



# Film Subsidies, History, and the “Economization of Culture” in Austria: An Expert Interview

Alexander Horwath and Roland Teichmann

**Roland Teichmann** To start with, let us please first talk about a visionary outlook on *state aid for film* and discuss how film and cinema will develop in the future, in particular with regard to government support and subsidy schemes. Why, in your view, should funding remain important in the future? What has changed in recent years, decades? And, of course, how does film and cinema themselves have a future at all? If yes, which?

Let me please point to one particular view with regard to the future of film and cinema: I have recently read an article by the British film journalist Nick Bilton in *Vanity Fair*, who claimed that, in his view, film was dead in its classic form, and he meant that Hollywood would be dead, not only because theater attendance would be shrinking (in the USA) and profits were dwindling but more because the kind of disruption that hit music, publishing, and other industries would also drastically reshape the movie entertainment business. This view is, of course, fueled by thinking about film media as being purely “economized,” hence oriented toward full market exploitation. Hence, the overriding theme is one of an increasing “economization of culture” and the “corporatization” of film in particular as entertainment media today, with its primary focus on delivering audiences seen as consumers to advertisers and not delivering content to audiences as critical publics. And, does this trend also increasingly question classical government support for film?

And then he described the future as something like this: The scripts are written by computer programs selecting the best and most successful films, whereby a range of businesses have appeared that specialize in predictive analytics, services

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As interviewed by Roland Teichmann. The Interview was held on June 8th 2017 in Vienna.

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that rely on big data sets to predict marketability and success of blockbusters. Some companies offer to use “big data” to test the script before it is completed and advise on scenes that will make it more marketable—for example, *Epogix*, which offers advanced artificial intelligence in combination with proprietary expert process to provide studios, independent producers, and investors with early analysis and forecasts of the box office potential of a script. Clients then make evidenced decisions about whether or not to spend their scarce capital, adjust budgets, or increase the box office value of the property.

And, as if naturally, a consequence of this is that only films would be produced that are judged for satisfying advertising and “addressable audience” needs, which leaves us worried that knowing every detail about how tens of millions of subscribers watch movies (over any platform) would make creative filmmakers beholden less to their own creative visions and more to the demands of the “algorithmic culture.”

This is to say that there is this threatening trend that film production is economized in all areas. And this megatrend is, and this is, in my personal opinion, already also happening in the field of government support for film. It seems to be one of the great megatrends: governments think of film as dominantly a commercial product, even if it is still considered as a “cultural asset.” Would you agree with this proposition? Is this dystopian vision realistic, or do you have a different picture of the future of film and cinema?

**Alexander Horwath** Generally speaking, this tendency of “economization” in all its forms can be observed in many areas. And the role of algorithms and machines for covering economic needs of various kinds is a clear trend of the last 15 years. For most people, and for me as well, *Amazon*’s recommender system signifies this trend. Lately, *Netflix* has made it clear that recommender systems do work well: about 75% of what people watch at *Netflix* is due to a recommendation. But what is even more fascinating is the evolution of the technology throughout the history of the company. And Big Data services promise to reveal audiences, not only in what they are watching and listening to but through large data sets predicting what they want before they even know what they want.

I see this tendency in many areas. But as I am sitting here with some historical film equipment, I should also say that capitalism and Western culture began to strive for standardization long before the Internet was invented. If we determine film entirely by economic factors, as you have explained, we must also state that the medium of film has always been marked by this tendency. Maximizing profit has always been *the* driving force.

**Roland Teichmann** But isn’t it also true that, roughly speaking, only two or three out of ten *Hollywood* films which are developed, produced, and exploited are successful, while the other seven flop at the box office and do not recover their costs; but the two to three are so successful that they also recover the cost of the others?

