

The State and Cinema Sector in Neoliberal Turkey: Regulation or Arbitrary Intervention?

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Abstract

“The State and Cinema Sector in Neoliberal Turkey: Regulation or Arbitrary Intervention?”

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for Modern Turkish History at Boğaziçi University, 2019

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This study’s main purpose is to analyze the role of the state in the cinema industry of Turkey with a focus on the laws, regulations, and statistical data. These analyses dwell on the ways in which the cinema sector in Turkey has been influenced by the state policies particularly throughout the 1980s and afterwards that was characterized by neoliberalism and globalization. The analyses are also accompanied by a comparison of the relationship between the state and cinema sector in Turkey with France, the United States, and India. The historical and ethnographic data demonstrates that the Turkish state lacks policies to facilitate the cinema industry growth as a profit-oriented sector; to protect national cinema against the domination of the foreign profit-oriented cinema sectors; and/or to support the art cinema. The Turkish state gets involved in the sector only through some arbitrary and non coherent interventions and through the implementation of neoliberal policies, the sector is essentially abandoned to the market conditions. This abandonment eventually causes monopolization in various parts of the cinema sector. By highlighting these significantly under researched political economic dynamics, this thesis fills a gap in the literature on cinema in Turkey which so far has focused primarily on its historical and artistic dimensions.

49,500 words

Özet

“Neoliberal Türkiye’de Devlet ve Sinema Sektörü: Düzenleme mi Yoksa Keyfi Müdahale mi?”

Yeliz Özşen, Yüksek Lisans Adayı, 2019

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Doçent Z. Umut Türem, Tez Danışmanı

Bu çalışmada temel amaç, Türkiye’de devletin sinema sektöründe aldığı rolün yasalar, hukuki kararlar ve istatistiki bilgilere dayanarak araştırılmasıdır. Bu analizler neoliberal politikalar ve küreselleşmeyle şekillenen 1980’ler ve sonrası dönemde Türkiye sinema sektörünün devlet politikalarından nasıl etkilendiğini ele alıyor. Aynı zamanda Türkiye, Fransa, Amerika Birleşik Devletleri ve Hindistan’daki devlet ve sinema sektörü ilişkisini karşılaştırarak bu analizler yapılıyor. Bu tarihsel ve etnografik bilgiler Türkiye devletinin politikalarının sinema sektörünü kar odaklı bir sektör olarak gelişmesini desteklemekte, yerli sinemayı yabancı kar odaklı sinema sektörlerinin hakimiyetine karşı korumakta ve sanat sinemasını desteklemekte eksik olduğunu kanıtlıyor. Türkiye devleti sadece keyfi müdahaleler ve neoliberal politika uygulamalarıyla sektöre dahil olurken, sektör piyasa ekonomisinin koşullarına bırakılıyor. Sonuçta ise bu bırakış sektörün çeşitli alanlarında tekelleşmeye sebep oluyor. Bu tez, sinema sektörünün daha önce çok az çalışmaya konu edilmiş bu politik ekonomik dinamiklerini ortaya koymak suretiyle, genelde tarihsel ve sanatsal konulara odaklanan Türkiye sineması literatüründeki bir boşluğu doldurmayı hedefliyor.

49.500 kelime



Üç güzel insana...

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Abbreviations and Acronyms

ANAP	Anavatan Partisi / Motherland Party
BKM	Beşiktaş Kültür Merkezi
CFSI	Children's Film Society, India
CNC	National Centre for Cinema and the Moving Image
COIC	Committee for the Organization of the Cinematographic Industries
EC	European Commission
EU	European Union
Eurimages	European Cinema Support Fund
FİYAP	Film Yapımcıları Derneği / Association of Filmmakers
GATT	General Agreement on Tariffs and Trade
GFFA	Gaumont-Franco-Film-Aubert
IDHEC	Institut des Hautes Études Cinématographiques
IMF	International Monetary Fund
IMP	Independent Moving Picture Company
İKSV	İstanbul Kültür Sanat Vakfı / İstanbul Foundation for Culture and Arts
İFR	İstisnai Filmler ve Reklamlar
MPAA	Motion Picture Association of America
MPPC	Motion Picture Patents Company
NFDC	National Film Development Corporation of India
SE-SAM	Türkiye Sinema Eseri Sahipleri Meslek Birliği / Turkish Cinematographic Work Owners Professional Association
SE-YAP	Sinema Eseri Yapımcıları Meslek Birliği / Film Producers' Association of Turkey

SRFTI	Satyajit Ray Film & Television Institute
TAFF	Tam Aile Filmleri Fabrikası
TRT	Türkiye Radyo Televizyon Kurumu / Turkish Radio and Television Corporation
TÜİK	Türkiye İstatistik Kurumu / Turkish Statistical Institute
UFA	Universum-Film Aktiengesellschaft
UIP	United International Pictures
US	United States
VPF	Virtual Print Fee
WB	Warner Bros
WTO	World Trade Organization



Introduction

First and foremost, Erkan Mumcu had a great influence. In fact, the debate about this law started when Erkan Mumcu was the Minister of Culture. Mumcu came to İstanbul and meetings and workshops were organized with the people in the sector. Mumcu initiated all. Mumcu left the Ministry of Culture when he changed his political goals regarding the upper levels of administration, and the issue was suspended. If he had worked a bit longer, the legal framework would be different today.

Serkan Çakarer¹

The law no.5224 on Evaluation, Classification and Support of Cinema Films, which is mentioned by the Çakarer and has been introduced in 2004, is the first law that specifically targets the cinema sector in Turkey. Çakarer emphasizes the importance of one single person for the implementation of this law and draws attention to the negative impacts of his departure

1 Kültigin Kaan Akbulut, *Kültür Bakanlığı Sinema Destekleri*, 23, <https://www.dropbox.com/s/uj4ikamousukj1/sinema%20destekleri%20e-kitap.pdf?dl=0>.

from his duty for the cinema sector, which has more than 100 years of history and is one of the largest economic fields.

This problematization of the need for the initiative of one single person to implement a law that regulates cinema sector in neoliberal Turkey raises questions as to whether or not the state implements policies for the sector in a coherent and conscious fashion. These questions about state intervention are important because they also open up questions about whether the industry is left to market conditions or not by the state in neoliberal Turkey and the possible outcomes of this for the sector. Based on such line of thinking the main question of this thesis can be stated as follows: what is the role of the state in the cinema sector in the neoliberal Turkey?

The same question can be raised for other industries having economic growth potential in Turkey. However, I especially focus on the cinema sector instead of other industries because of the peculiarity of the cinema sector. The cinema sector is both an art branch and a profit-oriented industry due to its essence differently from the other industries. For this reason, it is subject for both economic and cultural policies of the states. I will explain its difference through expressing the formation of the cinema sector in various countries in the following pages.

In brief, this thesis researches the approach of the state to the cinema sector in Turkey in order to understand the current situation of the cinema industry in neoliberal Turkey.² Some of the main and supplementary questions, which conduce for explaining the state's approach are as follows:

-
- 2 Inquiring into the role of the state in analyzing the political economy of the cinema industry, may cause certain omissions from the research. Transnational cinema, for instance, escapes the research even though it has important effects on the cinema industry. For instance, several Kurdish film festivals hosted in different cities of Europe have a huge impact on the Kurdish film industry. Similarly the formation of Europe wide consortiums on cinema such as Eurimages remains out of the purview of the research. Sub national/ local dynamics may also not be discussed sufficiently due to the focus on the state. For instance, effects of local film festivals for the sector cannot be denied. International Antalya Film Festival, İstanbul Film Festival and International Film Festival which are the most important film festivals in Turkey have different meanings and positions for the cinema sector and their analysis should reveal a lot for the political economy of the industry. However, they are not examined in this study due to the focus of the study on the state.

How have the relationship between the industry and states in other countries emerged and evolved; do the other states have policy-making processes specific for the cinema industry; how does the state's approach to the sector in Turkey differentiate from other countries; what has the overall role of the state for the cinema sector been throughout the history of the sector and in the neoliberal times; does the state's late involvement in the sector by the way of influence of a single person indicate an incoherent policymaking process for the industry in Turkey?

