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All Against Hollywood: Policies in Defence of National Cinematography in European Countries After World War I

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ABSTRACT

During the First World War, the film industry of the major European countries experienced a lasting crisis, which necessitated significant restructuring and prompted appeals for state intervention to counterbalance the invasion of American films. As the extent of this crisis did not affect all nations equally, each pursued its own course in the attempt to defend its products and markets from the competition and success of Hollywood films (through measures such as tariffs, quota systems and importation prohibitions). This essay aims to present a comparative analysis of these policies.

Introduction

Historical writing on the First World War has demonstrated with an increasing range of evidence that the conflict brought profound and lasting changes to the economic systems of the major countries, including non-belligerent ones. In addition, it has shown that these changes allowed leaderships, competitors and markets that had been established before the war to emerge more forcefully or be redefined. These factors were accompanied by the inauspicious political and financial consequences of the peace treaties, which were promptly highlighted at the Paris Conference by Keynes, an astute but disregarded observer.¹

¹ See J.M. Keynes, *The Economic Consequences of the Peace* (1919), *A Revision of the Treaty* (1922) and *Essays in Persuasion* (1931).

As states played ever more decisive roles in the productive sphere, new relationships were established within and among economic sectors, leading to phenomenal growth in some but to decline in others.

Film industry did not escape these developments.² In Europe, where cinema experienced a quite complex evolution, the initial period of “competitive cooperation” was quickly interrupted by tensions brought about by years of war. Albeit with different degrees of severity, nearly all the main film producers saw the period of expansion come to an end, replaced by an enduring crisis that triggered the need for downsizing and a gradual appeal for state intervention to contrast the predominance of the American industry, which represented the other great pole of production on what had become a thoroughly internationalised scene.³ What is more, while

² G. Sadoul, *Storia generale del cinema*, Italian translation, Turin, Einaudi, 1967, 1978 (original editions 1951, 1952 and 1975), vol. 2, *Il cinema diventa un'arte (1909-1920)* and vol. 3, *L'arte muta (1919-1929)*, t. I *Il dopoguerra in Europa, passim*. For an in-depth study of the topics covered, it is certainly useful to consult the institutional documentation kept by the various countries, in particular the one relating to public policies and the initiatives of the legislative and executive powers to support film industry. For Europe see for example: Archivio Centrale dello Stato, based in Rome for Italy (<https://www.beniculturali.it/luogo/archivio-centrale-dello-stato-1>); The National Archives (Kew, Richmond) for the United Kingdom (<https://www.nationalarchives.gov.uk/>); Bundesarchiv for Germany (various locations), with many digitised sources also for the period 1919-1933 (<https://www.bundesarchiv.de/EN/Navigation/Find/Digitised-Fonds/digitised-fonds.html>; <https://www.bundesarchiv.de/EN/Navigation/Discover/Thematic-Portals/thematic-portals.html>; <https://weimar.bundesarchiv.de/WEIMAR/DE/Navigation/Home/home.html>); Archives nationales (Pierrefitte-sur-Seine near Paris) for France (<https://www.archives-nationales.culture.gouv.fr/>). The latter also houses the archives of the CNC (Centre national de la cinématographie now Centre national du cinéma et de l'image animée) which finances the Cinémathèque française (Paris), with the task of keeping, restoring and making known a cinematographic heritage which includes over 40,000 films and thousands of documents and materials relating to cinema. Finally, for the United States, National Archives (Washington, DC) (<https://www.archives.gov/dc>) and, for Hollywood, Academy Film Archive, which is part of the Academy Foundation, and especially Margaret Herrick Library, which keeps the Motion Picture Association papers (<https://www.oscars.org/film-archive> and <https://www.oscars.org/library>).

³ P. Sorlin, “Caratteri del cinema europeo”, in *Storia del cinema mondiale*, ed. G.P. Brunetta, Turin, Einaudi, 1999, vol. I, *L'Europa*, t. I *Miti, luoghi, divi*, pp. 51, 53.

cinema was gaining in popularity as a form of performance and entertainment, the war revealed its potential as a means of communication and propaganda, a circumstance which led to it being placed under stricter forms of control and censorship on the part of individual nations.⁴

In emerging mass societies, the new medium increasingly proved itself to be a multifaceted phenomenon which touched on the economic, social, cultural and political spheres. In particular, between the end of the 1920s and the beginning of the following decade, it was characterised by a novel technological paradigm – a different “mode of production”⁵ – namely, the introduction of sound.⁶ This development was destined to revolutionise the entire sector and trigger true rivalry among producers in a race to adopt modern filming and projection equipment and systems. Such competition took place in the awareness of cinema’s new explosive potential for expression and suggestion and as an instrument for creating more effective and powerful consensus.

The First World War indeed facilitated the process of Americanisation of world cinema which was already underway. It put an end to the free circulation of films and redefined the relationship between Hollywood and Europe, with the latter already seeing its production begin to decline in 1911 and the former experiencing a concentration of cultural power. In the US, in fact, cinema had developed into a true business, with films representing the most lucrative sector in the export of cultural products.⁷ In Europe, meanwhile,

⁴ G.P. Brunetta, *Cinema e prima guerra mondiale*, ibid., pp. 251-275.

⁵ On the category of “mode of production” as applied to cinema, see T. Elsaesser, “Per una mappa del ‘modo di produzione’”, in V. Zaggarro, *Non solo Hollywood. Percorsi e confronti del Cinema centenario*, Foggia, Bastogi Editrice Italiana, 1996, pp. 17-26.

⁶ R. Paoletta, *Storia del cinema sonoro (1926-1939)*, Naples, Giannini, 1966. L.L. Ghirardini, *Storia generale del cinema (1895-1959)*, Milan, Ellemme Editrice, 1976, vol. II, ch. XI; V. Tosi, *Breve storia tecnologica del cinema*, Rome, Bulzoni Editore, 2001, p. 69 ff.; C. Montanaro, *Dall'argento al pixel. Storia della tecnica del cinema*, Recco-Genova, Le Mani - Microart's Edizioni, 2005, p. 106 ff.

⁷ V. De Grazia, *L'impero irresistibile. La società dei consumi americana alla conquista del mondo*, Italian translation, Turin, Einaudi, 2006 (original edition 2005), p. 307.

more complicated national practises and customs produced a sort of paradox: the films most liked by its populations were American.⁸ This was in fact the keystone of American hegemony. The mass culture industry needed to produce goods imbued with national cultural values, but which at the same time were attractive on an international level; Hollywood was successful in creating a cinematographic culture that was thoroughly American yet with a transnational appeal. It further understood that American films had to be recognisable to increase audiences while at the same time containing enough elements in the way of experimentation to lure them back to the cinema.⁹

Among European film industries, we can identify a common denominator in their tendency to gradually forgo an international vision. Regulations that went into effect immediately after the war aimed to defend national products and markets through protectionist measures or incentives to sustain home production, while ad hoc agencies were established to oversee them. At the same time, each country pursued different strategies in the attempt to stave off competition.

This essay aims to examine these policies in a period which was crucial for the destinies of Europe and the world.

1. The American film industry: colossal enterprises in an expanding domestic market

In spite of internal tensions among producers and severe censorship that varied from state to state,¹⁰ the rapid expansion of American

⁸ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, Italian translation, Milan, Feltrinelli, 1964 (original edition 1964), pp. 155-156; P. Sorlin, *Caratteri del cinema europeo*, op. cit., p. 61; D. Sassoon, *La cultura degli europei. Dal 1880 a oggi*, Italian translation, Milan, Rizzoli, 2011 (original edition 2006), pp. 942-944.

⁹ V. De Grazia, *L'impero irresistibile*, op. cit., pp. 311, 319, 321.

¹⁰ G. Sadoul, *Storia generale del cinema*, op. cit., vol. 2, p. 39 ff.; Id., *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., p. 141 ff.; S. Sollima, *Il cinema in U.S.A.*, Rome, Anonima Veritas Editrice, 1947, p. 19; G. Muscio, "Censura - Stati Uniti", in *Enciclopedia del cinema*, Rome, Istituto della Enciclopedia Italiana, 2003, vol. I, p. 729.

cinema induced producers to treat films as any other industrial good.¹¹ The enormous financial¹² and technological resources of US film companies, the abilities of certain directors (such as Mack Sennett, who discovered Charlie Chaplin in 1913)¹³ to organise and stimulate ideas and energies, the early and systematic use of advertising, and above all the characteristics and expansion of a domestic market able to guarantee the marketability of each produced film with no need to rely on exportation (the number of cinemas in the US indeed grew from fewer than 10 in 1905 to 9,500 in 1910 and to 13,000 in 1912)¹⁴ provided the American industry with the opportunity for exceptional growth.