**Alexander Horwath** Yes, this is certainly true. The big manufacturers have mixed calculations, and they know that, by the end of a year, they will write off several films as a loss and only a certain percentage will figure in the books as profit generators. This strategy is always geared to the entire film bundle in a given period. In the classical *Hollywood* studio system, actors and directors were usually employees. It was therefore known that for the next 7 years, for example, the Clark Gable brand could be exploited in multiple ways and could be used broadly across certain types of roles and genres. Thus, a program could be developed for one or more seasons, in which the genres, narrative modes, and stars would alternate in accordance with the perceived and statistically monitored needs of the public, including the knowledge about differences between urban and rural audiences, foreign audiences, and so on. The technical production on the set itself was subject to standards and rules that were closely followed. When we speak of the classical or "golden age" of *Hollywood* cinema, we actually speak of the one in which standardization was most advanced and efficiency gains were the highest. Standardization, now we call it algorithms, is a mode of achieving predictability, in terms of production and distribution costs as well as audience behavior. The notion of automated screenwriting is just a more advanced version of this trend. It is driven by capitalism in every industry. Thus, to answer your question, if we define film as an industry like any other, we will also see standardization as a capitalist strategy in the film sector.

Hollywood's notion of "four-quadrant movies" which are meant to appeal to all four major demographic "quadrants" of the movie-going audience (over and under 25 years old, male and female) is a specific case in point. It complements the diversification strategy, i.e., the production of different types of films to different sectors of the audience. The recent history of animated feature films is a good example here. This genre currently experiences the commercially most successful moment in its entire history. This can be explained by the fact that the Hollywood industry has managed to expand the market for animated features by shifting its focus from just one audience sector—children—to a many different sectors, incorporating different forms of humor as well as specific references to the pop-cultural tastes of different generations in one and the same film. But let us talk about film as an art form, which in my view, also includes issues of the film industry.

**Roland Teichmann** Yes, please, what is your understanding of film as art?

**Alexander Horwath** Let us accept that film is a cultural industry. Even then, doesn't it still involve some sort of unpredictable, emotional reactions and irritations that also contribute to our understanding of the arts? In the case of industrially produced narrative film, for instance, the sheer temporal lag between the stages of conception, investment, production, and exhibition is enough to guarantee at least some sort of unpredictability. To a certain degree, the social mood, the reigning trends, and the surrounding culture which shape the design on

any given film will already have changed by the time the actual product reaches the market.

This is a real factor of uncertainty. There are many others, of course, but this gap between product design and finished product is something we can even see with commodities in the supermarket. They are constantly facing the process of market adaptation, too. We have not yet arrived at any description of film as an art form, only at the point where the fantasy of total predictability can be understood as rather weak. Most importantly, of course, the industrial logic to design films as pure entertainment products still has to confront the human mind, and as long as the viewer is not a machine, *films* will have to be created with real *audiences* in mind and, thus, a multitude of reception qualities. Such kinds of uncertainty can never be wiped out, so I would contradict the dystopian vision of film that you've described at the outset. Nonetheless, I would affirm that there is an ongoing tendency toward "economization" which, in capitalism, follows film production and exhibition from the start.

**Roland Teichmann** Let us talk about state support for film and government subsidies. Government funding was designed as a sort of counter-model to the purely economic concept discussed above. What would you say? Should it be a "competitive model," and to what extent should subsidies take on economic aspects, or should it work against this economization of film, which includes these practices of standardization that would lead us exactly to what we are fundamentally trying to avoid since the beginning when we wished to promote individuality and diversity? What, in your view, should be the purpose of modern state support for film in this increasingly economic process? We know that state subsidies operate with public money, which is increasingly becoming scarce, and therefore face an ongoing legitimization crisis. Subsidies seem to address a "conflict zone" between the arts and commerce. Stimulate or simulate the market? How would you purpose film subsidies in this game of "free" market forces?

**Alexander Horwath** Let me begin with a few excursions into film history, because film subsidies do not coincide with the invention of film. As a medium, film developed from other media, out of certain manufacturer, exhibitor, and audience constellations, which had initially existed with other profitable media. Georges Méliès (1861–1938), for example, was a French **illusionist** who turned to filmmaking because it fit his interest in magic tricks. It was from this viewpoint that he discovered and applied several technical and aesthetic innovations during the earliest days of **cinema**. Others were busy with other forms of entertainment or science to which the new technology of film and its specific capacities could be applied in a profitable manner. The profit was mostly monetary, but it also took the form of increasing knowledge, as in the case of scientists, geographers, or historians who saw the potential of film to expand their horizons. Thus, film as a medium developed in various forms. And the only forms of public or institutional sponsorship were those geared toward film's scientific usefulness, to its role as a document,

or its promotional capacities concerning the reputations of political figures and topics.

