The Czech film industry since 1989: from the state monopole to the important privatization

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Subject: The Czech film industry since 1989: from the state monopole to the important privatization

Problematic: How the cinema industry follows the general economic transformation in Czech Republic between 1989 and 2013?

Introduction .................................................................................................................................................. 2
I. About changes in the Czech cinema industry since 1989: on the way to privatization and globalization .................................................................................................................................................. 4
II. Prague and the Czech cinema industry: cultural industry and metropolisation ................. 8
III. Perspectives and limits of the Czech film industry ................................................................. 11
Conclusion .............................................................................................................................................. 14
Bibliography ........................................................................................................................................... 14
Appendice : ............................................................................................................................................. 15
**Introduction**

“The film industry is a business like any other”¹. This quotation from the last Czech president Vaclav Klaus shows the situation of the cinema industry in Czech Republic nowadays. The country of many famous producers since 1920’s² from Karel Lamac³ to Viru Gunaratna⁴ knows a lot of restructuration in its cinema, as the other economic sector. Indeed, the cinema industry became an important source of financial gain and especially since the fall of Communism. That is to say, the cinema will be not mostly seen as a cultural activity but as a business activity to prove the Vaclav Klaus’ thinking. In this paper, our interest is not about Cultural geography⁵ but about the Geography of culture. The difference between these two sections in the geographic world is the basis of our essay. Cultural geography in the tradition of the French geographic school with Paul Claval⁶ and Joël Bonnemaison⁷ deals with representations and identity according to the place. Some people as Augustin Berque⁸ wanted to put the culture as the central point for a geographic analysis. But others like Roger Brunet preferred to consider the culture as one factor among many others, for example economy or politic. On the opposite side, the Geography of culture seems to have a different vision of the culture. English geographers more especially are into this like Allen J. Scott⁹ who doesn’t think the culture as an art but as a cultural industry. They focus on the economic impact of the cultural industry, for examples theatre, cinema, museum, on space and place¹⁰.

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³ Czech producer in 1920’s
⁴ New czech talent for cinema in 2012
⁵ Or Cultural geography and Kulturgeographie
¹⁰ Calenge, P. (2004) «Pour une géographie de la production des biens culturels». *Géographie et cultures*. n°49 Economie et Culture : nouveaux enjeux géographiques?
Our specific topic comes from this school of geography of culture because we decided to study the Czech film industry since 1989, from the state monopole to the privatization, through a global perspective of geography about the film production. We choose this subject in connection with our interest for our master thesis and because we can observe directly what happens in Prague about the film production through our Erasmus semester. The issue is about the Czech film industry. We focus only on the production of films and not about all of the cinema industry. Actually **cinema industry** is including “Production, exchange and communication around films, that is to say the three sections of the cinematographic sectors: production, diffusion, exploitation”\(^\text{11}\). I decided to focus on the production because I think that it will be very interesting to study it as a geographer and not as cinema specialist. I would like to establish mapping of the film production in Prague as a case study. So my problematic is: How the cinema industry, the film production, follows the general economic transformation in Czech Republic between 1989 and 2013? The cartography of the film production involved with the economic transformations that is the link we would like to prove. First, we study changes in the Czech cinema industry since 1989 to 2013: on the way to privatization, then we concentrate on Prague and the Czech cinema industry: metropolitan phenomenon and finally we analyze the perspectives and limits of the Czech film industry.

