanic* (Fox) (cf. Variety, April 29 – May 5, 1996). Investments like that have to be recouped by aggressive marketing. Variety (May 20 – May 26, 1996) quotes a managing director of Buena Vista International: "People are not going to be able to escape the ads – they'll be everywhere."

Without doing a systematic quantitative and qualitative analysis, it can de concluded from the films listed above that their contents are integrative and make no criticism of existing social and political conditions. Nor do they imbed individual fates in societal contexts. (A possible exception could be *Forrest Gump,* although it is not socially critical, either.) The market success of these films and the tabloid press shows that politically relevant information is quantitatively insignificant compared with entertainment. In television, moreover, the distinction between information and entertainment (infotainment, reality TV) is becoming more fudged all the time.

The ideas about the importance of the mass media for the stability of the capitalist system are more applicable than they have ever been.[61] Thus according to Max Horkheimer and Theodor W. Adorno (1971, 5) the culture industry conducts "an apology of society ... an idolisation of the status quo and of power", whereby a system remains stable only as long as most of the members of the system make escapist use of the media and do not begin to reflect on their social situation and want to change it. Adorno (1967, 64) argues that "constant dripping wears away the stone, since the system of the culture industry surrounds the masses, tolerates hardly any avoidance and incessantly drums in the same behavioural schemas". Herbert Marcuse (1969, 32) pointed to the central importance of the mass media to the manipulation of "needs". Marcuse (1970, 257) took the position that the non-functioning of television and related media could achieve what the imminent contradictions of the system did not achieve: the collapse of the system. Marcuse (1969, 28) argued that the mass media have decisive importance in shaping the one-dimensional human being, whereby the class interest uses the mass media to advertise violence and stupidity to captivate the audience. Indifference to political issues, the withering of the capacity to reflect critically, acquiescence in existing conditions and the futility of enlightenment efforts vis a vis the mass

61 Cf. Concepts of Journalism – North and South, p. 53 ff., another "communication manual" published by the Friedrich Ebert Foundation.

of entertainment, advertising and 'depoliticised' politics are diagnosed by the followers of the Frankfurt School as consequences of the propagation of manipulative contents.

Except perhaps in the USA, where most media behemoths are based, media policy as action aimed at setting up an order for the mass media at national level is practically no longer possible. The vertical integration processes and mergers in the communication industry, especially in the USA, have brought and will continue to bring globally operating enterprises into the media market. National supervisory authorities are largely impotent vis a vis complex networks of production, marketing and participation enterprises with silent partners and figureheads, cross holdings and strategic alliances, with frequent changing of sides and secret agreements, all of this being almost impossible to comprehend from outside.

In many states, defeated by this sheer power and complexity, media policy-makers have caved in to the big players and feebly refer to the laws of the free market. The notion that the contents of the film and television mass media have to be treated as cultural production does not for now appear able to assert itself vis a vis the one that these are products of the same calibre as hamburgers and cola. To give but two examples, in India and Germany the statal, respectively the state-independent public television have had to learn to live with the commercial rivals, which has not necessarily raised standards. The dilemma in Germany is that on the one hand the media's independence of the state has to be assured while on the other hand dominant opinion-shaping power has to be prevented. To prevent opinion monopolies, market shares have to be limited in Germany. But these efforts to secure opinion plurality weaken the international competitiveness of German media enterprises, thereby worsening the danger of more inundation by contents produced by American media behemoths.

Under no circumstances must one draw the resigned conclusion that it is a kind of law of nature that commercial compulsions will lead to a trivialisation of world culture. Business is conducted by people and can be politically shaped. Hollywood films addressing the intellectual level of poorly educated 14-year-olds are not unavoidable. Just as avoidable is television programming comprising constant repetition of sitcoms, soap operas, game shows, night shows, talk shows and American series not exactly made for the more intelligent viewers. A press dominated not by serious journalism, but sex, crime and human interest is not a must.

Politicians can counter such a media horror scenario if they want to. Commercialisation of the media is not the only way to go, even though that is presently the trend worldwide. Newspapers, periodicals, film and television are central elements of culture and not a merchandise like McDonalds products or jeans. Democracy needs adequately informed citizens who want to and are able to contribute to formation of political will. Where the media are privately owned and commercial it has to be assured at national level that there is plurality of opinion. The German publicly controlled corporations or the British Broadcasting Corporation, on which some of them are modelled, which have done much to advance freedom of opinion in their respective countries, might serve as examples for the organisation of radio and television.

This is no outright condemnation of commercial television. In certain situations commercialisation really can effect liberalisation, namely in smashing monopolies. There is absolutely no doubt, for example, that CNN was a decisive factor in the Indian media landscape and especially the state-controlled television having to change totally. The state could no longer suppress information. In Germany introduction of commercial television also spurred public corporations that had turned into immobile bureaucracies to become more flexible.