In the realm of art, nonprofit film investments came in the form of individual support, a famous example being the Comte de Noailles, a man of means who financed Buñuel's *L'Age d'or*. These types of patronage, besides the industrial system of production, existed from the beginning. Until the mid-1950s, or at least until after WWII, there were no publicly supported feature films as far as I know. For five or six decades, cinema developed without any direct state support. Nevertheless, a rich palette of works emerged during that period which needs to be understood as *the* formative years of cultural expression in the moving image. Thus, if any event had ended the film medium, we would still speak of film as an art form and as cultural heritage of considerable proportions, without any state film support.

In the course of this pre-funding period, we also know that governments and special interest groups used film as a medium of propaganda, either explicitly or implicitly, simply because it was a spectacularly popular medium. As such, it was always part of cultural and political struggles. It was an important tool in revolutionary situations, in totalitarian states, and in democratic societies. In the USA, during the Roosevelt era, for example, film and radio played an especially important role in achieving and sustaining a certain consensus in society.

But cinema was still predominantly produced by private enterprises. And I would also differentiate between the earlier attempts by governments to use cinema in order to manage public discourse and the later concept of state support for film, which, as the name implies, is strongly tied to a particular image of cultural policy and the acceptance of art funding in these democracies.

The development of French film culture, and of its support systems, after WWII was the early model for practically all film subsidy programs installed elsewhere. Because of its reach and industry-wide acceptance, then as now, the French model is still being viewed as the one to copy, no matter how much it may have changed over the past 60 years and no matter how applicable it may have been at different points in time to the different landscapes of film production around the world. At its core, this is due to the lasting influence of the French cinema discourse between 1945 and the early 1960s. Its notions of film authorship and style established a certain understanding of cinema as *something more* than just an industry. It allowed governments, filmmakers, and industry captains as well as French citizens to consider cinema alongside the other arts, as a form of individual expression that can carry as much cultural value and meaning as a great novel, painting, or opera. Ironically, however, the French critics and filmmakers who set the stage for this model of individual film authorship had derived their convictions to a large degree from the products of the Hollywood film industry. Looking at the American cinema, they saw artists at work where previous critical generations had only seen purveyors of trivial mass entertainment. They identified director-*auteurs* with a specific worldview and style the less educated viewer could only consider as anonymous or "typically American" commodities. Alfred Hitchcock and Howard Hawks were

the two most famous early examples of this revision in film taste which quickly gained influence all over the world during the 1960s and 1970s.

At the same time, and already during the 1950s, the American film industry had massively strengthened its hold on European film distribution and consumption so that European film producers found it harder and harder to recoup their investments. Broad shifts in leisure time priorities and the rise of television as the new go-to medium for certain entertainment needs also contributed to a shrinking of the market for profit-oriented film producers in Europe. Thus, the new and widely disseminated image of narrative cinema as a sphere where important director-“authors” practice their “art” not only opened the doors for a new generation of individualistically minded filmmakers who would never have entered the traditional pathways into the industry; it also came to the rescue of the old European film industry. Producers, still commercially minded, could now reframe their business as a cultural activity with national and artistic impact. An activity whose protection against monopolistic market forces could be legitimately argued vis-à-vis policymakers and taxpayers. Thus, state subsidy for film production was born. The noble humanist argument that film is an art and can play a major role in the democratic process of identity-building through culture was understandably met with applause by those who stressed the need for national European film industries independent of the American model—even if, in the end, it was all about keeping their business afloat. To this extent, I believe that the legitimacy of state funding for film emerged much more strongly than it would have solely on the basis of artistic reasons. Which is why, from the very beginning, the distribution of state subsidies in most European countries was carefully orchestrated. It aimed at focusing on the needs of the large production companies and not just that of the artists. In several countries, though, there have been phases where the role of the producers was diminished and film subsidy policies were influenced more by the filmmakers’ point of view, such as West Germany between the late 1960s and early 1980s or Portugal for much of the post-1974 era.