I. About changes in the Czech cinema industry since 1989: on the way to privatization and globalization

A. During the communist era: the cinema industry under the state monopole

Before the fall of communism in 1989 in Czech Republic and mostly after the independence of the Czech Republic in 1993 after the division of Czechoslovakia, the film production was an important part of the state monopole. At the beginning, under the socialist regime in Russia, Lenin considered “cinema as the most important art”\(^{12}\). Since the 11\(^{th}\) August 1945, the film production was nationalized\(^{13}\) in Czechoslovakia. The studios in the country were under the communist regime and Barrandov studios were, for example, reorganized to be exactly in the communist way. The communist era knew also a lot of censorship of Czech films and foreign films\(^{14}\). We estimate that half of the films produced\(^{15}\) were not shown because the regime prohibited the diffusion. The producer Frantisek Vlacil who produced Holubice in 1960 was especially censored. If we create a map of the film production places, I think that they were only in big cities during the communist era. Producers were not allowed to create studio by themselves, everything needed to be controlled by the regime. In fact, this is a method for the regime to produce where they want and what they want.

The film production knew a prolific era in which around 30 films were produced per year, mostly in Barrandov studios. Actually, the majority of these films were propaganda films or films without real interest because most of the good producers were censored. Often, producers decided to leave Czechoslovakia like Forman to keep on producing good films abroad. Since 1960’s, Czech producers tried to be more self-contained to produce what they want and where they want. They also tried to be known out of the East- Bloc and wanted to participate to west cinema festivals but it was very difficult. The market was small in East-bloc and totally closed to the west-bloc market. However producers wanted to change the film production’s structure, so change the geography of the production, almost by a delocalisation of the film production outside of State studios. Since the end of the 1960’s, producers would


\(^{15}\) Ibid.
like to create small production company in which we can produce around 5 films per year

Finally something began to change in 1980’s with the era of “détente” wanted by Mikhaïl Gorbachev. The film production was gradually denationalized and the state monopole to the culture decreased also until the end of the communist regime.

**B. After 1989, the restructuration of the cinema industry: on the way to privatization**

The geography of film production in the world changed with the end of the East-bloc in Europe because borders are now open and producers can go everywhere to shoot. Why is it so important for Czech Republic? The most important reason is that Czech producers who shoot abroad and foreign producers can again shoot in Czech Republic without state control. Nevertheless, this opportunity to produce in Czech Republic arrived while a striking crisis happened in Czech film production. Czech state decided to privatize the cinema industry, sell studios and productions companies to private firms. So, during the beginning of 1990’s, the film production in Czech Republic decreased around half per cent with around 15 films per year (to compare with 30 films per year during communist regime). For example in 1993, 14 films were produced in Czech Republic. But after an increase in 1995, the film production came back to 13 in 1998. The most important reason of the decrease is the lack of state money because since 1989, state did not support any more the film production. The film production needs an important budget, that is why if producers do not have state support, it becomes very difficult to produce films. Joël Chapron wonders in his article: without help, which cinema can we produce? This question represents the central topic for producers in 1990’s.

The restructuration of the cinema industry was made through different processes: denationalization, privatization and opening to competition. First Czech state with the president Vaclav Havel stopped to be the owner of the studios and stopped also to support the film production. That is why the film production in Barrandov studios at the beginning of the 1990’s was insignificant, for example one foreign film in 1990 and two in 1991. Before the

16 Liehm, Mira et Liehm, Antonin (1989), Les cinémas de l’Est. De 1945 à nos jours. (Opus quoted)
19 Number from the Lumière database
end of the communist regime, some foreign films were already produced in Czechoslovakia. For example Amadeus from Milos Forman was produced in Prague, even if the borders were closed. Then, Barrandov studios were privatized and with private funds, the studios managed to attract producers to shoot in Czech Republic. They succeeded well and gradually Czech Republic had a better situation with 16 films produced in 1999. Privatization means that a company became the own of a private owner and not any more a public resource. One other important fact was the opening to competition with the world and mostly with central European countries. Hungary and Poland are identified as the most competing countries. In 2000, when Czech Republic produced 13 films, Hungary produced 21 and Poland, so we can deduce that these countries are more attractive than Czech Republic. Nevertheless, we need to be careful because the restructuring of the cinema industry was made by state, so the film production depends also on the engagement of the state. Apparently, the state was more active in Poland and in Hungary and especially in 2000’s.