A successful film indeed covered production costs before it was even exported. For this reason, it could be offered abroad at a price substantially lower compared to that of films made in other countries, thus allowing producers to gain important footholds within the global market.¹⁵ The US conquest of European cinemas was the result of efforts based on a rational productive system, a far-reaching commercial vision, the capacity to adapt to demand and the unconditional support on the part of government power.¹⁶

The 1920s represented a decisive period in this regard. Because distribution in the US passed through channels controlled by the leading producers, foreign films were banned from the 20,000 US cinemas, while American films made up 60-90% of the film offer in

¹¹ H. Mercillon, *Cinema e monopoli*, Italian translation, Rome, Fratelli Bocca Editori, 1956 (original edition 1953), *passim*; P. Bächlin, *Il cinema come industria. Storia economica del film*, Milan, Feltrinelli, 1958 (original edition 1945), p. 18.

¹² *Ibidem*, p. 27 ff.; A. Micheroux De Dillon, "L'industria cinematografica", in *Bianco e Nero*, 31 Dec. 1938, n. 12, p. 57.

¹³ L. Jacobs, *L'avventurosa storia del cinema americano*, Italian translation, Turin, Einaudi, 1952 (original edition 1939), p. 251 ff.

¹⁴ V. Araldi, *Cinema, arma del nostro tempo*, Milan, "La Prora", 1939, p. 87; G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., p. 89.

¹⁵ P. Bächlin, *Il cinema come industria*, op. cit., p. 23; K. Thompson, *Exporting Entertainment: America in the World Film Market. 1907-34*, London, BFI Publishing, 1985; D. Forgacs, *L'industrializzazione della cultura italiana (1880-2000)*, Italian translation, Bologna, il Mulino, 2000 (original edition 1990), pp. 103-104.

¹⁶ P. Sorlin, *Caratteri del cinema europeo*, op. cit., p. 61.

the rest of the world. In 1920, Hollywood exported five times as many films as in 1914, with the foreign market representing 35% of its total revenues.

While each year \$200 million was spent to produce over 800 films, the \$1.5 billion that was invested overall transformed cinema into a giant industry, comparable in terms of capital to the conglomerates in the automobile, oil, steel and tobacco sectors.¹⁷

In this period, big film producers introduced two models, the studio and star systems. The former consisted of a productive organisation centred on the subdivision of films into genres, with studios putting out films in assembly-line fashion, to the point that Hollywood was comparable to industrial productive systems in the US.¹⁸ The latter, meanwhile, represented a development in the field of advertising aiming to attract public interest toward certain actors, who were transformed into true “divas”, unlike in European film industry. American stars were systematically presented as models of conduct, fashion and tastes and made to specialise in recurring roles, in accordance with a “business” plan.¹⁹ While on the one hand

¹⁷ T. Harrison, “Hollywood”, in *Enciclopedia del Cinema*, op. cit., vol. III, p. 186; G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., p. 282; T. Balio (ed.), *The American Film Industry*, Madison, University of Wisconsin Press, 1985; D. Bordwell, J. Staiger and K. Thompson, *The Classical Hollywood Cinema. Film Style and Mode of Production to 1960*, New York, Columbia University Press, 1985; P. Kerr, *The Hollywood Film Industry*, London, Routledge & Kegan Paul - British Film Institute, 1986; J.W. Finler, *The Hollywood Story*, London, Octopus Books Ltd., 1988; A.J. Scott, *On Hollywood: The Place, the Industry*, Princeton, Princeton University Press, 2005.

¹⁸ F. La Polla, “Stati Uniti - Cinematografia”, in *Enciclopedia del cinema*, op. cit., vol. V, p. 76; D. Gomery, *The Hollywood Studio System*, New York, St. Martin’s Press, 1986 e Id., *Hollywood Studio System: A History*, London, BFI Publishing, 2005; J.W. Finler, *The Hollywood Story*, op. cit.; E. Mordden, *The Hollywood Studios*, New York, Fireside, 1988; J. Staiger (ed.), *The Studio System*, New Brunswick, N.J., Rutgers University Press, 1995; R.E. Caves, *L’industria della creatività. Economia delle attività artistiche e culturali*, Italian translation, Milan, Etas, 2001 (original edition 2000), p. 112 ff.

¹⁹ D. Sassoon, *La cultura degli europei*, op. cit., pp. 945-947. An entire chapter on the star system can be found in V. De Grazia, *L’impero irresistibile*, op. cit., pp. 303-361. On the success which this model met with in Europe, see Id., “La sfida dello ‘star system’: l’americanismo nella formazione della cultura di massa in Europa, 1920-1965”, in *Quaderni Storici*, new series, April 1985, n. 85 *L’America arriva in Italia*, pp. 95-133.

their heterodox behaviour and extravagant and unscrupulous manners appealed to the average cinema-goer, on the other hand, they were considered as threatening to common morality, so much so that the association of producers and distributors found it necessary to regulate themselves with an ethical code, before one would be imposed upon them.²⁰ The code was drafted in 1930 by Will H. Hays, an intransigent Puritan, leader of the Republican Party, organiser of President Harding's election campaign and from 1922 head of the powerful Motion Picture Association of America (MPAA).²¹ Starting from 1933, the Hays Code was applied to evaluate films not at their finished stage but during shooting, in order to avoid the inconveniences of censorship and thus reduce time and costs.

Beyond considerations of behavioural uniformity and moralising pretensions, cinema in the US was soon transformed into a tool to spread and celebrate the American lifestyle, its models of consumption and its products, in accordance with the formula pronounced by Hays himself: "goods follow movies: wherever American cinema takes root, we sell greater quantities of American products."²² We can connect this statement to another peculiarity of

²⁰ One of Hays's tasks was to ensure that foreign countries allowed Hollywood to operate freely: he acted as Hollywood's ambassador, thanks to the aid and collaboration of the Department of State under Presidents Harding, Coolidge and Hoover. G. Muscio, "Censura - Stati Uniti", op. cit., pp. 728-732; D. Gomery, "Early Hollywood. La nascita delle strutture produttive", in *Storia del cinema mondiale*, op. cit., vol. II *Gli Stati Uniti*, t. I, pp. pp. 131-132.

²¹ Originally named the Motion Pictures Producers and Distributors of America (MPPDA), the association coordinated internal activities to rationalise industrial and marketing practises, public relations and the defence of films against more or less institutional attacks and censorship. G. Muscio, "Motion Picture Association of America (MPAA)", in *Enciclopedia del cinema*, op. cit., vol. IV, pp. 152-153; Id., "L'era di Will Hays. La censura nel cinema americano", in *Storia del cinema mondiale*, op. cit., vol. II, t. I, pp. 525-555; Id., *La Casa Bianca e le sette mayors. Cinema e mass media negli anni del New Deal*, Padua, Poligrafo, 1990, pp. 100 ff, 150 ff.; Id., *Hollywood's New Deal*, Philadelphia, Temple University Press, 1996; I.H. Carmen, *Movies, Censorship and the Law*, Ann Arbor, University of Michigan, 1966; G.D. Black, *Hollywood Censored: Morality Codes, Catholics, and the Movies*, Cambridge, Cambridge University Press, 1994.

²² Cited in G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., p. 284. Hays also stated that 'cinema is essentially the living catalogue of American goods and actually represents the work of 100,000 employees' (cited in [G.M.] Lo Duca, *Storia del cinema*, Italian translation, Milan, Garzanti, 1951 [original edition 1947], p. 35).

the United States, namely, that the history of its film industry went hand in hand with that of its consumption patterns: the expansion of cinemas formed part of the revolution brought about by mass distribution. By contrast, in Italy, for example, cinemas were not designed on the model of the department store: their point of reference remained that of the theatre for live performances.²³

In a way similar to its evasion of censorship, the American film industry managed to independently settle controversies among producers, distributors and cinema owners: rather than resort to courts and submit itself to their procedures, the industry chose to set up arbitration boards in major cities, which each year decided upon an average of 3,680 cases involving controversies that amounted to roughly \$3.5 million.²⁴

US box offices took in astronomical receipts – \$800 million in 1928 – charging much higher prices for tickets than in Europe. Indeed Europeans believed that on the other side of the Atlantic “resistance to foreign competition was achieved in the simplest way, without the need for government intervention.”²⁵ In other words, it were the movie theatres themselves which “opposed to” foreign productions, not only because audiences liked domestic films, but also because movie theatres were almost completely in the hands of film producers, who shared the market by means of several important distribution networks, thus obtaining maximum profits with minimal effort.²⁶

In addition, high earnings within the domestic market facilitated access to credit, as banks were always happy to provide film companies with the money they needed.²⁷ Producers had close ties with

²³ D. Forgacs and S. Gundle, *Cultura di massa e società italiana. 1936-1954*, Italian translation, Bologna, il Mulino, 2007, p. 208.

²⁴ A. Micheroux De Dillon, *L'industria cinematografica*, op. cit., p. 60.

²⁵ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., p. 96.