Seeking answers to these questions from a comparative historical and ethnographic perspective, I conclude that historically, the Turkish state has not been developing specific policies for the sector and/or implementing regulations that support profit-oriented and artistic cinemas. Much in contrast to the other countries that will be examined in this study, the only means through which Turkish state has been involved in the sector are some arbitrary interventions that mainly focus on taxation and censorship. This approach of the state has been continuing also after the 1980s, when the state has shifted to neoliberal policies. Neoliberal policies, lack of state regulation and arbitrary and incoherent interventions coming together have paved the way for the dominance of market economy conditions in the cinema industry. As a result of such unregulated conditions, a very high concentration of power in the hands of the Mars Group has emerged particularly in the distribution and exhibition fields, despite the frequent emphasis on the necessity of competition in the cinema industry. Moreover, the economic dominance of the Mars Group in the distribution and exhibition fields has given control power to the company in the production field. Other companies have not been able to compete with the Mars Group as a result of such market dominance. Consequently, the neoliberal processes have resulted in the formation of a monopolistic structure in the cinema sector of Turkey. The hegemony and monopolization in the sector has severely reduced diversity in the sector both economically and culturally. Finally, the purchase of the Mars Group by a foreign company is also an indicator of the effect of globalization and neoliberal policies because with one single purchase the impact of foreign capital increased significantly in the cinema sector of Turkey, making a foreign corporation truly dominant in the industry.

In order to unpack all these processes, industrialization of the cinema should be summarized to explain how the cinema, which is an art branch, becomes the subject of economy.

§ 1.1 Industrialization of an Art Branch

Today, the cinema sector creates employment for thousands of people all over the world. With technological developments, cinema takes on different forms, production in the cinema becomes easier, and films are becoming more consumable and increasingly accessible. The cinema sector, which is one of the most important subjects of large commercial agreements, is now a priority sector in the economic plans of states because of its profitability. As the Hollywood is the first establishment that comes to mind when the subject is the cinema as an industry, the sector is a central industry for many other countries other than the United States.

How has the cinema turned into one of the most significant profit-making industries while it was described as an art branch? To understand this process, the essence of the cinema should be described firstly. In simple terms, just like other art branches, cinema is a way for imitation of the realities through a tool. The difference of the cinema from other art branches stems from the materials used. As the cinema emerged as a result of technological innovations and invention of industrial machines made shooting and screening possible, the tools of cinema are industrial machines. While the cinema has emerged as an output of industrial mode of production, the industrial machines have made the existence of the art of cinema possible.

As a natural outcome of the fact that cinema is an industrial product, there is a capitalist system of production, distribution and consumption in the sector. Having access to the means of production and exhibition in this art branch depends on owning capital. Because of that, essential machines for production and exhibition and means of production of these machines have historically belonged to certain capital owners, who generate surplus value as a consequence of the consumption of films. To be sure, there was a tendency among these owners for increasing their profits just like the investors in any other

commercial goods and throughout the time, the owners have invested in technologies for profitable production and consumption. The mass production of raw materials needed for filmmaking, reproduction films and mass consumption that became possible by screening of films to masses all started as a result of the developing technology.

In brief, cinema's emergence as an industrial production created an environment for this art branch to become commercial commodity by getting involved in the capitalist form of production. Throughout the time, particularly as a result of Fordist production system, the art branch turned completely into a profit-oriented sector and today it is one of the biggest and most profitable industries in the world. The example of French cinema sector is representative of the ways in which the sector has evolved as "French cinema was the first to organize its own film industry."³

Film screening, projectors, movie cameras, cinema halls did not come into existence suddenly. The technological innovations, which provided conditions for the emergence of cinema, were sought in different countries for many years.⁴ However, the concept of cinema started to be used with the development of cinematography in France in 1895. The technological development was one of the most important steps for massification and industrialization of cinema. The first screenings, which brought cinema and society together for the first time, showed that the film screenings could be done to crowds, films would reach all the people with mass screenings and these screenings would

3 Remi Fournier Lanzoni, *French Cinema: From Its Beginnings to The Present* (New York: The Continuum International Publishing Group, 2008), 25.

4 The beginning of 19th century is taken as times of inventions of first equipment which underlies projectors. Chronophotographic camera, Photophone, Zoopraxiscope, Kineopticon are some tools, which were made between the 1830s and 1880s, before starting to project films to crowds. (Lanzoni, *French Cinema*, 36.) With developing of those tools, Kinetoscope, which could be used individually, was designed by American Thomas Edison in 1893 and was used firstly at Brooklyn Institute, in the New York City. In 1894, the projector component, which made possible screening to large audiences, was invented by British Robert William Paul. (Lanzoni, *French Cinema*, 26-27.) One year later, Lumière brothers invented cinematograph from kinetoscope and the first projection to a crowd with cinematograph was made in Paris by Lumière brothers. (Lanzoni, *French Cinema*, 28-30.)

bring loads of money. This process brought the entrepreneurs to recognition of cinema as a profitable business. In this way, cinema sector has spread and been massified for making much more money in different countries.

In France, until 1906, film screenings were made generally in beer-houses, city halls, saloons etc. which were not designed specifically for film screenings.⁵ In these times, there were two different target audiences: While some screenings were held in places where the high society used to go, some other screenings were more accessible by the poor.⁶ For instance, after the first screening of Lumière brothers in a café in Capucines Boulevard, which was a center for the lives of high society, they opened four other Lumière saloons which were not specifically designed for film screening in Paris until 1897. These saloons were for the high society because of being in luxurious places of the city and their previous usage by the rich.⁷ So, it can be deduced that Lumière brothers targeted rich audience.

On the other hand, we know that cinema has become a cheap source of amusement for the people in due course, and it reached masses for the first time by the travel of cinema in France. In explaining this process, Jeancolas refers to the screenings in fairs and describes their structures. Fairs were of central importance in France especially before 1914. The mobile fairs with their huge materials were established in cities, laid on entertainment for the people, and surrounded the cities for weeks. They travelled particularly from one rural province to another and their customers were usually from the common people. The films were being watched generally by poor people, soldiers and unemployed people in these fairs rather than the rich like bankers, industrialists. So, cinema reached to suburban people with fairs in its early time in France.⁸

5 Jean-Pierre Jeancolas, "Sinema Salonunun Doğuşu ve Gelişimi," in *Kentte Sinema Sinemada Kent*, ed. Nurçay Türkoğlu, Mehmet Öztürk and Göksel Aymaz (İstanbul: Yenihayat Kütüphanesi, 2004), 14.

6 Nijat Özön, *Sinema El Kitabı* (İstanbul: Elif Yayınları, 1964), quoted in Pelin Düşteğör, "Sinema ve Sinema Mekanlarının Tarihsel Gelişimi ve İstanbul İlinde Yer Alan Sinema Mekanlarının İncelenmesi Alışveriş Merkezleri Üzerine Değerlendirme Çalışması Sinema" (master's thesis, Yıldız Teknik University, 2001), 19.

7 Jeancolas, "Sinema Salonunun Doğuşu ve Gelişimi," 11-12.

8 Jeancolas, "Sinema Salonunun Doğuşu ve Gelişimi," 14-15.

In general, the working-class audience was the main target in the beginning and the films, which attracted a popular audience, were made by the Société Pathé Frères Company. The company, which was established in 1886, had the goal of achieving mass production for a popular audience, increasing public demand for their products. By increasing projectionists through its expansion, this production company became the largest company of the world in a short time. Even though new production companies were established, the Pathé continued to be the largest because it provided fast productions through technological developments and establishment of new film studios. In addition to this, it also became a supplier for other countries by being part of a branch network with other European companies and having a partner in the US.⁹ For instance, Hispano Film in Spain, Pathé-Russe in Russia, Film d'Arte Italiano in Italy, and Pathé-Britannia in Britain were some of the production companies of the Pathé company in different countries.¹⁰ All these are indicative of how much the company expanded. In addition to these, after 1907 it started to take part distribution and exhibition fields with purchasing cinema halls in addition to the production field. So, the company, which existed in three fields of cinema and in different countries, caused an expansion of French cinema with its growth policy. For instance, the domination of French films in the US and also around the world can be seen in the statistics on production before World War I.¹¹

So, the history of the Pathé company is part and parcel of industrialization of cinema. While on the one hand, the Pathé company made cinema accessible to large masses and made it an art of people; on the other hand, cinema started to become an industrial area through being increasingly involved in capitalist relations in line with the economic interests of the company. Of course, there was not only the Pathé company but also many other film companies such as

9 Lanzoni, *French Cinema*, 37.

10 Roberta Pearson, "Early Cinema," in *The Oxford History of World Cinema: The Definitive History of Cinema Worldwide*, ed. Geoffrey Nowell-Smith (Oxford: Oxford University Press, 1996), 14.

11 Lanzoni, *French Cinema*, 37-38.

Méliés Film Company, Lumière's, Edison Manufacturing Company, Vitagraph Company of America etc., in France and other countries.¹² They all went through the same process which caused industrialization even if not all of them had the same level of growth.