C. The new decade (2000’s), the cinema industry as a globalized industry

In 2000’s, the Czech cinema industry became a real globalized industry. Why do we use this term? Globalization is connected with internationalization “refers to a growth of transactions and interdependence between countries”\(^25\), liberalization “a process of removing officially imposed restrictions on movements of resources between countries in order to form an ‘open’ and ‘borderless’ world economy” and westernization\(^26\) “as a particular type of universalization, one in which the social structures of modernity (capitalism, industrialism, rationalism, urbanism, etc.) are spread the world over, destroying pre-existent cultures and local self-determination in the process”. The next figure illustrates how the restructuring of the Czech film production is a part of the world process of globalization. There are a lot of exchanges between several countries through the non-Czech producers and private companies. Nowadays, there are more money transfers that contribute to film production in Czech Republic. Many private companies support Czech film and foreign film production. Now we can focus on the case of Prague to understand the importance of a capital in the film production in Czech Republic.

\(^{23}\) Number from the Lumières database
\(^{24}\) Ibid.
\(^{26}\) The three concepts were also developed during different courses; contemporary human geography of Czechia
The cinema production in Czech Republic: Restructuration of the system since 1989

Legend

- **People acting in film production**
- **Contribution to production**
- **Money transfers**
- **State support (support for the production through the institution)**
- **Support to Czech culture (historical reason…)**
- **People producing films (directors and employees from the studio)**

A. Volin (2013)
II. Prague and the Czech cinema industry: cultural industry and metropolisation

A. Prague is the most important Czech center for the cinema industry

How could we prove that Prague is the most important centre in Czech Republic for the Czech film industry? What is the special connection between this 1.3 million inhabitants city and an important film production? In fact, there are many reasons and the first one is the dominant position of Prague in Czech Republic through historical reasons. Prague was the capital of the Bohemian Kingdom since 1198 to 1918. Now Prague is always the most important economic, politic and populated centre in Czech Republic. That is also why the biggest Czech studio was constructed in Prague, in south-west of Prague, Prague 5 in a very huge space. I create a map with the entire city of Prague and the location of Barrandov studio in the city, to show where the studios are exactly (Appendice). We could also find a lot of others studios for production and post-production, for example: Gatteo studio in Hostivar, Stillking in Hlubočeny, Negativ in Nove Město or Pokrok in Žižkov. In Barrandov studios only, we can observe the number of production per year in figure 1.

![Number of film production in Barrandov studios](image)

**Figure 1**: Number of film production in Barrandov studios (Prague, Czech Republic) 
[Conception and realisation: A.Volin, 2013]

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29 Number from the website of Barrandov studios
In 2000’s, the number of film production was high even if there was a decrease of foreign film because many of foreign producers went to Hungary. We will talk about this in the second part of this chapter.

It is important to understand what are the reasons to choose Prague for shooting? During an interview with the dean of the Czech film commission, she gave me several reasons. First, locations in Prague are beautiful and very different with historical building, cultural building, with parks and so on. Producers can also have countryside very closed to Prague in Central Bohemia Region. For example the National Museum appears in Casino Royale from Martin Campbell (2006). This argument proves the connection between space and place, so geography, with the film production more considered as art study usually. Secondly, Prague attracts productions companies with production and post-production studios. It means that a producer can entirely make his film in Prague. Third, people and cinema crew “are renowned for their skill and creativity” with a lot of different jobs (technical job: for light, creative job: costumes, casting agency…). Moreover actors and producers can stay in Prague during the shooting in hostels and eat in famous restaurants. Everything is concentrated in the Czech capital. Prague became a metropole which constitutes «espace urbain qui tout en permettant la participation des acteurs aux processus d’échelle mondiale, reste une société locale».

As a metropole, Prague attracts value-added production like film production. Is the dominant situation of Prague in Czech Republic the same in central European Europe? What are the other film production centres?