²⁶ *Ibidem*; P. Bächlin, *Il cinema come industria*, op. cit., p. 28 ff. and *passim*; D. Forgacs and S. Gundle, *Cultura di massa e società italiana*, op. cit., p. 210.

²⁷ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., pp. 97-98; P. Bächlin, *Il cinema come industria*, op. cit., pp. 27-30; G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., p. 282; L. Jacobs, *L'avventurosa storia del cinema americano*, op. cit., p. 312 and *passim*.

Wall Street; they became the real movers of all the factors that determined the success or failure of a film,²⁸ even when they remained in the shadows. Directors, meanwhile, were treated similarly to electricians, set technicians and cameramen.²⁹

This is not to say that the American state did not take measures to sustain the film industry, even if only indirectly. Such support was apparent, for example, in taxes levied on cinema tickets: as this tax was only applied to tickets costing more than a dollar, while the average cinema entrance fee was 75 cents, it is evident that not only audiences but also movie theatre managers – and the producers themselves, who owned most movie houses – benefited from the provision. The American film industry thus enjoyed a fiscal advantage with respect to other countries, with a tax burden that fell from roughly 2 billion lire in 1921 to 130 million in 1930.³⁰

2. France: leadership gives way to crisis

Starting from 1895, with the presentation of the invention of the Lumière brothers in Paris and the first entrepreneurs in the sector (Charles Pathé and Léon Gaumont), France became the cradle of cinema, transforming it into a large industry in the space of five years.³¹ France was among the best-equipped countries for production: by 1907, there were more than 50 film companies, whose organisational

²⁸ On the particular function of the “producer”, a term which does not exactly correspond to the Italian *produttore* (or to its European equivalents), see S. Sollima, *Il cinema in U.S.A.*, op. cit., pp. 84-85, 96-98.

²⁹ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., pp. 282-283; L.L. Ghirardini, *Storia generale del cinema*, op. cit., vol. II, pp. 589, 706 ff. On the rise of the film director in American cinema, see L. Gandini, “La regia. Il difficile cammino del nome sopra il titolo”, in *Storia del cinema mondiale*, op. cit., vol. II, t. I, p. 669 ff.

³⁰ R. Maggi, *Filmindustria. Riflessi economici*, Busto Arsizio, Libreria Alfonso Pianezza, 1934, p. 97.

³¹ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., pp. 74-75; A. Virenque, *L'industrie cinématographique française*, Paris, Presses Universitaires de France, 1990; R. Abel, *The Cine Goes to Town: French Cinema, 1896-1914*, Berkeley, University of California Press, 1994.

structures were far more complex than those of other nations. They commanded a 40% share of US ticket receipts,³² reaching the pinnacle of their success between 1904 and 1914. In the meantime, other competitors – Italy, Britain and Sweden in particular – were beginning to make headway.³³

The war years struck a severe blow to French cinematography, which lost its world leadership and entered into a phase of serious stagnation:³⁴ while in 1913 its industry accounted for 90% of world production, by 1916 American films had already taken a third of the French market that went up to a half by 1918.³⁵ This crisis was destined to last well into the next decades; it allowed other countries, in particular the US, to gain control of markets that until then it had dominated,³⁶ including its own domestic one. At the end of the war, France did not manage to recover, for a variety of reasons, including the financial weakness and fragmentation of its film companies, the dispersion of artistic talent, the tax levied on cinema tickets, and the import duties placed on foreign films, which were significantly lower than in other countries.³⁷ This combination of factors would neutralise any efforts to increase the production and distribution of national films. An additional obstacle was represented by the competition of German cinema, which joined the US industry as the

³² A. Micheroux De Dillon, *L'industria cinematografica*, op. cit., p. 51; V. De Grazia, *L'impero irresistibile*, op. cit., p. 313.

³³ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., p. 22.

³⁴ V. Pinel, "Inizi del cinema francese, 1895-1918", in *Storia del cinema mondiale*, op. cit., vol. III *L'Europa. Le cinematografie nazionali*, t. I, p. 25 ff.; R. Abel, "Il cinema francese verso un mutamento paradigmatico, 1915-29", in *ibid.*, p. 283 ff.; Id., *French cinema: the first wave. 1915-1929*, Princeton, Princeton University Press, 1984; A. Canziani, *Il cinema francese negli anni difficili. Dalla fine della prima guerra mondiale all'avvento del sonoro*, Milan, Mursia, 1976, p. 14.

³⁵ P. Marocco, "Francia - Cinematografia", in *Enciclopedia del cinema*, op. cit., vol. II, p. 639.

³⁶ *Une histoire économique du cinéma français (1895-1995). Regards franco-américains*, sous la direction de P.-J. Berghonzi, C. Delage, Paris, L'Harmattan, 1997.

³⁷ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., p. 28; G. Sadoul, *Storia generale del cinema*, Italian translation, Turin, Einaudi, 1978 (original edition 1975), vol. 3, t. I, pp. 5-6; R. Abel, *Il cinema francese verso un mutamento paradigmatico*, op. cit., pp. 291.

most successful of the post-war years; this development indeed provoked open hostility toward “Kraut films.”³⁸ In 1920, French production accounted for just a sixth of the home market, and the trend toward recovery that was apparent in that year had already been reduced by half by 1924, as attempts to defend French cinema either failed or merely resulted in ineffective measures.³⁹ That same year, out of a total of 940 screened films, 836 were American, which, moreover, were well received by audiences. In addition, the French government taxed box office receipts to a rate of 30%. In the meantime, Germany and Britain were achieving their first successes in the sector thanks to the introduction of quota systems to safeguard their own films.⁴⁰

In 1925, the news that Léon Gaumont had signed a contract with Metro-Goldwyn sparked heated debates within the Union Chamber of French cinematography, with Gaumont answering that it was “better to join them than fight them”: after all, the main French producers looked either to Berlin or Hollywood to obtain financial backing and significant profits. Meanwhile, American producers were using their own capital to produce films in Germany and England. Indeed, France paid four million in 1923 and more than eight million the following year for US films, placing second behind Britain (22.5 million) and before Germany (3.7 million) in this “invasion without quid pro quo.”⁴¹

At the end of 1927, Édouard Herriot, Minister of Education in the Poincaré government, established the Higher Commission for Cinema. Composed of the main figures from the French film industry, the commission was to draw up a project aimed at safeguarding

³⁸ G. Sadoul, *Storia generale del cinema*, op. cit., vol. 3, t. I, pp. 29-31.

³⁹ P. Marocco, “Francia - Cinematografia”, op. cit., p. 639; G. Sadoul, *Storia generale del cinema*, op. cit., vol. 3, t. I, p. 22 ff.

⁴⁰ On the need for collaboration and the formation of a block among the main European countries (France, Germany, Britain and Italy) to more effectively resist the Americans, see Cin., *La grande battaglia cinematografica (America-Europa)*. 4 - *Collaborazione e blocco europeo*, in “Cinemalia. Rassegna d’arte cinematografica”, 15 Feb.-1 March. 1928, n. 4-5, pp. 11-12.

⁴¹ G. Sadoul, *Storia generale del cinema*, op. cit., vol. 3, t. I, pp. 32-36.

national cinematographic producers, with the same degree of state protection that had recently been granted to their counterparts in other countries, especially Germany. In addition to instituting a censorship agency, made up of 32 members, in May 1928 the commission passed a measure which gave automatic approval to completely national films of a certain artistic and moral quality. It further established that no more than 500 films could be imported each year, with that number to be distributed among other countries on the basis of their respective "attitudes" toward the importation of French films. The US was thus allowed to export four films for each imported French film, while Germany was allowed two and Britain one.

The system, however, did not yield the desired results, and was soon replaced by a new measure: in virtue of that, each producer had the right to import seven films for each film produced in France, with no restrictions as to their country of origin; a producer who managed to export a French film, meanwhile, was allowed to import two.⁴²

The most significant aspect of this new norm was the abandonment of the "principle of forced exportation": to bring their films to France, foreign companies were no longer obliged to assure the importation of French movies into their own countries; they only needed to purchase the licences issued to French producers for this purpose. In March 1929, the import quota was reduced to two foreign films for every national one.⁴³

These measures limited the diffusion of American films: the share of US films screened in France dropped from roughly 85% to 54% between 1924 and 1928.⁴⁴ Yet these norms had a negative effect on those who worked with foreign film producers. The reaction of the Americans was in fact the immediate closing of all their agencies in France, thus completely interrupting the distribution network, as

⁴² V. Araldi, *Cinema, arma del nostro tempo*, op. cit., pp. 30-31; A. Micheroux De Dillon, *L'industria cinematografica*, op. cit., pp. 67-68.

⁴³ *Ibidem*, p. 68.