But today, it seems that the general European film support model is once again dominated by what we might call the “pseudo-commercialism” of “pseudo-producers,” if we truthfully compare them to the classical model of subsidy-free film production. To this day, the wider public still understands cinema to be a full-fledged entertainment medium, even if its role in the wider field of entertainment and leisure activities has once again been shrinking for some time now. Alongside this view, a wealth of other legitimate identities has been established for film. Neither perspective can be easily dismissed, so to a certain degree, I understand the need to base film subsidy policies on both types of acceptance: subsidized film production should be widely visible in the cultural life of a nation, and it should also be distinctive enough to merit participation in the global arena where film is being discussed as an art practice. And other, currently more visible moving-image practices may already wait at the door to compete with cinema for state subsidy. They might reach a wider audience than films do today, they might carry just as much cultural and artistic value in the eyes of the commentators, and they still might not be able to recoup their investments in a pure market-economy model.

**Roland Teichmann** And what about Austria?

**Alexander Horwath** Historically speaking, Austrian cinema is one of the latecomers to the state subsidy party. Individual feature film productions began to receive subsidies from 1973, coming directly from the culture ministry. It was only in 1981 that the Austrian Film Institute (ÖFI) began as a fully state-funded independent agency for distributing subsidies to producers of feature-length works. The Film Institute followed the existing European model, but by that point in history, any private, unsubsidized feature film production in Austria had more or less ceased to exist for a decade and a half. During that highly precarious period for narrative Austrian cinema, and already since the mid-1950s, a strong and unusually visible movement of independent and experimental filmmakers staked their claim for a very different definition of film as art, with or without subsidies.

To this day, it seems that Austrian film culture has managed to keep up a less hierarchical view of the various forms of cinema; the role of the artist-filmmaker or *auteur* is still a bit stronger in this national cinema culture than elsewhere in Europe. Earlier, you addressed recent changes in the understanding of how subsidy schemes should be designed in the future. In this first phase of state support for Austrian cinema, these were the questions: Should we “simulate” a major market for Austrian cinema and rebuild the industry of old? What is the quantity of production that needed to be achieved so that a new generation of craftsmen and filmmakers can arise from the ashes? Should the distribution of subsidies be motivated by issues of national identity and cultural diversity, in order to counter the dominance of Hollywood? Why should Austrian film audiences be swamped with the “American way of life,” with no local stories available at the cinema? These justifications for film support are still to a certain degree related to the protection of film art as a culture for minorities. This is how legitimacy is produced in a democracy. The market for these “art-house” films may be small, but the product that the taxpayer will have to invest in comes with other dimensions relevant to his or her identity as a cultured person and as Austrian citizen. It could be argued that at different points in the history of Austrian film subsidies, different interests gained the upper hand. But throughout, there was also a basic consensus that it is the aim of public film funding to safeguard a cultural and arts-based approach to film, to enable the creation of a cinema that is not dependent on the model of the capitalist free market. Such a view had of course been tested—and mostly approved by the public—in earlier, more conservative decades when it came to public funding for high culture such as classical music and theater. And so, to this day, film funding has primarily been in the purview of the education and culture ministries. Only recently, and only in a limited fashion, an additional funding tool has been set up by the Federal Minister of the Economy.

However, the more our democracy changes from representative to plebiscitary, in which all possible questions regarding society are no longer delegated to elected representatives of society, but instead questioned publicly, the more this consensus had run into difficulties. I see more and more postings every day which read: culture, which does not carry itself, because it does not interest enough people, is

not needed anymore. To me, this kind of reasoning seems to become ever more socially acceptable. This pressure is felt by all because democratic societies in Europe tend to develop in this direction. And now, unfortunately, as audience figures of non-entertainment works in cinema decline, the legitimacy of film funding for cinema is ever more endangered.

Now, let me recap briefly: in the 1950s and 1960s, the *auteur* movie, the individual work as an art form, had established itself in such a way that state support systems had developed for this kind of film. However, subsidy schemes were always trailing societal developments. The films of Doris Dörrie in Germany, Luc Besson in France, and James Ivory and the *Heritage Films* in the UK—a critical term used in opposition to a [film genre](#) label used by the film industry—these were all cinematographic forms with a wide public audience, were triggering the question as to whether we should subsidize films more generally and not just grumbly *auteur* movies.