**B. Statement of Prague as an important European center for the cinema industry**

With the fall of communism and the opening of the borders, capitalism came in Central Europe, through privatization of industrial companies and increase of services sector. We can establish a link with the increase of the importance of film production in central European countries. A lot of possibilities are now offered to producers to shoot where they want. In this liberalization, that is to say that state doesn’t control the market, the concurrence between cities to attract producers increased a lot. Prague and the Czech Republic are mostly in concurrence with Poland and cities of Łódź and Varsovie, also with

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29 Interview on 29th April 2013 with Ludmila Claussova, Dean of the Czech film commission
30 Quick guide to shooting in the Czech Republic, books made by National Film Archive (2013)
33 In connection with courses in Contemporary human geography of Czechia
Hungary and city of Budapest. The concurrence with Slovakia does not really exist because the structures for producing were destructed in Slovakia after the independence in 1993. Romania held also as a competing country with the city of Bucharest.

Why are the reasons to produce in these countries? The answer is that for the same reason to produce in Prague and mostly because it is cheaper to shoot here than in Western Europe or America. Producers can find beautiful and different locations, big crew, structures to shoot (studios and post-productions studios) and financial incentives. Even if Hungary and Poland had incentives before Czech Republic, this country keeps on producing films because Prague has a good reputation and an important historical background which are significant for producers. The number of coproductions produced in Prague explains also why Prague is always a competing city. Producers from Scandinavia, France or Germany appreciate to shoot in Prague. For example *Faubourg 26* from Christophe Barratier (2008) was shot in Prague or *La Môme* from Olivier Dahan (2007), which represent important movies in France. In truth, the most important reason to shoot in Prague is money. In this way, Prague joins the global mapping of film production with big production centre like Hollywood and some small production centre like Budapest.

**C. A new competitive center for the cinema industry: Prague versus Hollywood**

In global geography of film production, we can observe there is one big centre: Hollywood. That is why Kristian Feigelson talks about “American hegemony and European concurrence”\(^\text{37}\). It is the most famous place in the world to produce. Then we can observe the important position of India in Asia to produce and Paris and London are the most important locations in Europe. Some American investors come to Prague to buy production companies because it is cheaper and the crews appear well-trained. For example Rick Macculum founded his own production company called Film united in 2013, company which is located in Prague\(^\text{38}\). What about the perspectives for the film production in Prague because the concurrence increases always and Czech producers do not have state support? How can they manage to stay competitive? What are the limits of the Czech film industry now? More fund? Decrease of Czech film production?

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\(^{35}\) “I mean of course it is still cheaper than somewhere else like in USA” Interview with employees of the Czech film Commission, on 20\(^{\text{th}}\) march 2013


III. Perspectives and limits of the Czech film industry

A. The concurrence with the other central European cities: Prague VS Budapest

At the beginning of 2000’s and until 2004, Prague was the most competing city in Central Europe to produce. We can observe a decrease of films produced in figure 1 (Appendice). In 2004, Czech Republic produced 16 films and Hungary 25. In 2005, Czech Republic produced 15 films and Hungary 20\textsuperscript{39}. After 2004, Budapest became more competitive than Prague thanks to the new tax incentives. Some state support help film production through state money\textsuperscript{40}. However the fund is not so important and Hungary TV does not support the film production contrary to Poland. State support\textsuperscript{41} is for Hungarian film and also for coproductions. That is to say that foreign producers like German, Italian or Greek have an interest in producing in Hungary and not in Czech Republic.

The competition\textsuperscript{42} is especially between Prague and Budapest because there are comparable cities. Producers can find same locations with historical buildings and beautiful countrysides, same crews and structures (studios). So the most important argument focuses on incentives. A lot of cinema specialists in Czech Republic think about this concurrence and how to attract again producers in Prague. The Czech film center was created to attract foreign producers in Prague with the mission to “promote Czech film and industry abroad”\textsuperscript{43}. Finally, the most important argument to attract producers is money. Czech producers wanted a new law about film production support for a long time ago. They succeeded in 2012 with the new film financing law.