⁴⁴ R. Maggi, *Filmindustria*, op. cit., p. 103.

they owned or financially controlled 80% of the main cinemas. In September 1929, France was thus forced to accept the Hays-Delac agreement (the second one was among the first of French producers to show interest in financial collaboration with German cinema at the beginning of the 1920s and was the president of the Union Chamber of French cinematography), which abolished the quota system, thus formalising the victory of the Americans and paving the way for their return to dominate the French market.⁴⁵

That same year, France produced just 52 films (vs 1,350 in the US and 192 in Germany). This amounted to just over one tenth of the total number of films which circulated in the country, with American productions accounting for roughly half.⁴⁶

3. From the golden age to the abyss in 15 years: the case of Italy

Because Italy did not take part in research regarding optics and the movement of images that formed the basis for the discovery and technological evolution of cinema, it had to import its first film equipment from abroad. Nonetheless, the “seventh art” took root at an early date in the country.⁴⁷ The opening of cinemas was followed by the first efforts at production in 1905, and by 1907 several marketing and distribution companies of some significance had been established. Beginning in 1911, Italy contributed to the international launch and success of full-length films (the Danes were the first to do so, followed by the Germans),⁴⁸ mastering the important changes

⁴⁵ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., p. 31; *Une histoire économique du cinéma français (1895-1995)*, op. cit.; V. De Grazia, *L'impero irresistibile*, op. cit., pp. 326-330.

⁴⁶ P. Marocco, “Francia - Cinematografia”, op. cit., p. 641.

⁴⁷ D. Manetti, “Quando la tecnologia non era arte e gli imprenditori erano impresari. Note sull'origine della filiera cinematografica in Italia”, in *Studi in ricordo di Tommaso Fanfani*, eds. M. Berti et al., Pisa, Pacini, 2013, t. II, pp. 513-532.

⁴⁸ Full-length films are those longer than 1,000 metres. M.A. Prolo, *Storia del cinema muto italiano*, Milan, Poligono, 1951, pp. 117-184, which names all the silent films produced in Italy from 1904 to 1915 and their respective production studios; F. De Lucis, “Il lungometraggio”, in *C'era il cinema. L'Italia al cinema tra Otto e Novecento (Reggio Emilia 1896-1915)*, Mostra storico-documentaria a cura dello stesso, consulenza scientifica di A.

that these products required with regard to technique, equipment and production processes, and fine tuning the definitions of film genres at the narrative level (history, adventure, comedy, romance, etc.). Changes at the production level were followed by novel forms of renting and showing films, which benefited from rationalisation through distinct circuits of first, second and third runs – with corresponding decreases in box office prices – and from new programming criteria to lengthen the duration of films and reduce the number of screenings.

Initially, short and feature films split the cinema market; only in 1916 did the latter pass the 50%-mark of Italian production. Full-length films were a rather risky undertaking, coming to represent the arena in which international competition took place. With a few important exceptions, such as the film *Inferno* and other successful productions, from 1911, the leading Italian companies embarked in the production of feature films with some reluctance. In the meantime, however, a significant impulse in this direction came from smaller or more recently formed studios, in particular the so-called “one-hit wonders” and “overnight companies”. The presence of such studios was not limited to Italy; these were ephemeral enterprises, whose programmes were limited to the production of a single film, from which the owners hoped to make immense profits before usually disappearing within the space of a year and perhaps re-emerging under a different name.⁴⁹ These small companies created the impression of an industry dominated by speculation, improvisation and amateurism; on the other hand, the fact that these studios were less established and newer rendered them more adaptable to change. They unhesitatingly pursued the production of full-length

Bernardini, n.p. [Modena], Edizioni Panini, n.d. [1983?], p. 123; *Verso il centenario. 1911, la nascita del lungometraggio*, Rassegna della 28ª Mostra internazionale del nuovo cinema, ed. R. Redi, n.p., CNC, 1992.

⁴⁹ A. Bernardini, *Cinema muto italiano*, Rome-Bari, Laterza, 1982, vol. III *Arte, divismo, mercato*, p. 95. For the films produced by individual studios in each year of their existence, see ANICA, *Archivio del cinema italiano*, ed. ANICA, Rome, Anica, 1991, vol. I *Il cinema muto. 1905-1931*, pp. 1101-1110.

films, thus distinguishing themselves from the major producers in the two leading countries of world cinema, France and the US, where industrial and manufacturing groups that had invested large sums in films were not willing to take on the risk and uncertainty of a new type of production. Their resistance in fact initially hindered the emergence of feature films.⁵⁰

With the full-length film, the size of the market became crucial. The high production costs could in fact only be covered if the film was distributed to a significant number of cinemas both at home and abroad. In this respect, the US enjoyed a competitive advantage over Europe.

This situation, which was delicate in its own right, was exacerbated by the war. In retrospect, the conflict represents a watershed between the phase of the greatest expansion of Italian cinematography and its decline as an industry.

The first months of the war already saw the co-optation of operators by the military's film divisions. Some cinemas closed or lost their premises,⁵¹ while others lowered the salaries of their employees.⁵² By 1918, production had dropped to a quarter of its 1914 level (259 films as against 1,027).⁵³

Crowded movie houses, resulting from an increased need for distraction, hid or at least partially obscured the film industry's serious problems. While film distribution and cinema receipts increased, the sector was in reality conditioned by the closing of foreign markets and the drastic decline in exports. The phenomenon regarded not only Italy's enemies (Germany and Austria-Hungary)

⁵⁰ Id., *Cinema muto italiano*, op. cit., vol. III, pp. 80-81, 83 ff., 96, 98; G. Sadoul, *Storia generale del cinema*, op. cit., vol. II, pp. 13-14.

⁵¹ This is what happened, for example, to Ambrosio in Turin, whose modern plant was seized by the military and transformed into a factory for aeroplane propellers. R. Ascarelli, "Ambrosio Rinaldo Arturo", in *Dizionario Biografico degli Italiani*, Rome, Istituto della Enciclopedia Italiana, 1988, n. 34, 1st suppl., p. 94.

⁵² About the consequences of the war on Italy's film industry, see A.M. Prolo, *Storia del cinema muto italiano*, op. cit., p. 79 ff.

⁵³ D. Manetti, "Un'arma poderosissima". *Industria cinematografica e Stato durante il fascismo. 1922-1943*, Milan, Franco Angeli, 2012, p. 21, table 1 and p. 62, table 1.

or Russia since the Bolshevik Revolution, but also the US, where protectionist measures had been implemented in 1914, and Britain and France, where import controls went into effect in 1916 and 1918, respectively.⁵⁴

The situation was further aggravated by the fact that the belt-tightening austerity imposed to Italians affected cinema audiences as well, who were called upon to bear a 10% increase in ticket prices – whether for single performances or subscriptions – as a contribution for the neediest members of the population.⁵⁵ Beginning in 1913, film producers were already obliged to pay a production tax calculated on metres of made film; then, with the introduction of a revenue tax on cinema tickets in December 1914 (which would increase several times), cinematography was burdened with two types of contributions, one for the state and the other for charitable purposes.⁵⁶

From its beginnings, the Italian film industry was faced with a number of problems, such as the limited number of companies equipped with a sufficiently solid infrastructure to survive in a milieu characterised by a host of modest studios. Other obstacles included lack of capital, poor coordination between the different phases of the production and distribution line, and a limited domestic market, which was inadequate to ensure a film's profitability. To these disadvantages were now added the gradual recovery of international competition, which necessitated continuous technological and stylistic innovation, the invasion of American products,⁵⁷ and the changing tastes of audiences, who were increasingly attracted to the heroes of Hollywood. In addition, the industry suffered from the

⁵⁴ G. Favia, "L'industria cinematografica italiana. La produzione e l'esportazione delle pellicole", in *La Rivista Cinematografica*, 10-25 Aug. 1922, nos. 15-16, pp. 6-7.

⁵⁵ Leg. Decree 3 October 1918, n. 1452, "relative to contributions for public charity".

⁵⁶ Law 25 June 1913, n. 785, "authorising the Royal Government to exercise oversight of cinematographic productions and to levy a tax on them"; Royal Decree 12 November 1914, n. 1233, "relative to the revenue tax on cinema tickets"; D. Manetti, "Un'arma poderosissima", op. cit., p. 23 ff.

⁵⁷ L. Quaglietti, *Ecco i nostri. L'invasione del cinema americano in Italia*, Turin, ERI-Edizioni RAI, 1991.

myopia of entrepreneurs, who in the face of changed circumstances continued to operate as if crisis did not exist and to maintain high production levels and high costs. These were largely due to increased remunerations of stars, in accordance with a tendency which at that moment saw the passage from the “era of the star working for the film” to that of the “film produced for the star.”⁵⁸ Further hindrances included delays in adjusting to new technical needs, including the training of technicians, the absence of a national production of blank film, the heavy tax burden imposed by the government, and, finally, a lack of legislation that helped the recovery and development of the sector.