So, in brief, usage of industrial technologies, which were improved by the film companies through investments, and industrialization of the structure of production, distribution, and exhibition to reach large audiences were both underlying features of cinema and root causes of industrialization as summarized by Geoffrey Nowell-Smith who is a scholar in film studies. As a result of these features, cinema has become an international industry with spreading to the whole world and it started to be shaped by interrelated commercial interests.¹³ In other words, the main features of cinema differentiate it from other art fields because of its roots in the industrialization which caused much-debated conflict for many years arising from the separation of cinema as an art and a profit-oriented industry.

§ 1.2 Methodology and Plan of Thesis

In the light of these core knowledge, this thesis seeks to answer above-mentioned questions in four chapters. In the second chapter, the cinema sectors of the US, France and India are examined by a historical comparative analysis in order to see three different state positions in relationship to the cinema industry. Particularly the legal structures of these states will be taken as a basis for analysing the approaches of the states. The main questions addressed in examining the state position in these countries are: How do the states act to strengthen and support profit-oriented side of the industry; how much do the states intervene to protect the art cinema in the times of commercialization; how do the protectionist approaches persist for both protecting national profit-oriented cinema against the domination of foreign profit-oriented films; and how the art cinema is protected against profit-oriented films in the face of

12 Pearson, "Early Cinema," 14.

13 Geoffrey Nowell-Smith, "General Introduction," in *The Oxford History of World Cinema: The Definitive History of Cinema Worldwide*, ed. Geoffrey Nowell-Smith (Oxford: Oxford University Press, 1996), XIX.

the domination of the neoliberal policies and globalization. This analysis indicates that the US has approached the cinema sector as a profit-oriented industry, France has tried to protect national cinema and support art cinema, India has stood in the middle ground between two states, and it is closer to Turkey than the other two countries in that it is a late developing context both in terms of its overall economy and its cinema industry. State intervention and regulation can be seen in all three countries to varying degrees and I will make use of the comparative frame to highlight the peculiarities of the Turkish case. The differences and similarities of state intervention are crucial, in other words, to explain the position and policy-making process of the state in Turkey as will be seen in the following chapter.

So, the three different countries will provide a basis to locate the state of Turkey in relationship to cinema sector in the following two chapters. In the third chapter, the development of the cinema sector in Turkey until 2004 is analysed with a focus on the relations of the state with the sector. It will be shown that, different from other states, the state of Turkey did not establish a relationship with the cinema sector except for the purposes of taxation and censorship. Until the 1980s, it did not approach cinema as a profit-making industry or a field that needs to be supported and regulated. This means that the industry was left by itself in Turkey, and it took shape and grew according to its own conditions. Therefore, the beginning of the implementation of neoliberal policies and the emergence of the effects of globalization will be taken as a breaking point for the cinema industry. The 1980s, which mark this transition to neoliberalism, will be analysed as a transition period at the end of the chapter in order to be able to explain the next period of the cinema sector better.

The period between 2004 and today is explained in the fourth chapter. This chapter focuses on the effects of neoliberal policies and globalization for the cinema sector in Turkey after 2004, and it emphasizes continuities and ruptures among the neoliberal and prior periods. The main aim is to describe the relative position of the state to the cinema sector in neoliberal. In order to do this, I will address the state aids and approach of the to the integrations and mergers by examining legal cases and statistical information. The examples of incoherent policy-making process of the state reveal that the state approaches

the cinema sector neither as a profit-making industry nor as a need-to-being supported artistic field. In the end, it will be demonstrated that neoliberal policies and globalization pave the way for foreign-capitalized monopolization in the cinema sector in the absence of state regulation caused by incoherent policy-making process of the state. For instance, the state did not implement antitrust laws in the case of the Mars Group, did not support cinema halls for their digitalization, promoted shopping malls which also include cinema halls, did not support independent cinema to protect it against the profit-oriented branch of the industry. All of these eventually led the way for monopolization in the cinema sector.

So, throughout these three chapters, the relationship of the state with the cinema industry in Turkey will be analyzed by comparing it with the other states and by examining historical developments in Turkey which reveal absence of long-term, coherent policy-making process for the industry. Consequently, the emergence of monopolization in the sector as a result of absence of state regulation will be underlined.

Finally, the last chapter outlines the findings derived from personal in-depth interviews conducted with eleven non-state actors of the cinema sector in Turkey. The aim of interviews is to examine how historical and ethnographic data explained in the previous chapters are interpreted by the actors in the cinema industry. Also these interviews are useful in pointing to how the actors in the field perceive state involvement with the sector and in highlighting whether the problems of the sector are attributed to the policies of the state. These interviews provide a different angle to the situation in the industry. The interviewees are chosen from mainstream producers and distributors; independent producers, directors, writers, academics and activists; and distributors and exhibitors who hold a liminal position between mainstream and independent non-state actors. Achieving a balanced representation of mainstream and independent non-state actors has been a point of consideration in determining interviewees. The essential points I focus on when analysing the interviews are: How do the interviewees explain the position of the state to the cinema industry after the 1980s; and how much do the conclusions derived from the statistics and written information in the previous chapters correspond to the expressions of the interviewees. Aforementioned topics in the

previous chapters, such as monopolization and vertical integration, censorship, mobilization and political organization of non-state actors of the sector, cinema halls in the shopping malls, have been brought to discussion during interviews. The interviews suggest that the non-state actors also take issue with the absence of state intervention and the consequent concentration and monopolization in the industry.

Consequently, lack of state regulation or intervention to protect or support the cinema sector either as a profit-oriented sector or an art branch in Turkey is explained throughout these chapters. The incoherence in the policy-making process that arises from the absence of economic and cultural policies pave the way to the arbitrary interventions of the state. This lack leads to the abandonment of the sector to the market economy conditions particularly in the context of the neoliberal policies in the post 1980 period. As a result, concentration and consequently monopolization are seen in the cinema sector.

The Relation between the Cinema Sector and the State

Drawing on a comparison between the cinema industries of the United States, France and India, this chapter examines the ways in which the relationship between the state and the cinema sector differentiate among countries. As I mentioned in the introduction, even though the cinema industry has emerged as an art branch, it has been re-shaped by the capitalist form of production as a profit-oriented sector. This chapter outlines the ways in which this process of turning into a profit-oriented sector took place in different countries; analyses how this transition effected the expansion of the cinema sector and the art side of the cinema sector; and makes a comparison among different approaches to the relationship between the state and cinema sector.

US, France and India are chosen as cases due to respective states' differing attitudes towards the cinema sector. The US cinema industry stands as the most profit-oriented one in the world and while the US state supports the commercialization of cinema, the US cinema industry reinforces the dominance of the commercial model; in France, the state is an active figure in the cinema sector with its protectionist measures and support policies for its national cinema against the domination of foreign profit-oriented cinema sectors; and India holds a middle ground, where the state is open to commercialization of national cinema sector while at time same time it takes protectionist measures in order to prevent domination of foreign commercialized cinema

sectors. However, it is important to note that despite these differences, the cinema sectors of all three countries operate as profit-oriented industries in general by virtue of the essence of cinema which is described in the introduction.

The American cinema sector is representative of the ways in which the cinema has been commercialized with the purpose of reaching more audience in order to generate more profit. In this light, this chapter examines transition of US cinema into a profit-oriented sector, the emergence of mass production and consumption in the cinema industry, and the role of the state for this transition and the resulting domination of big American companies in the domestic market.

Just like in other industries, the hegemony of large American companies is not limited to the domestic market, but as a natural consequence of the expansion of global capitalism these companies start exerting control over the cinema sectors of other countries which turn into new markets. In this background, the state regulation in France is indispensable for attempts to protect the domestic market against the pressures of big American companies. Therefore, this chapter will address the French state's central role in this protection until the 1950s, and the state regulations for protecting national cinema industry and for supporting art side of cinema against extension and domination of profit-oriented American cinema by examining examples about implementation of competition laws in Europe after the 1990s.

Lastly, India has a powerful national cinema both in domestic and foreign market in spite of domination of Hollywood around the world. The state's approach to the profit-oriented sector and its implementations for establishing both national profit-oriented industry and supporting non-profit artistic cinema will be discussed in the last part of this chapter.

In brief, three different positions of the states to profit-oriented industry will be discussed. While the states in France and India share the history of intervening to the cinema sector through protectionist measures and support policies to improve the cinema sector as a profit-oriented industry, these policies can also help support the art side of cinema within the process. Before moving to this discussion on the use of protectionist measures in France and India, an analysis of the processes that made Hollywood, and consequently the US, the biggest representative of commercial model is what follows.