For example, the transformations of support to the German film industry into one, if you will, strong support for more conventional, generic forms, which had later turned out to become more strongly supporting the economics of film, had actually meant that Germany could do these sorts of films. In the 1970s, German film was Werner Herzog and Helma Sanders-Brahms, sometimes they were original, sometimes they were less so. But then came “Das Boot” from Bernd Eichinger, and then certain forms of German cinema have proved their worth on the market, and state subsidies had followed suit.

So, I do not believe in an idea of funding that can preempt or determine the kind of films that will have success in the market, but I also believe that state support is always catching up with societal developments. I believe it does not mean anything negative; it is its identity: public funding is compensatory and works better when artists have done their part. State support has changed since the 1980s because a small number of commercially highly successful European films like “Le Grand Bleu”, directed by Luc Besson, or some of Bernd Eichinger’s productions in Germany, became reference points for cultural politicians in Europe: If such films have more than 30 or 50 times the number of spectators in the local market than the average subsidized “art-house” film, doesn’t this show that taxpayers prefer these films? And shouldn’t subsidy schemes, therefore, adapt to become more in tune with such preferences?

Instead, I believe that subsidy schemes should ask: what does it mean when the dominant ideas of a medium change? For example, when we say that between the 1960s and the 1980s, a clear broadening of what film or film can be had been established in the German-speaking world. Larger sections of society had more and more embraced this concept that film is more than what it had been in Germany or in the German-speaking countries in the 1950s. This widening had been something socially desirable because I find it desirable if an artistic or cultural expression widens the range of possible forms and modes of action of artistic expression, in particular once these are intriguing dominant forms of culture but still fertilize society. Thus, in the cultural policy of a representative democracy, state aid for film would have to compensate for the fact that social change is limited to a dominant paradigm of what film is. Instead, it should realize the vision that film can be much, much more than what our present social climate may represent.



And then there is the question whether cinema is still the place where critique can happen, and when we say cinema, we come from the promotion of filmmaking to the promotion of film culture. From what I have said before, I would wish to know more about individual European countries, the ratio of the total public funds to the arts as compared to state aid for film, and also the total tax levies a state, including the municipalities and so on for the production of film, is collecting, from the avant-garde film to the blockbuster movie, and the public funds for film-cultural infrastructure spent, such as cinemas, festivals, heritage institutions, film science, film studies, and the like. To a certain extent, I am aware of the funding policy of the Austrian Film Institute in the last 10 years, that, for example, also DVD production can be subsidized and also activities related to cinema in school as well as publications and research about film.

But I am also aware of the fact that attention for film subsidies for the film as culture is likely to weaken throughout Europe. I suspect that the relationship between public funds for filmmaking and public funds for film culture is only balanced in France. Being a film museum director, I am generally concerned about the importance of film for culture. If there is a strong film culture, with problems and debates and a vital discussion about these things, then an effective subsidy scheme would, however, also have to be equipped for the latest challenges. Austrian “art-house” movies are now having fewer viewers and are given only limited attention by the cinema audience. But I do not believe that a whole lot of people are still watching movies in cinema theaters at all. Still, albeit being a cinematographic person, I do not consider dwindling audience figures as being too dramatic. I believe that these works are well seen, but we have too little reliable statistical knowledge about the perception of running images in all possible forms and formats. This has improved, but I would wish to see this improve even more.

**Roland Teichmann** With regard to these new forms of distribution via online portals, *Amazon*, *Netflix*, and countless others, we would also wish to see data more openly accessible.

**Alexander Horwath** But these platforms don’t seem to be interested in such forms of transparency.

**Roland Teichmann** Because the numbers are obviously not so good and that would be bad for business.

**Alexander Horwath** I do not want to overburden this issue, but I believe that, as citizens and taxpayers in a system where private investment and cultural subsidy intermingle constantly, we also have a certain right to transparent information about all the forms of reception that films and other cultural products engender.

**Roland Teichmann** Indeed! But as Film Institute, as you may know, we are legally obliged to regularly publish audience cinema attendance figures. On top, we can access figures from Rentrak Corporation, a global media measurement

company serving the entertainment industry, albeit against fees (Rentrak merged with comscore in 2016). In fact, the international figures in the form of visits, sales, revenues, and festival participation numbers are key factors for the success and the relevance of subsidized films. But these are less well recognized in public than the figures on national market shares.