The growing trend of production in the immediate post-war years – 295 films in 1919 and 415 in 1920 – was soon reversed, giving way to a vertiginous, unstoppable decline (only two films were produced in Italy in 1931).⁵⁹ A number of studios closed down, and the first charity initiatives to sustain unemployed cinematographic workers were undertaken.⁶⁰ Once famous actors fell into poverty and oblivion, while many emigrated abroad.⁶¹ The Italian Cinematography Union (UCI), a trust established in January 1919 by one of the main film distributor Giuseppe Barattolo, with the financial support of the Banca Commerciale Italiana and the Banca Italiana di Sconto, fell apart and was definitively disbanded in 1926.⁶²

In spite of this dramatic situation, the period of the “reluctant state”⁶³ continued: as one writer put it, “the March on Rome coin-

⁵⁸ E. Morin, *I divi*, Milan, Mondadori, 1963, p. 11.

⁵⁹ D. Manetti, “Un’arma poderosissima”, op. cit., p. 62, tab. 1.

⁶⁰ M. Gromo, *Cinema italiano (1903-1953)*, Milan, Mondadori, 1954, p. 52; “There are large numbers of unemployed; several divas are selling their jewellery; Ghione has incurred his first debts”: E.F. Palmieri, “Vecchio cinema italiano (1904-1930)”, in *Cinquanta anni di cinema italiano*, Rome, Carlo Bestetti - Edizioni d’Arte, 1953, p. 29.

⁶¹ M. Argentieri, *La censura nel cinema italiano*, Rome, Editori Riuniti, 1974, p. 26.

⁶² R. Chiti and M. Quargnolo, “La malinconica storia dell’U.C.I.”, in *Bianco e Nero*, July 1957, n. 7, pp. 21-35; D. Manetti, “Industria cinematografica, banche e processi di concentrazione in Italia nei primi decenni del Novecento. I casi Sigla e Uci”, in *Imprese e Storia*, 2014, n. 41-42, Jan.-Dec. 2011, pp. 367-416; Id., *La Settima arte. Storia e personaggi dell’industria cinematografica italiana*, Venice, Marsilio, 2000, p. 81 ff.

⁶³ R. Redi, “Lo Stato riluttante: potere pubblico e cinema negli anni Venti”, in *Mostra Internazionale del Nuovo Cinema, Sull’industria cinematografica italiana*, ed. E. Magrelli, Venice, Marsilio, 1986, pp. 269-279.

cided with the symbolic hunger march of technicians, artists and crew members from what had once been Italian cinema.”⁶⁴ After 1922, interest in cinematography continued to focus on questions of taxation and vigilance, exactly as in the years of the liberal state. We should note, though, that state involvement at this stage would have been complicated by the diverging interests of those working in the sector: producers who had been victims of US competition would have asked for protectionist measures, while cinema owners, who were bringing in good receipts at the box office, would have opposed them.

In 1925, in the wake of the consolidation of the regime and the turn toward authoritarianism, political changes affected the film industry as well, since Mussolini had always been well aware of cinema’s potential as an instrument of communication, consensus and regimentation of the masses. That same year saw the establishment of the Istituto LUCE, the “national institute for propaganda and culture through cinematography,” which represented the first film agency of the Italian state.⁶⁵ By that time, cinema was and would increasingly become not simply a means of spreading Fascist directives but one of the main pillars of the Duce’s efforts to “manufacture consent.”⁶⁶

The situation of decline in which the Italian film industry found itself in the second half of the 1920s⁶⁷ gave rise to a first attempt to meet the requests of operators and to organise the sector in 1927.⁶⁸ Efforts focused on the approximately 3,000 cinemas which each year had recourse to some 400 foreign films to meet demand. Rather than

⁶⁴ M. Quargnolo, “‘Etica’ e no nel cinema del ventennio”, in *Bianco e Nero*, April 1959, n. 4, p. 3.

⁶⁵ Royal Leg. Decree 5 November 1925, n. 1985, converted to Law 18 March 1926, n. 562; D. Manetti, “Un’arma poderosissima”, op. cit., pp. 49-59 and *passim*.

⁶⁶ D. Biondi, *La fabbrica del Duce*, Florence, Vallecchi, 2nd ed., 1973.

⁶⁷ M. Quargnolo, “Un periodo oscuro del cinema italiano: 1925-1929”, in *Bianco e Nero*, April-May 1964, nos. 4-5, pp. 16-32.

⁶⁸ Law 16 June 1927, n. 1121, “Regulation for the obligatory protection of nationally produced cinematographic films”.

adopting norms restricting imports – a policy which ran the risk of retaliation – the state forced cinema managers to show a minimum number of national films. Without limiting the revenues of cinema owners, on the one hand, and without directly interfering in production, on the other hand, the government thus attempted to stem the circulation of American products and indirectly stimulate domestic production, which would have a guaranteed market for its films.

The Italian film industry, however, would only see recovery in the 1930s, thanks to far-reaching actions adopted by the Fascists. These included norms to provide incentives for supporting the sector; specific agencies (the Directorate General for Cinematography, instituted at the behest of Ciano);⁶⁹ special credit lines made available by the Banca Nazionale del Lavoro; generous financing for the film *Scipio Africanus: The Defeat of Hannibal*; limitations and controls on the importation of foreign films, leading to the establishment of the Monopolio, which introduced autarchy into the film industry as well;⁷⁰ and the creation of dedicated events and studios, including the Venice International Film Festival, the Experimental Film Centre and Cinecittà.⁷¹

In the light of its strategic function, the film industry indeed became the “pet of the regime.” Although by no means a leading economic sector in statistical terms, the Italian film industry enjoyed measures to promote its protection, recovery and expansion which had no equivalents in other productive sectors.⁷²

⁶⁹ L. Solaroli discusses an agreement between Ciano and Hays and the MPAA for the importation of 250 American films annually: “Breve storia della produzione cinematografica italiana”, in *Film 1962*, Milan, Feltrinelli, 1962, p. 244.

⁷⁰ G.V. Sampieri, “Autarchia del cinema”, in *Lo Schermo*, Nov. 1937, n. 11, pp. 15-16.

⁷¹ For a detailed analysis of these measures, see D. Manetti, “Un’arma poderosissima”, op. cit., chs. IV-VII.

⁷² C. Zanchi, “L’industria cinematografica italiana nel primo dopoguerra”, in *Il neorealismo cinematografico italiano*, ed. L. Micciché, Venice, Marsilio, 1999, p. 85; A. Micheroux De Dillon, *L’industria cinematografica*, op. cit., p. 33; D. Manetti, “Un’arma poderosissima”, op. cit., Appendix.

4. Germany: war and the development of cinematography

In Germany as well cinema began spreading in the late 19th century. Its evolution was linked in particular to the creation of solid engineering and manufacturing bases which aimed to take advantage of technical inventions, transforming them into industrial growth and favouring the establishment of enterprises in the fields of optics and photography. Until roughly 1910, however, significant technological progress was accompanied by scant film production of mediocre quality, with short clips that were usually gloomy, anonymous and slow-paced. The German market was dominated by France and above all Denmark, led by the Nordisk Film Kompagni, which had achieved success internationally.⁷³

The turning point came during the war when the embargo on foreign films led to the proliferation of production studios and a sharp increase in national films, a situation that was aided by significant state investment in cinema for the purpose of producing propaganda and documentaries. Similar to the production of food substitutes, providing films to Central Europe became a sort of “national duty.” As a result, the existence of a national cinematography was considered an indispensable element for a successful outcome of the war, at a time in which it was essential to keep up morale among troops and civilians and in which Germany was “threatened by a true dearth of performances.”⁷⁴

With the aid of economic, political and cultural associations and several key figures linked to these (in particular Alfred Hugenberg, president of the board of directors of Krupp and publishing magnate), in 1916 the government established the Deutsche Lichtspiel-Gesellschaft (DEULIG or DLG), a company that was to produce

⁷³ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., pp. 185-186; G. Spagnoletti, “Germania - Cinematografia”, in *Enciclopedia del cinema*, op. cit., vol. II, p. 736. On Nordisk, Danish cinema – which gave the impetus to Scandinavian cinema – and the reasons for its rapid success, see R. Mottram, *The Danish Cinema. 1896-1917*, Ann Arbor (Mich.), University Microfilms International, 1982.