§ 2.1 Birth of Hollywood through Profit-Oriented Approach and the State Regulations

As mentioned in the introduction, France used to have the most powerful cinema sector with succeeding in both domestic and foreign markets, and the Pathé company was the biggest company all over the world at the beginning of the 1900s.¹ Not only French companies but also companies from other European countries such as Denmark, Italy and Britain, were also powerful in both European and the US markets at the beginning of the 1910s. By this time, all European companies had a 60% share in the US market of the cinema sector.² However, this structure has started to change in the 1910s. Market shares of European films, particularly in the US, started to decline and dominance of European films in the market came to an end by 1920s. In general, the existing literature explains the reasons of this fall with reference to the World War I. For instance, Bakker draws attention to the confiscated studios and facilities of the companies to show war effect.³ Similarly, Uricchio mentions the negative effects of the war to the cinema sector in Europe with referring to the decrease in production, disappearance of international trade networks, and interruptions in the access to the resources such as movie-making materials and related experimentations.⁴

However, it cannot be said that French cinema sector fell behind in the market just because of the World War I only. Approaching this change with simply referring to the problems of European markets is a misleading attitude. The reasons for the decline of the power of the French cinema should also be searched in different venues and Bakker's studies are beneficial to this search.

1 Gerben Bakker, "America's master: the European film industry in the United States, 1907–1920," in *An Economic History of Film*, eds. John Sedgwick and Michael Pokorny (New York: Routledge, 2005), 29.

2 Gerben Bakker, "The decline and fall of the European film industry: sunk costs, market size, and market structure, 1890–1927," *The Economic History Review* 58, no. 2 (April 2005): 311–12. <https://doi.org/10.1111/j.1468-0289.2005.00306.x>

3 Bakker, "America's master: the European film," 31.

4 William Uricchio, "The First World War and The Crisis in Europe," in *The Oxford History of World Cinema: The Definitive History of Cinema Worldwide*, ed. Geoffrey Nowell-Smith (Oxford: Oxford University Press, 1996), 62–63.

For instance, when the statistics of the time is analysed, the main determinant of the decline of the French cinema stands as the growth of cinema sector in the US before the war. Furthermore, a closer look at the film-industry in Europe during the war time reveals that the sharp decrease in the number of productions, market share, profitability, and trade capability of European companies (which is formulated as the proof of the negative influences of the war on European cinema history) is not actually observed during the wartime. On the contrary, for instance, the market share of the European films in the US increased between 1915 and 1920 (except for a decrease in 1917) even if just a bit.⁵ Likewise, production numbers of feature films were stable with some decrease and increase during the war in France.⁶ Similarly, falling of trade capability was not a big issue because non-European and non-US markets were not yet important sources of profit for European film-sectors at the time.⁷ Last but not the least, the government support to cinema industry in order to prevent the decline of the film companies can already be observed in wartime Europe. Co-productions of the government and production companies on war documentaries were one way the government was lending financial support to the sector.⁸ That is to say, the involvement of the government into the cinema sector to protect national cinema in the coming years started in the wartime.

In the light of all these, the decrease of European cinema sectors cannot be attributed solely to the war. The sharp decrease in the market share of European films in the US actually started in 1909 and the ratio of European films dropped from around 50% to around 22% by the time the war has started.⁹ And this trend can be explained by an important development in the US cinema sector.

In order to understand the decline of European cinema, the ways in which the US cinema sector has emerged and turned into a profit-oriented industry

5 Bakker, "The decline and fall of," 313.

6 Gerben Bakker, *Entertainment Industrialized: The Emergence of the International Film Industry, 1890-1940* (New York: Cambridge University Press, 2008), 191.

7 Bakker, "America's master: the European film" 31--33.

8 Bakker, "America's master: the European film," 31.

9 Bakker, "The decline and fall of," 313.

should be explained on the basis of political economy of American cinema industry. In order to do this, in the remainder of this section, in order to understand the rise of American cinema sector, I start with an analysis of The Motion Picture Patents Company (MPPC), which is an American trust company that came into existence as a result of the approach to the cinema sector as a profit-oriented industry. Then, I examine the state's position in this process through analysing the decision of the state about the illegality of the MPPC according to the Sherman Anti-Trust Act. Finally, drawing on a discussion of the specially designed cinema halls, I analyse how the structures of the cinema venues helped turn the sector into a profit-oriented industry.

In 1908, MPPC was established in the US, marking an important turning point in terms of cinema's transition into a profit-oriented industry. The MPPC included ten American and European film producers and manufacturers of cameras and projectors.¹⁰ The trust was established with the purpose of controlling cinema industry through an oligopolistic structure, which eventually paved the way for the end of the domination of foreign films in the US and the emergence of Hollywood.

The power of the trust came from pooling patents on cameras and projectors and making faster film productions as a result of the broad array of equipment it has access to. By creating a licencing system based upon patents, the Trust obliged the usage of its equipment for producers and exhibitors to have access to legal title and it rented its licenced equipment to producers and exhibitors. Also, exhibitors had to take licence with renting equipment of the company to show licenced films of the MPPC. In addition to this, it did not sell its films but rented to exhibitors. So, through keeping licenced films and means of production and exhibition, the company continued to derive profit from rent money, increased the supply of films and tried to prevent other than

10 Douglas Gomery, "The Hollywood Studio System," in Nowell-Smith, *The Oxford History of World Cinema*, 43.

its producers to make films.¹¹ After 1908 in a short time, it “radically altered, upgraded and codified American production, distribution and exhibition.”¹²

Also, because of lacking these licenses, the foreign production companies, except Pathé and Méliés which were in the MPCC, foreign films started to not be able to get into the American market. All of those explain the decreasing of the market share of European films and the increase in American productions in the 1910s. According to Miller, the primary objective of the MPPC was the Americanization of the cinema sector in the domestic market with preventing importation of foreign films. For instance, the state prevented French equipment to enter the country in customs without a reason.¹³ All these suggest that the state took an active role for ending the domination of foreign films and for strengthening domestic cinema sector in the US. This point is crucial for analysing the relative position of the US when other states implemented protective policies in the later years to preserve their own national cinemas from the domination of American film firms in their countries.

In 1915, The MPPC was found illegitimate by the state according to the Sherman Anti-Trust Act.¹⁴ This was an important point exemplifying the contradictory approach of the US about vertical integration¹⁵ and concentration of companies when it comes to expansion and domination of American companies in other countries. While the antitrust laws implemented by the federal state have prevented the vertical integration or concentration of companies in the domestic market; there have not been a such preventive state regulation when it comes to American firms’ operation in other countries. In other words, the state in the US attempts to improve the cinema industry in by protecting the domestic market from the domination of foreign companies and

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- 11 Roberta Pearson, “Transnational Cinema,” in Nowell-Smith, *The Oxford History of World Cinema*, 25.
 - 12 Robert Anderson, “The Motion Picture Patents Company: A Reevaluation,” in *The American Film Industry*, ed. Tino Balio (Madison: The University of Wisconsin Press, 1985), 133--34.
 - 13 Toby Miller, “Küresel Hollywood: Hollywood Tarihi Kültür Emperyalizmi ve Küreselleşme,” *Yeni İnsan Yeni Sinema*, no. 14 (Autumn-Winter, 2003/2004): 35.
 - 14 Pearson, “Transnational Cinema,” 25--27.
 - 15 Vertical integration in the cinema sector means a company’s controlling the fields of production, distribution and exhibition.

with enabling the competition of national firms at home. In contrast to this approach, the state allows aggressive expansionist policies abroad in order to maximize American film companies' profit.

The end of the MPPC came in 1915 with a legal decision as mentioned above. However, the power of the company started to decline before its legal end. The MPPC chose to make profits from renting equipment rather than directly having distribution means and exhibition places.¹⁶ The company could not continue its oligopolistic structure for a long time without having control over the distribution and exhibition fields through real vertical integration with being owners of the companies in these fields as is seen from the structure of Hollywood. Because it was unavoidable that, the independent companies from the MPPC in the distribution and exhibition fields searched for alternatives to escape from the control and the high pay policy of the MPPC. Independent producers, which were not included in the MPPC, had to pay a lot of rent money to make movies, while the exhibitors had to make regular payments in order to be able to use the projectors legally and to show licensed films of the MPPC. These rents and regular payments were highly costly for producers and exhibitors to preserve their continuity.¹⁷ In time, the independent producers and exhibitors, which could not afford the licences of the MPPC, started resisting against the Trust with different paths. The main means of resistance that the independent production companies have used was making films for Nickelodeons-- cinema halls in the US.¹⁸

In order to explain the significance of Nickelodeons for the strategies of the independent production companies, it is important to examine the trajectory of cinema-halls in the US and contextualize Nickelodeons emergence within the cinema's transition to a profit-oriented industry. Before 1905 vaudeville, churches and opera houses were used for screenings and they were for the use of the upper classes with their prices ranging from 25 cents to \$2. Besides these, fairs and rented store-fronts, which were not efficient for regular