**Alexander Horwath** Okay, but I reckon that these international figures are also only halfway reliable and do say little about the real use via DVD and other contemporary online consumption forms through the new online and video streaming portals that we know of today.

**Roland Teichmann** I would like to come back to another important point we have already mentioned before: I find the idea exciting that we live in times when demands for data transparency become stronger every day. We all want to know more and more fully which money is being used, who benefits, and to what effects the money is spent. And, on top, we live in times of growing competition for public money, money that is becoming increasingly scarce and its allocation ever more competitive. Finally, what do you think about our selection mechanisms for funding? We find that more and more projects are receiving too little money; this is why we need a smart and fair allocation strategy which requires clear criteria to be implemented, right? In your view, which should be the essential criteria for a film to be subsidized by a public funding body like us?

**Alexander Horwath** Perhaps, surprisingly, I would argue that tax incentive models are a good idea to attract money for film. However, this has nothing to do with funding for the arts, nothing at all. To my knowledge, film funding for the arts has had a difficult time to develop, and, lately, film culture is increasingly being questioned again. And this has certainly got to do with digitization and the changed forms of communication in society.

It is state film policy and government subsidies to stop and revert this trend. And this can only be done by involving the entire film sector. This is not just because it is directly related to my past activities, but because one can see through film history that strong, outstanding quality of individual works and individual careers and *oeuvres* of film makers have emerged because the *whole* film culture of a society made this happen. The great epochs of the avant-garde film have not simply emerged coincidentally, but are associated with institutions, with structures and with critics and magazines that have exchanged over these films. Today, in Austria, however, I see film funding mainly as an economic struggle of people working in an industry where money has become the one and only “production factor” for creativity. Well, to return to your question, I believe that, for the size of our country, we face one big problem: too many films are publicly subsidized, and far too little amounts of public money and support are invested into film culture as a whole. Here, it is important to know how much public money is invested into the media and entertainment industries at large, be it TV, film, cinema, or else. What is actually paid out as media subsidies to the industry as a whole? If you look at how much

money public broadcasting gains from obligatory audience fees collected, subsidies to film as an art form only account for three percent of that money (600 million euros are collected from broadcasting fees, whereas only 20 million are spent by the Film Institute, as annotated by the interviewer). And the films funded have 1.000 spectators only? I follow the speech you recently gave at the Film Academy and in which you decided to take a strong stand against the tendency to economize film funding in general. But I do not believe you or anyone else would say that film is only to receive public funding if there is a clear proof that these funds only go out as funding for film as an art form. I think Austrian filmmakers face too little competition. In almost every other European country, producers have to overcome higher hurdles to receive support. This may surprise you now, but I believe that large numbers of films in Austria have been realized much too quickly in order to economically sustain the production companies. And money is given out too easily. And at the same time, the producers are meant to be blamed for this malaise too. They are, of course, to a certain extent, because they are submitting their projects in line with the requirements, but, as a matter of fact, the decision about whether or not a production is subsidized is practically exclusively made by two or three funding institutions, their juries, and their managers. This is not a satisfactory situation. It is therefore necessary to create forms of communication in which *real* accountability and transparency can take place.

What I am criticizing is that the communication between the funding bodies and the beneficiaries is much too anonymous. Accountability of success of the schemes is apparently a big problem. In fact, these shady, often untransparent practices and the institutional structures that carry them are a nuisance, and I believe it is at least worth trying to be much clearer about this because the funding bodies shape the face of Austrian film to an extremely high degree. I do not want to say that individual artists are incapable of producing good films. Michael Haneke, Ulrich Seidl, or Jessica Hausner came that far mainly due to their talent, abilities, and skills. Without state subsidies, however, talent careers would have stopped too soon. Haneke's trajectory as an artist is the best proof that long-term public support via subsidies can enable an outstanding oeuvre that would not have been created if the audience numbers of his first few films had been used as the sole measure of his films' value. His first feature films had no commercial success at all in Austria. But funding bodies applied different measures of value such as international festival awards and success with both Austrian and international film critics. Thus, Haneke's work could develop over a longer timeframe and eventually led to a career which can certainly be deemed artistically *and* commercially successful, as far as "art-house" cinema goes. This is a subsidy tradition which I continue to find valid and which one should also pursue in the future. But it is always a matter of accountability vis-a-vis society at large. Subsidy schemes that are based on a stated *cultural* mission should not, by a sleight of hand, turn into a routine service for an *industrial* sector. I'd rather keep the arguments apart and introduce two separate subsidy schemes—one to support the business of film, the other to support the art of and culture of film. There are valid arguments to be made for both; and the respective results of such subsidy schemes could then be responsibly measured according to their own logics—instead of the muddled discourse that seems prevalent now. Again, I would call these accountability concerns as extremely important. And I do this because