⁷⁴ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., pp. 186-187.

documentaries as a form of propaganda, both at home and abroad. This was followed by the creation of the Bild- und Filmamt (BUFA) at the beginning of 1917, an agency fully controlled by the government which was instituted at the behest of General Erich Ludendorff to organise screenings of films on military activities for troops at the front.⁷⁵

With the entry of the United States into the war, American films flooded Europe, making it clear that German efforts in these directions had been woefully insufficient. German officials agreed that in order to resist such a campaign it was necessary to establish a much stronger organisational network. It was the High Command, led by its powerful General Ludendorff, that urged the Ministry of War to promptly assemble the resources and equipment necessary to mobilise national cinematography on an adequate scale. Thanks to the combined efforts of the Ministry of War, the Treasury and Deutsche Bank, the request of the top military officials met with the support of magnates in finance, chemicals, electricity and weapons production. Roughly 25 million marks were collected in share capital, while another 7 million was secretly pledged by the government: this led to the founding of the Universum-Film Aktien Gesellschaft (UFA), a concern which brought together the country's primary producers.⁷⁶ Bankers and industrialists showed keen interest in the project and would continue to do so in future years: they indeed came to exercise crucial influence over the film industry, to the point of directly defining programmes.⁷⁷

UFA was the first example in the sector of a vertically integrated enterprise, which coordinated all the production and distribution phases, from the manufacturing of blank film and filming equip-

⁷⁵ S. Kracauer, *Da Caligari a Hitler. Una storia psicologica del cinema tedesco*, new Italian edition, ed. L. Quaresima, Turin, Lindau, 2001 (original edition 1947), p. 83; K. Kreimeier, "Storia economica dell'Ufa dalla sua fondazione alla presa del potere di Hitler", in *Mostra Internazionale del Nuovo Cinema, Schermi germanici. Ufa 1917-1933*, ed. G. Spagnoletti, Venice, Marsilio, 1993, p. 2.

⁷⁶ *Ibidem*, p. 3; S. Kracauer, *Da Caligari a Hitler*, op. cit., pp. 83-84.

⁷⁷ P. Bächlin, *Il cinema come industria*, op. cit., p. 35.

ment to the establishment of artistic firms and the creation of a network of offices in neutral countries. This novel form of organisation would prove decisive for the expansion of cinematography in the post-war period. Unlike what had taken place elsewhere with regard to similar processes of concentration, UFA did not emerge primarily as a response to competition but was rather the result of economic and military synergies in an operation organised from above.⁷⁸

The growing numbers of cinema-goers from the first months of the conflict – a phenomenon which we have already noted in other European countries – offered Germany the chance to make up for lost time in establishing cinemas. The conditions for developing a powerful film industry were indeed propitious in the Reich. As early as 1908, the chemicals industry showed interest in the manufacturing of film,⁷⁹ while the country also produced high-quality optical and electrical equipment for cinemas and filming studios. What was lacking were qualified artists: yet Germany's isolation stimulated this side of film production, and Berlin soon attracted actors and technicians from all over Central Europe.

While the US were somewhat concerned about the development of a German film industry during the war, the true turning point in the latter's fortunes came after the war when UFA – sponsored by Krupp, Hugo Stinnes, the main chemical producers (who joined together in I.G. Farben) and Deutsche Bank – managed to acquire control of the cinemas of the Nordisk Film Kompagni.⁸⁰ The rise of the German film industry indeed ran counter to the misfortunes of the country as a whole, which was reeling from military defeat and the collapse of the Reich. UFA began its glorious march in those first post-war years, leaving an indelible imprint on the history of German cinema. It was indeed Europe's only cinematography that retained its independence with respect to the two models that

⁷⁸ K. Kreimeier, "Storia economica dell'Ufa", op. cit., p. 4; T. Elsaesser, "Il Ruolo dell'Ufa. 1917-19332, in *Mostra Internazionale del Nuovo Cinema, Schermi germanici*, op. cit., pp. 31-67.

⁷⁹ In certain regards, Agfa blank film was superior even to that produced by the American firm Kodak-Rochester.

⁸⁰ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., pp. 187-188.

dominated throughout the 1920s, those of Hollywood and the Soviet Union. Furthermore, it was the only one supported by an industry which could stand up to Hollywood's economic supremacy.⁸¹

It was in this period that the importance of cinema for scientific purposes was also recognised, as documentaries emerged as a successful genre. In Germany these were called *kulturfilm*, a name that aimed to give them a dignified status. The favourable response to the didactic-scientific documentary led UFA to specialise in this branch: thanks to their accuracy, scientific rigour and high-quality photography, German documentaries were in great demand internationally, thus providing the national film industry with a product that made them competitive.⁸²

While the country was thus recovering from the wounds of defeat and social unrest, it was simultaneously establishing Europe's most advanced filming studios, which produced several highly successful films. Thus did Germany come to replace Italy, by this time in clear decline, in the sector of cinema.⁸³ With the abdication of the Kaiser, the proclamation of the Weimar Republic and the withdrawal of state capital, UFA became a private company, demonstrating that with the end of the war social-democratic and liberal governments were much less interested in controlling the film industry, so much so that they initially abolished censorship. Norms regulating the sector were, however, reintroduced in 1920: these prohibited the production and exportation of films that could harm Germany's prestige and its relations with other countries. Several months later, further legislation restricted the importation of foreign films to 15% of total cinema receipts.⁸⁴

⁸¹ G. Spagnoletti, "Germania - Cinematografia", op. cit., p. 737; V. De Grazia, *L'impero irresistibile*, op. cit., p. 330.

⁸² W. Uricchio, "The Kulturfilm: breve storia di una prima pratica discorsiva", in *Prima di Caligari. Cinema tedesco, 1895-1920*, eds. P. Cherchi Usai and L. Codelli, Pordenone, Edizioni Biblioteca dell'Immagine, 1990, pp. 357-379; S. Kracauer, *Da Caligari a Hitler*, op. cit., pp. 196-197.

⁸³ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., pp. 188-189; G. Sadoul, *Storia generale del cinema*, op. cit., vol. III, t. I, p. 312 ff.

⁸⁴ F. Savio, *Visione privata. Il film "occidentale" da Lumière a Godard*, Rome, Bulzoni Editore,

The new UFA took actions to close down those branches dedicated to propaganda, to chase their Danish rivals from the country, to purchase cinemas in Switzerland, Holland and Spain,⁸⁵ and to move ahead with its tested policy of acquisitions, which in some cases served to ensure its independence in the technical field.⁸⁶ In the meantime, the German film industry enjoyed a period of great creativity, becoming Europe's avant-garde producer.

Concentrated above all in Berlin, German production soared from fewer than 800 films in 1924 to 2,400 in 1930, 2,200 of which were documentaries and educational films, with the remaining 200 dedicated to entertainment. This figure was not surpassed, with the yearly average of feature films hovering around 250, as against 1,500 produced for cultural, propagandistic or educational ends. The number of cinemas grew dramatically as well during the decade, passing from 1,000 in 1920 to 5,250 in 1929, with a corresponding increase in capacity from 200,000 to 1,900,000. Cinemas were generally independent and not organised in networks. The only significant exception in this regard was the circuit of UFA, which included several large cinemas in the major German cities, in addition to a number of theatres, both at home and in Central Europe.

Wishing to provide its film industry with greater possibilities to enter international markets and certain that it could compete with foreign films, in 1921 the German government again allowed imports, even with some limitations: an average of 250,000 metres of foreign productions could now be introduced into the country annually.⁸⁷ This quota was replaced in 1925 by a compensation system, which was carefully studied by the Committee for Foreign Com-

1972, pp. 209-290, and his contributions to *Cultura e cinema nella Repubblica di Weimar*, eds. G. Griffagnini and L. Quaresima, Venice, Marsilio, 1978; *Il cinema della Repubblica di Weimar (1918/1933)*, eds. G. Guastini, B. Restuccia and G. Spagnoletti, Rome, Tipografia Operaia Romana, 1978; K. Kreimeier, "Storia economica dell'Ufa", op. cit., pp. 7, 8; G. Spagnoletti, "Germania - Cinematografia", op. cit., p. 739.

⁸⁵ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., p. 189.

⁸⁶ One important move was the purchase of the large printing laboratory Afifa (Tempelhofer AG für Filmfabrikaton). K. Kreimeier, "Storia economica dell'Ufa", op. cit., p. 8.

⁸⁷ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., pp. 110-114.

merce of Films, established at the end of that year: one foreign film could be imported for each exported German production. The regulation, however, had unforeseen effects. In order to be able to import foreign productions, some German producers shot low-cost, poor-quality works, thereby bringing discredit upon the entire national cinematography. Indeed, three years later the quota system was reintroduced, replacing the criterion of length with that of an average number of films.

At the end of the decade, new norms regulated the matter: for films of scientific and propaganda character, one foreign production was accepted for every two German exports; for feature films the ratio was one to one, while short films could be freely imported. The state ensured strict enforcement of these regulations, and German productions accounted for roughly 45% of the films screened in the country.

Yet these norms did not take several key factors into account. Ultra-modern equipment had high maintenance costs, absorbing 30% of the returns on a film, a percentage that grew whenever production slowed down. In addition, as the Reichsmark stabilised, cinema owners found it more profitable to screen foreign rather than German films.⁸⁸

In fact, the enduring crisis was not met with the necessary determination: between 1924 and 1928, the ten largest producers tallied a budget overrun of 122.5 million marks,⁸⁹ while during the last years of the silent film era directors began leaving Germany, a circumstance which greatly benefited the US.