16 Pearson, "Transnational Cinema," 25.

17 Gomery, "The Hollywood Studio System," 43.

18 Pearson, "Transnational Cinema," 27.

shows, were places for cheap screenings until early 20th century.¹⁹ In 1905, specially designed cinema halls, which were named as Nickelodeon, started to be opened with their a few hundred seats in the United States. Their admission fees ranged from five cents to ten cents and they were defined as public cinema halls.²⁰ While there were a few Nickelodeons in 1905, only after two years their number became 3,500 with their spread in the urban areas.²¹ In 1910, 26 million American viewers used more than ten thousand Nickelodeons every week.²² That expansion was stemmed from their cheap price and the support coming from the production companies. As a result of the favourable prices of Nickelodeons, cinema came to exist as the cheapest entertainment which could be regularly and easily reached by workers and immigrants who were from low socio-economic class. In addition to this, they were used by middle-class women, who came to Nickelodeons with their children.²³ So, before Nickelodeons, cinema was not open to all people because of its fees and irregularity as stated above. However, in 1900s, the Nickelodeons turned cinema into an accessible art branch for all the socio-economic classes in the US. This accessibility was crucial because it turned an art branch into meeting places for large masses of people rather than being preserved for a special class.

The process of expansion with opening permanent cinema halls should not be read apart from their impacts on the wider economic tendencies of the market. Cinema halls supplied much more audience as stated above and that meant gaining more profit for the companies. So, economic relations of cinema developed with those cinema halls in the early part of the twentieth century, when these cinema halls turned into every time money-winning places for the cinema sector through their being permanent and for everyone. This had an enormous impact on the process of the industry's being profit-oriented sector.

19 Pearson, "Early Cinema," 21--22.

20 Bakker, *Entertainment Industrialized*, 107--108

21 Robert C. Allen, "The Movies in Vaudeville: Historical Context of the Movies as Popular Entertainment," in Balio, *The American Film Industry*, 77.

22 Russell Merritt, "Nickelodeon Theaters, 1905-1914: Building an Audience for the Movie," in Balio, *The American Film Industry*, 86.

23 Bakker, *Entertainment Industrialized*, 107.

As mentioned above, at the beginning of the 1900s, independent producers, distributors and exhibitors could not make their presence felt because of exclusionist licensing system of MPPC. In time, while those producers made films especially for Nickelodeons, the Nickelodeons provided wide audiences for those films with attracting low and middle classes through their fees and with increasing their numbers of halls. So, there was a structure in which they supported each other in the face of the pressures coming from the MPPC. For instance, Carl Laemmle could not procure films from the MPPC because of its rents of films when he was distributor. To escape from that cost, in 1909 he started to produce his own films for exhibitors with establishing the Independent Moving Picture Company (IMP) and that company reached the level to compete powerfully with the MPPC in a short time. This attempt can be interpreted as one of the evolvments for vertical integration with the aim of gaining more profit through minimizing the cost. IMP became one of the biggest studios of Hollywood, and has been re-named as Universal some years later.²⁴ Such attempts were not limited to IMP as other independent producers such as William Fox and Adolph Zukor, who laid the foundations of future big companies of Hollywood, struggled with the Trust in similar ways during the same period.²⁵ In 1910, these independents established Motion Picture Distributing and Sales Company as a response to emergence of the General Film Company which was founded by the Trust in the same year. These were distribution companies and their aim was “instituting standing orders from exchanges to the studios and from the exhibitors to the exchanges.”²⁶ So, these independent producers created direct relation with the exhibitors through their distribution companies to sustain an area for their films in the exhibition field.

The companies’ attempts to control the market by assuring the perpetuation of demand for their movies required creation of a sustained network between production, distribution, and exhibition. And emergence of such networks, in turn, laid the foundations of vertical integration in the US cinema

24 Pearson, “Transnational Cinema,” 27.

25 Gomery, “The Hollywood Studio System,” 43.

26 Pearson, “Transnational Cinema,” 27.

sector. Throughout this process, in order to protect their position in the market and to increase their profit, the independents started to create another exclusionist structure, which stops other producers to enter. In the upcoming years the integration has been intensified even further as a result of the companies' profit-oriented approach.

Before 1920, that integration was seen more openly in the US with the emergence of *movie palaces*.²⁷ Their significance is reflected in the example of Zukor, the production company. At the end of the 1910s, the production company of Zukor, which became Paramount in the upcoming years and tuned into one of the biggest studios of Hollywood, started to make block booking with exhibitors and it sold its films with new narrations and players alongside guarantee films. However, exhibitors, who were the owner of big cinema halls, prevented these block bookings. As a result, Zukor established new cinema halls for its own films and it became an example for the direct vertical integration. Zukor did not have the enough funds to establish the first cinema hall, and the sum of required money for construction of first cinema hall has been taken from an investment bank of the Wall Street.²⁸ The investment of that firm is indicative of the approach of bankers to the cinema sector that they perceived as a field to make money just like other profit-oriented areas.

As a result of companies' attempts to decrease the costs and make consumption of their productions easier, the independents purchased the movie palaces which provided three fourth of the revenues rather than trying to buy all cinema halls.²⁹ In this way, they started exerting a direct control in the exhibition field in 1920.

27 Those movie palaces emerged with up to 2000 seats, with well-equipped structure and with garish architectures in comparison with Nickelodeons which had poor conditions, like dim lighting, insufficient ventilation and seating capacities with a few hundred seats, and also had fire danger. Interventions of the state to cinema sector were seen one more time in the process of movie palaces' emergence. Censor to control the Nickelodeons and legal regulations to be- ing established of cinema halls with high standards were implemented by the state. As a result of those interventions, movie palaces started to be established. (Pearson, 1996b, p. 36--37)

28 Gomery, "The Hollywood Studio System," 48.

29 Gomery, "The Hollywood Studio System," 43.

In addition to creating a space for such forms of integrations, the Nickelodeons also caused settling of mass production into the cinema sector. Expansion of Nickelodeons increased demand for films and independent producers started decreasing the costs of production in order to be able to satisfy that demand and they regularized and stabilized production. For instance, despite the fact that documentaries were popular among the masses, production companies turned to fictional events after 1908. Documentary films necessitated high budgets because of expensive costs of equipment transportation, and they cannot consistently supply subjects or topics for regular film production³⁰. The companies' turn away from documentary films is an example of their attempts to reduce costs of production. In addition to this, in order to decrease the costs, independent production companies used cheap magazines and royalty-free novels for the stories of films, and they settled their studios in California where lands were cheap and unionisation was lacked in comparison with New York, where the MPPC located. In 1912, independent producers were able to make enough films for all cinema halls in the US.³¹ This meant thereafter there was not a need for the MPPC's films, which brought extra costs for exhibitors due to the rents it demands.

These examples pertaining to independent producers' turn to mass production and the emergence of vertical integration can be diversified. In brief, mass production emerged with the aims of increasing demand for cinema and decreasing costs, and vertical integration ensures maximizing profit through gathering production, distribution, and consumption.

As discussed above, in addition to being central to the sector's turning into a profit-oriented industry right from its early years in the US, mass production and the vertical integration also enhanced opening of the art branch to all people rather than being high class art. However, it should be pointed out that these companies did not try to reach the large masses for the purpose of shaping cinema as everyone's art branch. They had serious budgets which were supported by bankers and industrialists, and their aim was earning high incomes from consumption of their productions through screenings similar to

30 Tino Balio, "Part I: A Novelty Spawns Small Businesses, 1894-1908," in Balio, *The American Film Industry*, 20--21.

31 Gomery, "The Hollywood Studio System," 43.

the drives of companies in other profit-oriented industries. Huge investments of companies for improving technologies and developing studios, their effort to reach new audiences with expanding cinema halls and with keeping the prices low are indicators for their economic tendencies. In addition to these, they eliminated smaller companies throughout the time in competition to earn more and become the biggest suppliers, and this paved the way for concentration in the US. So, it can be claimed that the motivations of the production companies for entering to the exhibition field were derived from their awareness that cinema was becoming a profitable business, but not from their interest in it as an art branch. Also, the mass production was in contradiction with the ideal of variety of films in the sector. Similarly, vertical integration did not allow other productions reach the audience. That is to say, the concentration, which created a Hollywood system within the process, caused elimination of many companies and caused the production of films which could be consumed easily where the movies started becoming the same with each other without creativity in the process.