Commercial organisations could also mean, for example, that remote study courses are offered internationally on a commercial basis. There is certainly a market for that. The chances of success are likely to be favourable for providers and potential students. Why, for example, should engineering studies from the USA not be successfully offered in Japan or some other country? Students from developing countries or countries of the former East Bloc could study without the costs of living abroad. Moreover, the digitalisation of television propagation is opening up ever more channels for target group programming, so why should a channel for chamber music or painting courses not be able to sustain itself financially? But commercialisation can also split society in halves if the trend continues for sports (e.g. certain soccer leagues, other popular sports, the Olympics or world championships) no longer to be visible in free TV, but only for fees on pay-TV?

Even though at the moment it looks like a global trivialisation, there is no reason to panic. If viewers want trivia worldwide, no-one should break down into cultural howling. Instead, there are two possible courses of action:

1. The demand of recipients for this kind of entertainment has to be respected and met. Cultural arrogance of the kind practised for so long by European filmmakers is the wrong response.
2. The popular contents can be used to transport messages deemed important; the telenovela, for example, proved an outstanding vehicle for propagating development communication. Furthermore, it is the task of the creative people gradually to raise the cultural standard. The aim must not be adaptation to the lowest cultural standard, but a leading up to culturally higher contents.

To ward off the trivial it is quite legitimate for subsidies to be paid, like in Europe, if they raise the quality of products. The European experience, especially with subsidisation of production and distribution of film and television, shows that the creative potential has been preserved so as to be able to stand up to the USA. Europe's main problem, its linguistic and cultural diversity, does not exist in this form in Latin America, for example. There are good chances in that region to use endogenous potentials and advance programme exchange, coproduction and so forth. It should be learnt from the European experience, however, that this must not be allowed to spawn a subsidisation mentality. Coproductions need not lead to a Latinopudding matching the Europudding.

In Asia there is a strong trend to return to cultural traditions. That should not go hand in hand with censorship, however. Malaysia's banning of satellite dishes and attempts to immunise its young against Westtoxication through healthy activities like mountain hiking is not the way to resist cultural imperialism. It is simply naive and sure to fail. Instead of the censorship incompatible with democracy quota regulations appear to be quite an appropriate approach to protect one's culture without cutting people off from the international flow of information and entertainment. Quota regulations like those France demands will always remain controversial, but comparable to protective trade tariffs they offer the chance to build and protect the media industry. Because of the "cultural discount" that favours the USA, the quotas should be kept. That is not to mean, I emphasise once more, shutting out American films and television – there is no reason to do that – but to preserve equality of opportunity at least domestically. The European examples referred to here show that this can work. In France the farce *Les Visiteurs,* in which visitors from the Middle Ages come into our time, attracted twice as many viewers as *Jurassic Park.* The German film *Der Bewegte Mann* (*Maybe ... Maybe Not*) was a European success. I refer once more to the huge success of British-made *Four Weddings and a Funeral.*

Given the ownership of media enterprises and the structural conditions of international communication the free flow of information means that a few very large enterprises can propagate their output worldwide. As long as free flow remains the ideological stance of the West a balanced *flow of information* will remain a long way off. Media behemoths like Bertelsmann, Disney, General Electric, Globo, Microsoft, Murdoch, Seagram, Sony, Televisa, Time Warner/ Turner, Viacom, Westinghouse and others dominate but the rest of the world cannot compete. The discussion about satellite programmes spilling over one's own borders has become pointless: News Corp. can potentially reach two thirds of humankind, Viacom propagates pop culture worldwide through MTV, CNN globally broadcasts news seeing the world from a U.S. perspective.

What we actually have now is the situation Lenin outlined in 1917 in his *Draft resolution on press freedom:* "The bourgeoisie perceived press freedom as the freedom of the rich to publish newspapers, the assumption of press ownership by the capitalists which practically in all countries has led to the venality of the press." Marxists are by no means the only ones who see it that way. The conservative German publicist, Paul Sethe, in 1965 saw much the same situation in Germany: "Since the production of newspapers and periodicals needs ever more capital, the group of people able to publish press organs is getting ever smaller. Press freedom is the freedom of 200 rich people to spread their opinions. They will always find journalists who share their opinions. But what of those who happen to think differently – do they also have the right to express their opinions? The (German – M.K.) constitution gives them that right, but economic reality destroys it. Free are those who are rich, and since journalists are not rich, they are not free either." The statement is applicable now to international communication.

Of all attempts to save cultural identity, censorship, which usually involves people of low intelligence trying to dictate to their compatriots what is good for them, has to be energetically fought. Censorship tends to get out of control. First entertaining contents are censored out, then follows the news (if it is not under even stricter control to begin with). How badly censorship can fail is shown by the Gulf region, one of the world's biggest video markets. In Saudi Arabia there is no public entertainment, not even a cinema. Television is tasked to support Islamic societal policy. Video consumption is the result.

It is no surprise that countries like Saudi Arabia, Iran, Singapore and Malaysia have outlawed dishes that imported Western broadcasts. Little known, though, is that quota proponent France has done it, too, although at "informal" level. In the Paris suburb of Courconnes satellite dishes have been banned

by municipal authorities to block signals from the Middle East. TIME (August 21, 1995, 6) reported: "Claiming that both Arabic and Turkish-language channels transmitted by satellite impede assimilation of North African immigrants and that satellite dishes might cause injury if blown from buildings by high winds, mayor Guy Briantiais banned all such dishes from apartment dwellings, where most of Courconnes' immigrants live. Many sympathize with an Algerian immigrant who told Le Figaro that Arabic broadcasts are 'a way for the children to be in contact with their culture and language'."