B. The new situation in East Central Europe with Czech new law

Since the 19\textsuperscript{th} December 2012, Czech Republic had a new film financing law. Until 2012, there remain only two countries in European Union without state support: Czech Republic and Slovakia. The situation was very uncomfortable for Czech producers and they had to fight during a couple of years in order to the law was voted. Actually the last Czech president, Vaclav Klaus refused to support the film production\textsuperscript{44}. He considered cinema “is a

\textsuperscript{39} Number from Lumières Database : http://lumiere.obs.coe.int/web/search/index.php, seen 19th of mai 2013
\textsuperscript{40} Feigelson, K. (2006) «Le cinéma à l'Est. Des politiques publiques fragmentées.» (Opus quoted)
\textsuperscript{41} Iordanova, D. (1999) «East Europe's cinema industries since 1989: financing structure and studios» (Opus quoted"
\textsuperscript{43} Interview with Jan Cernik from the Czech film center, on 25\textsuperscript{th} of March 2013
business like the other”. The parliament accepted the new law last December and now Czech Republic have tax incentives.

First, every producer can have 20% rebates to the final budget if the film is produced in Czech Republic. Second, Czech producers can have money from a Czech cinematography fund. This fund promotes the development of Czech cinema, helps the production and post-production and also contributes to the digitalisation of films. This second fund is reserved for Czech producers and Czech coproductions (minority or majority)\textsuperscript{45}. We don’t know yet how many CZK, will be distributed but at least it will be not a lot. It constitutes a help for producers (foreign and Czech), nevertheless Czech producers need always to find other support. It means Czech producers take funds from private companies. Oftenly private companies want to support a certain kind of films (comedy, action films, romance…). Czech producers want keep on producing art movies, but with which support?

\textbf{C. Which future for the Czech cinema industry: culture or business}

As geographers, we could think about the connection between production and place’s production. This topic can be seen through different geographic processes like globalization and metropolisation. Prague knows, for almost twenty years, big transformations in her economic system with an important increase of services. In this way, certain sectors like film production are now considered more as an economic activity than a cultural activity. This is a good question in connection with the changes of consumption behaviour and also with the global exchange of informations in the world. Prague became a big capitalist city in Central Europe. The position closed to Germany and Austria gives her more chance to attract producers. We can consider culture still exists through the cinema festivals. In Czech Republic, the most important events are festivals in Karlovy Vary and Plzen\textsuperscript{46}. We can also mention Czech centres\textsuperscript{47} in Prague and in 21 other cities in the world, for example Berlin, Paris, New-York and so on. This institution presents and promotes Czech culture abroad. Culture versus business is not really effective, Czech film production tries to find compromises.

\textsuperscript{45} Ibid. 
Interview on 29th April 2013 with Ludmila Claussova, Dean of the Czech film commission


\textsuperscript{47} Interview with Eva Pribylova, film projects coordinator in Czech centres, on 26th March 2013
Conclusion

Our general problematic was: How the cinema industry, the film production, follows the general economic transformation in Czech Republic between 1989 and 2013? We prove how the privatization and the globalization are present in Czech Republic in a lot of sectors. The film production was also concerned by this change because producers need to find some private support. Since 1989 and 2012, it did not exist state support for film production like in the other European countries. Czech Republic lost some shooting because of the non-state support. Hopefully, since last year, the government decided to support Czech film production through tax incentives and the creation of a new fund for Czech cinematography. Now, we need to wait to observe the results. Czech state and production companies hope an increase of production in Czech Republic. Czech producers hope to have more money to produce art movies, but they seem to be always sceptic.

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Appendice : Map of Prague

Localisation of Barrandov Studio in Prague
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