The state did not intervene to prevent concentration in the cinema industry until 1948. The only positive intervention of the state for preventing concentration was to bring an end to vertical integration of the MPPC in 1915 based on the anti-trust law. However, the state's effect was marginal since the company has already lost its power until 1915. The state, on the other hand, did not adopt the same attitude in the process of concentration of independent companies until they started dominating both domestic and foreign market under the name of the Hollywood. In addition to this, a support policy of the state was not implemented to strengthen other companies while a few companies grew with eliminating those small-sized firms. Those are some of the evidence for the approach of the US state to the cinema sector as a profit-oriented industry rather than as an art branch.

So, in the process of cinema halls' emergence, the parallelism between being profit-oriented industry and opening of cinema to all people can be seen openly. Companies' want to reach large masses resulted from economic tendencies. Its being profit-oriented sector started with those tendencies of the companies, but at the same time caused both the development of cinema as an

art branch and cinema's meeting with the people from all socioeconomic classes while that profit-oriented approach caused to independent companies' turning into another trust and Hollywood studio system came to exist before World War I. To put it another way, the war could not be the only reason for changes in the cinema sectors and gaining strength of American industry. Political economy of American cinema sector helps understand these changes. And this brief analysis suggests that the spread of American cinema sector has been actualized as a result of the intervention of the state to protect national cinema from foreign films and turning of cinema into a profit-oriented sector through mass production and vertical integration.

These two factors, in addition to economic conditions in the US at the time had a significant impact on expansion of US film sector throughout the world. In 1910, the US resident population was 91,228,296³² and the number indicated a huge potential audience in the US for the cinema sector. Furthermore, when the GDP per capita of some countries is compared, it can be seen that the US had one of the highest values with 4964 dollars.³³ It shows that, high purchasing power allowed for spending for the cinema for a huge population, and resultantly Nickelodeons attracted some 26 million Americans every week. Because of this potential which came from the large population and the big economy, the companies could increase their profits by increasing the consumption of the audiences, and they extended production and consumption areas through Fordist production system. Because of the huge revenues from the internal market, even the most expensive films could pay for themselves in the domestic market by the end of the 1910s.

So, the companies could act with the advantage of the economy of scale at the importation of films. By reason of the fact that, American companies could import their films at low prices. This situation made American films cheaper than national films in other countries. In brief, "the effective control of the

32 "1910 Fast Facts," United States Census Bureau, accessed February 20, 2019, https://www.census.gov/history/www/through_the_decades/fast_facts/1910_fast_facts.html

33 Jan Luiten van Zanden, Joerg Baten, Marco Mira d'Ercole, Auke Rijpma, Conal Smith and Marcel Timmer, eds., *How Was Life?: Global Well-being since 1820* (OECD Publishing, 2014), 67. doi: 10.1787/9789264214262-en

domestic market by American producers was the factor that resulted in much of the world's motion picture commerce becoming a one-way affair.”³⁴ When the war started, American companies also started to use their advantages. While the war decreased competition power of other countries in the face of American companies, which could decrease cost and increase revenue through vertical integration, mass production and consumption, the latter increased their importation volume. In doing this, they stayed on the safe side through both making agreements with agents overseas and opening branches in foreign countries to regulate foreign distribution.³⁵ Those were the first steps for the expansion of American companies to the whole world and that time can be taken as the beginning of the period when American firms established global superiority and also the globalization of cinema sector.

The US state got involved in this process in a manner supporting the sector's turn into a profit-oriented industry. All forms of such state involvement cannot be explained in that study. However, certain critical situations that reveal the state's position in the expansion of American companies to foreign countries should be mentioned. For instance, the Webb-Pommerene Act, which was adopted in 1918, legalized establishing export cartels while the cartels have been forbidden in the domestic market of the US.³⁶ Establishment of Motion Picture Division by the US Department of Commerce is another indicator for the intervention of the state on the cinema sector, where the state facilitated the expansion of Hollywood studios to foreign countries just like it was doing for other industries. While the US government implemented protective policies for its national cinema against foreign films as mentioned above, the Division eliminated protective policies of other countries against American companies through looking after interests of big American companies on international trade negotiations. In addition to this, the Division brought information to American companies from foreign markets.³⁷

34 Ruth Vasey, “The World-Wide Spread of Cinema,” in Nowell-Smith, *The Oxford History of World Cinema*, 55.

35 Vasey, “The World-Wide Spread of Cinema,” 57.

36 Thomas H. Guback, “Film as international business,” *Journal of Communication* 24, no. 1 (Winter 1974): 93. doi:10.1111/j.1460-2466.1974.tb00359.x

37 Bakker, *Entertainment Industrialized*, 244-45.

§ 2.2 First Attempts of the French State for Protectionist Measures

The reasons for examining the French case as part of the comparison in this thesis are twofold. The first stems from French state's distinctive interventionist and protectionist attitude towards the cinema sector; and the second from the current powerful position that French cinema sector holds both domestically and internationally. For instance, the 2016 statistics indicate that the market share of national cinema was 35.8%, and 283 national films were made annually in 2016 despite the domination of Hollywood all over the world.³⁸ In addition to this, the highest numbers were reached by France from among European countries with 213.1 million admissions and with 5842 screens.³⁹ So, drawing on French national cinema's strength relative to US and Europe, this section examines the implications of the interventionist and protectionist position of the state for the French cinema. An analysis of the process that began with the World War I and gave shape to the profit-oriented approach is what follows.

American productions were being screened much more than French films in the domestic market of France, and the American companies were opening branches in Paris and/or they were strengthening relations with French distribution companies until 1920s. This was an outcome of the developments that took place during the wartimes. Already during the war, French cinema lost its power in the US film market and started to openly fall into a decline also in the domestic market. Just a few little interventions like making co-productions of the companies with the state were seen at those times as mentioned before; however, it cannot be said that they were sustained and enacted regulations when the decline started. Eventually, American companies and films started dominating the French cinema sector. On the other hand, it is important to note that the decline in national cinema did not mean a decrease in the public interest to cinema. On the contrary, the exhibition field has been

38 Martin Kanzler and Julio Talavera Milla, eds., *Focus 2017: World Film Market Trends* (Paris: European Audiovisual Observatory, 2017), 21.

39 Kanzler and Milla, eds., *Focus 2017: World Film*, 18--19.

growing as a result of French people's rising interest towards cinema throughout the 1920s.⁴⁰

In 1920s, the first important attempt to protect national cinema in France came in the form of foundation of *Film Europe*. Film Europe was a Europe based movement that took place between 1924 and 1928 with the aim of resisting the dominance of American productions by facilitating co-productions and reciprocal distribution among European countries. France has been one of the major participants of Film Europe. It was actually a French company which took the first step for the initiation of Film Europe by making a deal about reciprocal distribution with the company of Universum-Film Aktiengesellschaft (UFA) which was established with the merger of a few companies and with the financial support of the state in Germany. Nevertheless, when UFA started having financial difficulties, American companies gave support to UFA on the condition that films of American studios will be allowed to be screened. As a result, the deal with France lost its validity.⁴¹

Another attempt to protect the national cinema took the form of preventing American firms' entry to the national market directly. The French government decided to impose quotas on the imported films in order to prevent aggressive entrance of American companies to French cinema sector in the late 1920s. However, the American companies had already gained a stronghold in France until this time. This is why, when Hollywood countered French state's quota decision by stopping supplies of their films to the French market, the distributors and exhibitors in France had hard times as they needed films of American production firms to continue their operation in the market.⁴²

These examples suggest that the attempts for protecting national cinema could not be effective once the hegemony of big, profit-oriented, vertically integrated, expansionist American companies had been established in the domestic market. Hollywood companies could eliminate these protection attempts with the support of the US government. Actually, a national cinema could not struggle with American companies without large-scale structural

40 Richard Abel, "French Silent Cinema," in Nowell-Smith, *The Oxford History of World Cinema*, 118--19.

41 Vasey, "The World-Wide Spread of Cinema," 58--59.

42 Bakker, *Entertainment Industrialized*, 254.

and judicial interventions of the state even when this national cinema is one of the first cinema sectors of the world, such as France.

The 1930s are described as an era of reorganization for European cinema industries because the Great Depression affected the cinema industry in the US negatively that the number of audiences decreased drastically, big companies had to restructure themselves economically, and cinema halls had been sold.⁴³ The weakening of American companies was important for the sector in Europe, because until that time the cinema industry has always been shaped with the influence of American studios which could even prevent attempts of the state for protection. So, European national cinemas found an opportunity for reorganizing themselves when the American companies weakened as a result of the Great Depression. And the government-regulated system, which settled after the Second World War and has been showing its impacts on national cinemas until today, had emerged in France under favour of that weakening.⁴⁴ In what follows, I detail the changes the French cinema went through during the 1930s.