UFA, meanwhile, found itself in financial difficulties following the production of several monumental productions, including the two-part series *Die Nibelungen* by Fritz Lang (1924), with which the

⁸⁸ *Ibidem*, pp. 111-113; K. Kreimeier, "Storia economica dell'Ufa", op. cit., pp. 14-15. The difficulties linked to inflation and the problems deriving from the introduction of the Rentenmark are treated in detail by R. Lipschütz, *Der Ufa-Konzern. Geschichte, Aufbau und Bedeutung im Rahmen des deutschen Filmgewerbes*, Berlin, Energiadruck, 1932.

⁸⁹ C. Romani, *Le dive del Terzo Reich*, Rome, Gremese Editore, 1981, p. 14.

company hoped to gain entry into the American market.⁹⁰ In December 1925, it signed a contract with Paramount and Metro Goldwyn Mayer, the “Par-Ufa-Met” agreement (*Parufamet-Vertrag*), “which paid 17 million to have an American control and to send the best German film-makers to Hollywood.”⁹¹

Considered as a humiliation in traditionalist German circles, the agreement did not resolve the industry’s financial problems. In addition, it had a significant impact on Central European cinematography of the following years. UFA blamed the sector’s crisis on high taxation; continuing to accumulate debts, it cut its staff from 6,000 employees in 1925 to 1,100 in less than a year.⁹² In addition to Fritz Thyssen, other key players of Germany heavy industry joined the company’s board of directors, and management was now entrusted to Hugenberg, a figure who had much to do with Hitler’s rise to power. Indeed, he held the position of Minister of Economy in Hitler’s first government, skilfully combining modern technocratic spirit with a conservative political orientation, and attention to mass phenomena with anti-democratic convictions.⁹³

UFA was saved from bankruptcy, but Hugenberg reorganised it

⁹⁰ These two films were followed by *Metropolis*. They did not, however, meet with the success that the producers expected. The domestic market, meanwhile, did not cover the exorbitant costs (5.3 million marks for *Metropolis* alone, compared to an estimate of 1.5 million). The losses amounted to 36 million, as against liquidity of just half a million. A loan of 15 million did not improve the group’s fortunes but only increased its debt exposure, thus paving the way for the involvement of the American producers. K. Kreimeier, “Storia economica dell’Ufa”, op. cit., pp. 16-17, 19.

⁹¹ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., pp. 205-206. The US benefited from the lack of capital that plagued Germany: Paramount and Metro Goldwyn Mayer opened a credit line of 17 million for UFA, which in turn committed itself to distribute 20 of their films and ensure them 50% of screenings in its own cinemas. In return, ten German films were distributed across the Atlantic. P. Bächlin, *Il cinema come industria*, op. cit., p. 31 ff.

⁹² K. Kreimeier, “Storia economica dell’Ufa”, op. cit., pp. 17-18. On the contradiction between direct state intervention in the film industry and the heavy tax burden on cinema tickets, see R. Maggi, *Filmindustria*, op. cit., pp. 109-111.

⁹³ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., p. 207. On Hugenberg, cinema and Nazism, see L. Richard, *Nazismo e cultura*, Italian translation, Milan, Garzanti, 1982 (original edition 1978), p. 49 ff.

in such a way that power now was placed in the hands of the production director, who was especially interested in risk minimisation and precise cost calculation, while film directors found themselves with far less independence in making their films.⁹⁴

5. Britain: the early domination of Hollywood

In Britain, the film industry was characterized by the different roles played by production, on the one hand, and the management of cinemas, on the other. While the former yielded scant results, the latter absorbed over 80% of the capital invested in the sector and represented one of the very few cases in which movie theatres were quite profitable. British box office earnings ranked second behind those of the United States; the country boasted 5,500 cinemas, a figure which reached nearly 10,000 if we include those in Canada, Australia, South Africa and India. Screenings centred on Hollywood films, which accounted for 60% of the market in Britain and 75% in London.⁹⁵ This circumstance “quickly subjected the entire industry to America, which ruled as king and dictated the rules.”⁹⁶ Indeed the consequences of US hegemony became evident earlier and more forcefully here than in other countries.

Other features of British cinemas were their significant level of comfort and hygiene and their great quantity of networks. With regard to the latter point, we need only to recall that Gaumont British, one of the most powerful organisations in the sector worldwide, owned roughly 450 theatres in London and other main cities of the United Kingdom. If we consider that the British were particularly

⁹⁴ G. Spagnoletti, “Germania - Cinematografia”, op. cit., p. 741. One event whose particulars are still unclear is the collaboration agreement signed on 9 June 1928 by UFA and the Istituto Luce, which, however, never took effect. R. Redi, *Ti parlerò... d'amor. Cinema italiano fra muto e sonoro*, Turin, ERI, 1986, p. 76 ff.; F. Bono, “La UFA alla conquista dell'Italia. Storia di un'intesa fra il Luce e la major tedesca”, in *Immagine. Note di Storia del Cinema*, new series, Spring 1996, n. 34, pp. 1-8.

⁹⁵ D. Sassoon, *La cultura degli europei*, op. cit., p. 944.

⁹⁶ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., pp. 115-116.

avid cinema-goers and that 50% of the population saw a film each week – producing annual revenues of approximately 6 billion lire⁹⁷ – we can readily appreciate that the British market was one of the most lucrative. In the light of the fact that cinemas were able to cover the cost of a film and make a profit, the lack of national initiative in the field of film production seems due to the particular aggressivity of the major American producers on British soil.⁹⁸ By 1928, in fact, 90% of screenings in Britain and 99% in the Dominions regarded films imported from the US; indeed, the American industry realised roughly 50% of its earnings abroad, for a total of 800 million francs annually.⁹⁹

Their success was not only due to the extraordinary ability of US distribution companies to penetrate that market, but also to the widespread belief by British audiences in the artistic superiority of American productions compared to European ones, a belief reinforced by the intensive promotional efforts carried out by the above-mentioned firms. In 1927, a Conservative MP could thus state to the House of Commons that English cinema-goers “speak American, think American and dream American.”¹⁰⁰

At the beginning of the 1920s, Americans already had a monopoly on the British market, having handily surpassed the French. The dominance of US films meant that English productions had to wait so long to be screened that audiences laughed at the out-dated fashions of the costumes worn by actresses.¹⁰¹ American supremacy was one of the causes of the profound crisis that led to the failure of numerous British production studios between 1920 and

⁹⁷ P. Sorlin, *Caratteri del cinema europeo*, op. cit., p. 57; V. Araldi, *Cinema, arma del nostro tempo*, op. cit., p. 117. Although the currency is not specified here, it is likely that it is in lire.

⁹⁸ The vicious circle to which British cinema fell victim is well explained by D. Robinson, *Cinema inglese: gli anni trenta*, op. cit., pp. 502-503.

⁹⁹ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., p. 117; R. Maggi, *Filmindustria*, op. cit., pp. 100-101.

¹⁰⁰ J. Richards, *The Age of the Dream Palace: Cinema and Society in Britain. 1930-1939*, London, Routledge & Kegan, 1984, p. 63.

¹⁰¹ G. Sadoul, *Storia del cinema mondiale dalle origini ai nostri giorni*, op. cit., p. 420.

1924, including that of the Hepworth Manufacturing Company, which was founded in 1904; likewise Ideal Film, which had achieved initial success in adapting theatre settings to cinema, ceased its production activities.¹⁰² The nadir of the crisis was reached in the “black November of 1924,” when not a single metre of film was shot in Britain.¹⁰³

In 1926, only 5% of films shown in British cinemas were produced nationally. Subsidies from the War and Air Force Ministries and other state agencies allowed for a modest recovery of production between 1924 and 1928, with an average annual output of about 20 films, although these were not well received by audiences.¹⁰⁴

Recognising the importance of mass communication and its power of persuasion, the government established the British Broadcasting Corporation (BBC) in 1926 and the Empire Marketing Board (EMB) two years later. Entrusted with promoting and publicising British products, the latter entity created a Film Unit, EMBFU, which hired John Grierson, a young Scottish scholar of philosophy and social sciences, as “Film Officer”. Grierson shot the film *Drifters* in 1929, a work which impressed the audience of the London Film Society.¹⁰⁵ Firmly convinced of cinema’s propaganda potential, he began recruiting and training film directors to spread a “useful” image of the country; in this endeavour he was immediately successful.¹⁰⁶ Under his direction, EMBFU productions received financing from public institutes and some private companies.

In 1927, the Federation of British Industries persuaded Parliament to pass the Cinematograph Films Act, better known as the

¹⁰² F. Vatteroni, “Gran Bretagna - Cinematografia”, in *Enciclopedia del cinema*, op. cit., vol. III, pp. 63-64; E. Martini, *Storia del cinema inglese. 1930-1990*, Venice, Marsilio, 1991, p. 4.