The Chinese authorities have not only banned dishes but are also trying to control access to the new medium, Internet. Newsweek (February 12, 1996, 7) quoted the computer scientist, James Chu, whose Chinese Internet Corp. is building an "intranet" that limits access to non-Chinese parts of the net: "We've eliminated what is undesirable and kept what is good." The Chinese government announced in January 1996 that all economic news coming into the country electronically would be controlled by the state, i.e. censored by the state-owned news agency, Xinhua. Xinhua even distributes stock quotations from New York or Tokyo. According to the agency the purpose is to "safeguard the nation's sovereignty". China restricts Internet usage by a law enacted by the State Council banning the production, acquisition, replication and distribution of types of information that could impinge on public order. It applies also to obscene or pornographic material. Neither organisations nor individuals are allowed to participate in activities detrimental to the security of the state. By law, all computers with links abroad have to use communication facilities provided by the Chinese posts ministry. All data have to run through a facility of the Qinghua University. It was not known at the time this was written how this was to be practically implemented.

There are also strong efforts in the USA to control the flow of data on the Internet. After being passed by a "Netilliterate" Republican-dominated Congress, President Clinton signed the Communications Decency Act (CDA) on 8 February 1996. The CDA was supposed to squelch online pornography and make the Net safe for children by banning "indecent" content. The Act is so wideranging and formulated so imprecisely that uploading James Joyce's *Ulysses*[62] to the World Web could have been construed as a felony offence

62 Original and influential novel of epic proportions by the Irish writer, James Joyce, an ironical measure of the degradations of modern life. By interior monologues it traces the wanderings of three characters through a Dublin day, passing from a public bath to a funeral, library, maternity hospital and brothel. Originally published in Paris in 1922, the look was judged obscene in the US until 1933. An uncensored edition appeared there and in England in 1937.

punishable in the U.S. by a $250,000 fine and two years in jail. In mid-June 1996 a panel of three federal judges pronounced that the government's attempt to regulate online content more closely than print or broadcast media was "unconstitutional on its face" and "profoundly repugnant". In a memorandum published online soon afterwards, the judges declared the Internet a medium of historic importance, a profoundly democratic channel of communication that should be nurtured, not stifled, because the Net is still in its infancy. The judges said the Internet deserved at least as much constitutional safekeeping as books and newspapers, if not more: "As the most participatory form of mass speech yet developed the Internet deserves the highest protection from governmental intrusion." But that is not the end of the legal battle in the USA over censorship of the Internet.

The coming of the Internet has also impacted on the relevance of "critical media theory". Whereas up to a few years ago the 1932 radio theory of the leftwing German writer Bertolt Brecht could still be dismissed as utopian, it looks different now. Brecht demanded that the function of radio should be turned around. The distribution apparatus should be changed into a communication apparatus. Listeners should not only hear, but also speak. Radio should become a public, decentralised medium that did not isolate listeners, but organised them as suppliers of content. Brecht argued: "Radio would be the grandest communication apparatus of public life imaginable, an enormously powerful channelling system; that is, it would be if it knew not only how to transmit, but also to receive, not only to make the listener listen but also to make him speak and not to isolate him but enter into a relationship with him." Brecht's vision was for radio to facilitate exchange and thereby really to give to public affairs a public character.

Perhaps the Internet can realise some of this because it has developed explosively. According to Douglas E. Comer (1995, 70) in 1983 there were some 562 computers linked to it. There were 290,000 in 1990, 1.2 million in 1993 and 2,217,000 in January 1994. Corner says from the start of 1994 the Internet growth rate has accelerated, another computer joining every 30 seconds. The network was growing by about 10% a month. The number of sets linked was doubling every 10 months. In October 1994 there were 3,864,000 hosts, in January 1995 4,852,000 and in July 1995 6,642,000 (cf. Hobbes' Internet Timeline URL: http://info.isoc.org/guest/zakon/Internet/History/HIT.html).[63]

63 These data contradict Comer's projection of 10% monthly Internet growth, however, because by his calculations there should already have been almost 14 million hosts in February 1996. More precise figures on the size of the Internet could not be obtained.

While here an alternative communication structure is developing that can enable grass roots democratic communication, it must not be forgotten that the vast majority of humankind has no access to the Internet. Worst off is Africa. The connectivity map of Larry Landweber (15 June 1995)[64] shows Africa as a relatively Internet-free continent where only eight states – Algeria, Egypt, Mozambique, Reunion, South Africa, Tunisia, Zambia, Zimbabwe – have Internet access. Here, as elsewhere in the world, much still needs to be done.

64 Landweber, Larry: International Connectivity. Version 14–June 15, 1995. URL: ftp.cs.wisc.edu/connectivity_table.

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