I want to point out that this would also imply a somewhat “harsher” treatment of subsidy applications, a type of policy innovation that is really tackling with the issues in better ways. We can either continue moaning about the current policy practices of “muddling through” or focus more concretely on what film and cinema would today really need and on what filmmakers would really require in the digital era.

**Roland Teichmann** Yes, and recent changes in the economies of film, which threaten existing business models (trends such as technology convergence, declines in DVD sales, and the rise of digital downloads and the emergence of streaming portals, etc.), do not only affect the financing of film but also the ways film is now migrating into the net content, right? But in which form? This issue was massively debated at the Cannes Film Festival, also by Pedro Almodovar, who resided as president of its main competition jury, when he complained that a movie of *Netflix* or *Amazon* gets no prize, because it does not come from the cinema.

**Alexander Horwath** He has taken that back, didn't he?

**Roland Teichmann** Yes, he did. But still, that was his first message! This issue of competition between classic cinema and VoD is one of great concern. You have already mentioned it before: far too many films come to the cinema, and cinema becomes something like a “water heater”; the films cannibalize themselves with the audience. At the same time, there is a growing online market.

**Alexander Horwath** And their offers are not at all satisfactorily structured. When something offered by *Netflix* and *Amazon* is not well publicized, which libraries may be accessed and which may be not?

**Roland Teichmann** Do you see a fusion between what happens in the Internet and what is developed, financed, and exploited by the great American players and the European cinemas? Are cinema and VoD two separate worlds? Does content follow the appropriate form?

**Alexander Horwath** I think that cinema is a format of film distribution that will continue losing its audience appeal, such as theater will be for theatrical plays. Nonetheless, these traditional forms of arts distribution have long thrived without public support. Now that cinema is losing its importance, we should not stop doing it. Because cinema still attracts different people at the box office, it creates different perceptions of a wide variety of works of creativity. And this does not seem to lose its legitimacy at all. Still, while online consumption is growing fast, cinema as an art form now becomes like a theater or a concert. This also makes it possible to prescribe clearer funding structures. Film as art and its support respectively will have to live with the idea that it will become a smaller segment in the overall game of promoting culture. But film designed for “art-house” cinema has got a lifesaving power. This can be proven by growing importance of film festivals around the globe. And the success of festivals will not disappear so quickly, so cinema, the

classic, regular cinema, and the number of cinemas in a city will survive. Subsidies can be complementary, but they cannot change things for the better. In this respect, one has to live optimistically and positively with the historical changes that are currently happening and also accept that there are fewer and fewer sites where cinema will give space to the public who want to watch a movie.

To conclude, I would like to stress that public film funding is at the center of a complex interplay of powers. Economic support, tax incentives, and clearly differentiated financial support for art-house films need to be rightly defined in order to be culturally effective. The powers need to be balanced out carefully.

**Roland Teichmann** Well, let us please stop here. Thank you very much for this interview.

**Alexander Horwath**, b. 1964; curator and writer on film and the arts; director of the Viennale—Vienna International Film Festival (1992–1997); curator of the Documenta 12 film programme (2007); director of Österreichisches Filmmuseum—the Austrian Film Museum (2002–2017); several book publications; member of the Akademie der Künste, Berlin.

**Roland Teichmann** LL.M., is director of the Austrian Film Institute. After initially studying history, political science and ethnology at the University of Innsbruck, he obtained a law degree at the University of Vienna. Among many other functions, he is member of the board of the Austrian Film Commission, board member of European Film Agency Directors (EFAD), advisory board member of Film Industry Support Austria (FISA), national representative for Austria at Eurimages and member of the European Film Academy (EFA).