¹⁰³ *Ibidem*, p. 3.

¹⁰⁴ L. McKernan, “Bambini nella nursery. Il cinema muto inglese”, in *Storia del cinema mondiale*, op. cit., vol. III, t. I, p. 142; V. Araldi, *Cinema, arma del nostro tempo*, op. cit., p. 118.

¹⁰⁵ F. Vatteroni, “Gran Bretagna - Cinematografia”, op. cit., pp. 64-65.

¹⁰⁶ E. Martini, *Storia del cinema inglese*, op. cit., p. 11.

Quota Act. This law limited the “savage” purchase of foreign films as well as “block” and “blind booking” of such films, which were common practises of American companies especially.¹⁰⁷ It further forced film distributors or renters and cinema owners to circulate and screen a minimum number of national productions every year, on the basis of a progressive scale, which climbed from 7.5% in 1929 to 20% of the total in 1935.¹⁰⁸ Movie theatre managers protested against the obligation to screen British films when their earnings came from American productions.¹⁰⁹ The measure, however, produced positive results: the increased exposure gained by English films together with financing granted by banks led to the creation of 12 new production studios, almost all of them at Elstree, which became a sort of industrial park for cinema, earning the nickname of “English Hollywood.”¹¹⁰

The first fruits of these initiatives amounted to 105 released films, which accounted for 9% of screenings in the country. Audiences, however, judged them negatively. While over a three-year period the number of production studios doubled and output grew fivefold, the average quality remained poor; circulation of English films worldwide dropped in proportion. These were in fact the years of “quota companies” and “quota quickies,” that is, films produced hurriedly at ridiculously low costs (no more than two pounds per metre), whose aim was merely to supply the distribution system. While cinema owners were thereby able to formally meet their legal

¹⁰⁷ *Ibidem*, pp. 3-4; P. Pilard, *Breve storia del cinema britannico*, Italian translation, Turin, Lindau, 1998 (original edition 1996), p. 25 ff.; P. Miskell, “Seduced by the Silver Screen: Film Addicts, Critics and Cinema Regulation in Britain in 1930s and 1940s”, in *Business History*, July 2005, n. 3, p. 434 ff. “Block booking” was a marketing practise by which a cinema owner who wanted to procure a successful film was obliged to rent several others as well, which were generally of mediocre quality. H. Mercillon, *Cinema e monopoli*, op. cit., p. 22; R.E. Caves, *L'industria della creatività*, cit., p. 212 ff.

¹⁰⁸ R. Maggi, *Filmindustria*, op. cit., pp. 99-100; P. Miskell, *Seduced by the Silver Screen*, op. cit., p. 441 ff.

¹⁰⁹ L. McKernan, “Bambini nella nursery”, op. cit., p. 142.

¹¹⁰ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., pp. 118-119; E. Caprile, “Elstree, Denham, Pinewood”, in *Cinema*, 10 Jan. 1939, n. 61, pp. 12-13; Ch. Barr (ed.), *All Our Yesterdays. 90 Years of British Cinema*, London, London Film Institute, 1986, *passim*.

screening obligations, they continued to predominantly base their operations on foreign works.¹¹¹

The Quota Act was in fact accused of creating a “team of conscripts” and of allowing British cinema to become “the laughing stock of the whole world.” Meanwhile, a group of film directors was called together to assess the 52 films released in 1927, declaring that only six were good productions.¹¹² With the exception of a few long-established companies, including Gaumont British and British International Pictures, the new companies indeed closed the year in red. While British cinema owners at least abided by the norms, their counterparts in the Dominions, which had not agreed to the system, ignored the quotas and programmed their screenings as in the past.

This outcome was indeed attributable to the law on quotas itself, which prevented producers from benefiting from the artistic and technical collaboration of foreigners.¹¹³ Yet it was the introduction of sound into cinema, with the high costs of new equipment, that expelled the notorious quota companies from the market. Hollywood, meanwhile, which benefited from a common language, continued to peddle its own films, which were far advanced with respect to the new technology.¹¹⁴ Only in the mid-1930s did British cinema experience a phase of recovery, with increased production, larger audiences, a greater variety of genres and higher-quality aesthetics.¹¹⁵

6. Conclusions

Studies on the history of cinema have highlighted that from its beginnings no single model existed for the establishment and expan-

¹¹¹ F. Vatteroni, “Gran Bretagna - Cinematografia”, op. cit., p. 64; E. Martini, *Storia del cinema inglese*, op. cit., p. 5.

¹¹² *Ibidem*.

¹¹³ V. Araldi, *Cinema, arma del nostro tempo*, op. cit., pp. 118-119.

¹¹⁴ E. Martini, *Storia del cinema inglese*, op. cit., p. 14.

¹¹⁵ F. Vatteroni, “Gran Bretagna - Cinematografia”, op. cit., p. 65.

sion of the various film industries. On the contrary, they were characterized by specific national paths of development. Similarly, American companies did not adopt uniform operational methods abroad but produced and marketed their films differently and also resorted to heterogeneous strategies in accordance with the type of limitations introduced by the various states.¹¹⁶

From the comparative overview we have presented, it is evident that the First World War created great discontinuity. National industries had to meet the essential requirements for information and propaganda in the mobilisation of their respective countries, yet at the same time their economic and productive structures called for a variety of responses and adaptations. Likewise, their relationships with their respective governments took different paths.

The case of Germany is emblematic of this diversity: amidst the general stagnation of European cinema, the German film industry moved in the opposite direction. Beginning in the war years, it managed to reverse the general trend both in terms of state investment for purposes of propaganda and documentation and with regard to the embargo on foreign films. The convergence of industrial and military interests gave birth to the solid, centralised agency of UFA, whose creation revealed all “the authoritarian physiognomy of imperial Germany.”¹¹⁷ The result was an unmistakable increase in production, which was consolidated in the post-war years, in evident contrast to the country’s political, economic and social fortunes.

In other words, the war redrew the power relationships between the main European film industries, none of which could base itself exclusively on the national market, and the United States: just as in the war itself, the Americans came out of the competition as the real winners.

In the wake of a phase of stagnation of the continental film industry, exports of American films took off from around mid-1916,

¹¹⁶ D. Forgacs and S. Gundle, *Cultura di massa e società italiana*, op. cit., p. 210.

¹¹⁷ S. Kracauer, *Da Caligari a Hitler*, op. cit., p. 85.

gaining a solid foothold in European cinemas.¹¹⁸ During this period, Hollywood took advantage of a favourable tax regime and easy access to credit to deploy the full force of its production, marketing and organisation resources, so much so that it could even efficiently overcome instances of friction with state institutions. Thanks to the Hays Code, the American industry was able to promptly respond to political developments with regard to censorship and oversight, opting to discipline itself and overcome *ex ante* any obstacles that could have delayed the release of a film and increased its costs. Similarly, it managed to settle conflicts within its ranks through arbitration boards, without having recourse to the judicial system.

While Europe saw an ever widening gap between demand and the persistent inability to satisfy it, Hollywood became an indispensable source for supplying countries with the films necessary for cinemas to make ends meet. At the same time, it turned into an insurmountable leviathan: in 1927, for every dollar of film that Europe exported to the US, American producers exported 1,500 to Europe.¹¹⁹

The attempts made by the single states to contain American power and reduce this disparity were conditioned by several factors: the assets and characteristics of each national film industry, the contractual power of the operators in the sector and their ability to pressure public institutions, and the orientation and decisions made by governments in the more general framework of policies for economic intervention. European states had recourse to a variety of initiatives: incentives for producing completely national films, measures to protect domestic productions, quota and compensation systems, the creation of dedicated agencies and institutes, ministerial subsidies, credit lines and special financing.

¹¹⁸ De Grazia, *L'impero irresistibile*, op. cit., p. 312. Russia, which we have not treated here, left the war before it ended. Its cinematography experienced a true breakthrough in both productive and aesthetic terms following the Bolshevik Revolution. D. Manetti, "Un'arma poderosissima", op. cit., pp. 197-202.

¹¹⁹ De Grazia, *L'impero irresistibile*, op. cit., p. 307.

In some cases, these efforts backfired when they provoked American retaliation against the countries that adopted measures that were deemed too severe. The French and German industries, in particular, were forced to enter into contracts and agreements with US producers.

On the whole, Europe put up “futile resistance.”¹²⁰ Indeed Europeans “often had the impression that not only was the American film industry a large conglomerate but also that Hollywood and the US government were one and the same. There were good reasons to think so, because the degree of coordination within American film industry and between the industry and the government was significant, especially at certain times. And this was above all the case when American interests were threatened abroad.”¹²¹

¹²⁰ P. Sorlin, *Caratteri del cinema europeo*, op. cit., p. 65.

¹²¹ D. Forgacs and S. Gundle, *Cultura di massa e società italiana*, op. cit., p. 210.