The Depression had a negative impact also on French cinema which suffered both economically and politically in the 1930s. For instance, huge debts emerged in the movie industries and some companies went bankrupt at the beginning of the 1930s. Also, many small companies could produce only one film in the 1930s. Gaumont-Franco-Film-Aubert (GFFA), which was one of the important production companies in France at those times, had to be supported by the government financially because one of its financial investors was in difficulty. All these issues indicate an economically unstable and weak French film industry.⁴⁵ At those times, support of the state to GFFA can be taken as another indicator for the intervention of the state to the cinema in-

43 Douglas Gomery, "U.S. Film Exhibition: The Formation of a Big Business," in Balio, *The American Film Industry*, 226.

44 Lanzoni, *French Cinema*, 55.

45 Lanzoni, *French Cinema*, 63.

dustry in France. However, other than a few attempts, the state did not respond to demands of the cinema sector from the state to regulate the industry.⁴⁶

Censorship was also one of the negative influences and it also affected production. Censorship Commission increased its controls and press on the cinema sector around these times. As a result of this oppressive atmosphere, an important distinction had emerged between artistic and more-commercial productions. For instance, Ciné-Liberté had been established to “preserve the independent nature of cinematographic creations as well as bring together independent film directors.”⁴⁷ Its original name was Alliance du Cinéma Indépendant and it had affiliations with the Communist Party. It was politically active, and it challenged the censorship and organized independent filmmakers for unionization.⁴⁸ This was only one example for mobilization of filmmakers of the independent art cinema.

The significance of mobilization of independent filmmakers lies in the way it differentiated profit-oriented and art-oriented productions from each other. Since its early days, the cinema sector has been taken by the state as a profit-oriented industry just like the other industrial sectors as I summarized above with reference to the US and France.⁴⁹ Up until then, the whole interventions of the state took the form of enabling the commercialization of the cinema, protecting the economic field of profit-oriented cinema for applying pressure through censorship with politic concerns as it is seen from above examples. However, an organization of independent filmmakers as a result of the pressure paved the way for a visible differentiation between profit-oriented and artistic cinemas. In the following years, the process of organization and differentiation informed the form of state intervention which started to be canalized into supporting and protecting the cinema sector as an art field especially after

46 Ginette Vincendeau, “The Popular Art of French Cinema,” in Nowell-Smith, *The Oxford History of World Cinema*, 344.

47 Lanzoni, *French Cinema*, 65.

48 Margaret C. Flinn, *The Social Architecture of French Cinema, 1929-1939* (Liverpool: Liverpool University Press, 2014), 139.

49 Geoffrey Nowell-Smith, “Socialism, Facism, and Democracy,” in Nowell-Smith, *The Oxford History of World Cinema*, 333.

the Second World War. Below is a discussion on the first structural and effective intervention of the state both to support the commercialization of the cinema industry and also to protect national cinema sector and its art cinema: the establishment of *National Centre for Cinema and the Moving Image (CNC)*.

§ 2.3 Structural Interventions of the State to the Cinema Sector in France

After the 1930s, the most significant issue effecting the cinema sector was the Second World War both in France and other European countries. Especially German occupation of France affected the cinema sector significantly. For instance, just like the Great Depression, the Second World War continued to remove American companies from French cinema market. In 1940, German occupation banned the importation of American productions in France. That prohibition also caused the prohibition of American films from the French market. The people, who had to make a choice between German and French films, went to national films during the wartime.⁵⁰ So, the people headed towards national films as a result of being prohibited from access to American productions and as a response to imposition of German products during the occupation.

In addition to this, the Committee for the Organization of the Cinematographic Industries (COIC) has been established in 1940 by the French government.⁵¹ The establishment of the organization was also an outcome of the war because the government's aim was to eliminate German control over the film industry.⁵² It is possible to argue that establishment of this governmental body, which still exists today, signifies an early representation of diverse structural regulations which have been implemented continuously following the introduction of COIC. While the ways in which COIC has been affecting the cinema sector after 1940s will be addressed below, its importance during the

50 Nowell-Smith, "Socialism, Facism, and Democracy," 337--40.

51 Lanzoni, *French Cinema*, 113.

52 Vincendeau, "The Popular Art of French Cinema," 348.

1940s can be seen in the statement that “The COIC introduced new regulations which were to have far-reaching implications for French cinema until the present day: a sounder financial framework for the industry, box-office control, a boost to short film production, and a new film school (the IDHEC-Institut des Hautes Études Cinématographiques).”⁵³ These regulations were different from other interventions of the state because they were intended for supporting productions rather than preventing entry of foreign productions to the market, which was the main motivation of previous interventions.

On the other hand, the market had been re-opened to American films after the war, as if prevention of American productions and establishment of supporting structure of production have never happened. In May 1946, the Blum-Byrnes trade agreements were signed with the US in order to pay the debts of the war. The agreement included guarantying a huge import quota for American films in exchange for export of French luxury goods to the US.⁵⁴ The agreement demonstrated that the states approached films as industrial products, which can be commercialized without any exceptions. As a result of this treaty, more than half of the films screened in France were American productions in 1946.

In 1947, a Committee for the Defense of the French Cinema was established with the argument that national cinema could not contend with American films because of the agreement’s unfair stipulations.⁵⁵ While the committee organized a demonstration with wide participation of actors, directors and technicians in 1948, similar public actions and movements continued in different ways. So, the government has been forced to make arrangements on the agreement in order to protect the national cinema. An increase in the quota for French films on guaranteed screening time and a decrease in the quota for imported dubbed films were among these arrangements.⁵⁶ Through such provisions, the French state took an active protectionist stance against to imposition of the US for the free trade of films.

53 Vincendeau, “The Popular Art of French Cinema,” 348.

54 Vincendeau, “The Popular Art of French Cinema,” 350.

55 Lanzoni, *French Cinema*, 149.

56 Colin Crisp, *The Classic French Cinema, 1930-1960* (Indiana University Press, 1993), 75.

An important point that differentiates the state involvement to the cinema sector during this period of time from the process after the World War I is the role played by the collective mobilization in the sector. It was the collective organization of filmmakers, actors and so on that problematized and weakened the pressure of the American firms and the US by taking a stand against the policies of the state during 1940s. On the other hand, the influence of mobility of filmmakers from artistic cinema during the 1930s on this collective mobilization during the second half of the 1940s is an undeniable fact. For instance, Léon Moussinac played an active role at the Committee.⁵⁷ He was also seen in the politically active group in the 1930s and the Groupe Octobre was on the same lines with the Ciné-Liberté which paved the way for the differentiation between profit-oriented and art cinemas as mentioned above.⁵⁸ So, the emergence of the movement on artistic cinema in the 1930s had close ties to the attempts for protecting the national cinema at the end of the 1940s.

Alongside the protectionist approach of the state through decreasing quotas for foreign films and increasing the ones for national films, another important improvement for protecting national cinema was the establishment of the COIC as I have mentioned above. COIC had vital effects on supporting cinema as an art field both in France and other countries with the support it provided for production, distribution and exhibition fields.⁵⁹ The COIC, which was renamed as the Centre National de la Cinématographie (CNC) in July 1946,⁶⁰ has brought a new dimension to protectionist measures of the state in France because for the first time the state intervened to the cinema sector through an institution besides regulating quotas for films. The CNC was designed “to control the financing of French films productions, the exhibition profits, the organization of a professional education system and the financial aid to production.”⁶¹ In 1948, the Aid Law was introduced, and a fund was created through this law to subsidize production and exhibition fields. While

57 Crisp, *The Classic French Cinema*, 75.

58 Crisp, *The Classic French Cinema*, 181--84.

59 “About Us,” Unifrance, accessed Dec 19, 2018, <https://en.unifrance.org/corporate>

60 Lanzoni, *French Cinema*, 55.

61 Lanzoni, *French Cinema*, 149.

the fund was fed from the taxes on ticket prices it was managed by the CNC.⁶² Similarly, the CNC worked for modernizing French cinema halls.⁶³ In addition to this, Unifrance, which is a production company, was established by the CNC in 1949. The primary aim was providing commercialization and distribution of national films.⁶⁴

§ 2.4 Effects of Regulations on Protection of the Art Cinema

The whole process of the CNC cannot be explained in this study. However, it should be noted that in addition to playing a vital role for the establishment of modern French cinema during 1940s, the CNC still plays an important role for supporting national cinemas of both France and other countries as an artistic field against the domination of big American companies. In order to achieve this, it provides financial supports to cinema halls in different countries, organizes international film festivals and encourages coproduction. While the state gives support to all three fields of the cinema industry –production, distribution and exhibition- through the CNC⁶⁵, CNC is currently one of the most important institutions for the artistic cinema all around the world.

However, the French state's protectionist approach, which was exemplified in the amendments to the Blum-Byrnes trade agreement and establishment of the CNC and the Unifrance, did not stem from an aim to support the cinema sector in order to protect the national culture and to facilitate the art cinema. As mentioned by Nowell-Smith, those protectionist measures, which were also seen in other European countries after the Second World War, had rather economic motivations such as establishing and protecting the industry and preserving profits and employment in the national market. This situation started to change in the 1950s: While the main purpose was still turning national cinema sector into a money making industry, interventions of the states

62 Crisp, *The Classic French Cinema*, 77.

63 Vincendeau, "The Popular Art of French Cinema," 349.

64 Lanzoni, *French Cinema*, 361.

65 Different than Turkey where the state only funds productions.

shifted into supporting artistic cinema when “it was realized that a more limited form of support for ‘art’ and ‘quality’ could satisfy cultural aspirations without negative economic effects.”⁶⁶ So, the states, which approached cinema only as a commercialized industry, started to have aims to protect the cinema sector as an art field by judicial and structural regulations.

So, after these regulations on the aid system of the CNC, it turned into a selective system rather than giving support to all productions. This support system became effective in providing new blood to the sector by supporting films which have artistic quality, and it had huge impacts on the occurrence of French New Wave, *Nouvelle Vogue*, in the end of the 1950s.⁶⁷ When how much New Wave affects French art cinema, which is independent from studios and profit-oriented approaches, is considered the importance of state aid and protection on art cinema cannot be denied.

Last but not the least, the organizational structure of the CNC deserves attention. The CNC was created in a manner that aims to secure independence of the institution from the state on organizational and managerial matters. This is why; its departments and commissions are composed of people from the cinema sector rather than state officials.⁶⁸ On the other hand, its main revenues come from the tax system, so the institution generates some part of its income through the state regulation on tax revenue while it has an autonomy from the state when it comes to decision making processes about the application of the funds.⁶⁹ That situation is important to protect the art cinema because the state, which can approach to the sector only as a profit-oriented industry, can be prevented from the decision process on the application of funds. While the opposite is the case for the supporting system in Turkey, this issue will be discussed further in detail in the following chapters.

66 Geoffrey Nowell-Smith, “After the War,” in Nowell-Smith, *The Oxford History of World Cinema*, 442--43.

67 Crisp, *The Classic French Cinema*, 78.

68 “About Us,” Unifrance, accessed Dec 19, 2018, <https://en.unifrance.org/corporate>

69 “Budget department,” Centre national du cinéma et de l’image animée, accessed December 19, 2018, https://www.cnc.fr/web/en/budget-department_126414

As mentioned above, emergence and implementation of protectionist measures and support systems for the cinema sector by the state were not specific to France. Similar approaches and policies have been adopted in other European countries especially after the 1940s, and also in some non-European countries such as India. This course of events can be explained by dominant form of political-economic organization of the period around the globe: *embedded liberalism*. While the states created welfare systems, this system defended that “the state should focus on full employment, economic growth, and the welfare of its citizens, and that state power should be freely deployed, alongside of or, if necessary, intervening in or even substituting for market processes to achieve these ends.”⁷⁰ As Nowell-Smith mentions, until the 1980s, the effects of embedded liberalism could be seen in the cinema industry, while the interventionist approach and the protectionist measures continued to exist with the purpose of protecting the national cinema industry and local culture from the hegemony of American culture perpetuated through American films. The approach of the French state to the sector was shaped by a protectionist approach and also this approach affected the French artistic cinema within the process. According to Lanzoni:

Although incessantly providing leading new talent (film directors, actors, and technicians) with cutting-edge artistic scope, the French-film industry, in comparison to Hollywood's, was never able to sustain the necessary financial commitment and backing. As long as leading French filmmakers and critics firmly believed in cinema as an art form rather than popular entertainment, the gap between the US and French film industries widened each year.⁷¹

In the next section, the changes, which occurred in the 1980s with the end of embedded liberalism, will be analysed in order to understand the relationship between the interventionist approach of the states and the cinema sector after the 1980s.

70 David Harvey, “Freedom's Just Another Word...” in *A Brief History of Neoliberalism* (New York: Oxford University Press, 2007), 10-11.

71 Lanzoni, *French Cinema*, 306--307.

§ 2.5 Emergence of Globalization and Neoliberal Policies

Until the 1980s, the American companies already expanded, gained strength and controlled a great majority of the market share all around the world. However, this expansion cannot be explained by the influence of globalization until the 1980s. For instance, as McChesney shows the continuity of national scope in the media sector as follows: “While there have been imports of books, films, music and TV shows for decades, the basic broadcasting systems and newspaper industries were domestically owned and regulated.”⁷² So, national borders, nation states’ power and their protectionist economic approach had vital impacts on the cinema industry until the 1980s. Especially in European countries, as exemplified in French case, the states implemented protectionist measures in order to keep their national cinemas safe from Hollywood’s expansion and prevent the destruction of their national industries. This was the case not only for the cinema sector but also for other media systems. However, different than other media systems, this state approach had a distinct outcome specific to the cinema industry: These protectionist measures also paved the way for the development of the art-side of the cinema because the regulations started to be used as safeguards for the art-side of the cinema against the profit-oriented industry.

In the meantime, a crucial change emerged across the world in the 1980s. The globalization and the pressures for the implementation of neoliberal policies affected different economic, political, and social areas, and the cinema industry has also been influenced by this change quite significantly. In this section, I will dwell on the influences of and responses to globalization and imposition of neoliberal policies with a focus on the national cinema sectors.

The expansion and domination of Hollywood are summarized in the previous parts. In the US, soon after emergence of the cinema, a few film companies succeeded and established dominance with eliminating other firms in the domestic market in the 1910s and then, they started to export their films with the support of the state. In the 1920s, many national cinema sectors came to a crisis point whereby the hegemony of the American films and major American

72 Robert W. McChesney, “The Global Media Giants,” *FAIR*, November 1, 1997, <https://fair.org/extra/the-global-media-giants/>

cinema studios, which established Hollywood, opened their branches globally to extend their exportation and market share. 65% of screened films all over the world were Hollywood productions in 1939. During the 1940s, the American film industry worked like the American government through its expansionist policies and its purpose of spreading American lifestyle which were facilitated by the increasing demand for American products. When coming to 1950s, the government of the US applied pressure to European countries to open their cinema industry to Hollywood firms because the domestic market went through a crisis due to expansion of television and prevention of vertical integration with anti-trust laws as mentioned above. Thus, American companies had to turn into foreign markets a lot more in order to compensate for the losses in the domestic market. By the way of vertical integrations, which were not legal in the domestic market but have been encouraged overseas, the American companies distributed their films nearly to all the world. For instance, American Motion Picture Export Company of Africa was established in the 1960s to control the distribution of films in that region.⁷³

So, the expansionist approach of the US is not a new issue. However, the expansionist tendencies of the Hollywood companies have been prevented by the states by the way of their interventionist policies until 1980 as mentioned above. From the viewpoint of the US, neoliberal policies and globalization stood as remedies for the protectionist approaches of the states. Removing the nation states' control over the economy through privatizations and opening the way for foreign direct investment inflows as components of neoliberal policies paved the way for the emergence of today's global commercial system. The process of globalization marking today's context has been initiated by the imposition of neoliberal policies at the beginning of the 1980s. When it comes to the particular case of the media systems, it can be argued that enforcement of the implementation of neoliberal policies on the media system have been achieved by the International Monetary Fund (IMF), World Bank and the United States government.⁷⁴

73 Miller, "Küresel Hollywood", 35--36.

74 McChesney, "The Global Media Giants."

The negotiations about “cultural exception” in the General Agreement on Tariffs and Trade (GATT)⁷⁵ can be given as a more specific example about influences of neoliberal policies to the cinema sector throughout the 1980s. The article IV, part II of 1947 GATT, Special Provisions Relating to Cinematograph Films, allowed for and facilitated the application of protectionist measures by the states on the cinema industries.⁷⁶ However, these provisions were brought into discussion by the US in the 1980s when the US government has attempted to remove the “cultural exception” doctrine⁷⁷ from the Canada-US Free Trade Agreement. However, it failed to do so in 1988 and the exclusion persisted.⁷⁸ After this defeat, Miller states, the US has tried to remove import quotas of European Countries on audiovisual products at GATT negotiations for many years. While the US defended that audiovisual sector should be treated just like the other industrial sectors, European countries tried to perpetuate this exclusion on the cinema and television sectors. In 1993, audio visual sectors have been left out of implementations of the open market of GATT. However, these debates have continued even after the World Trade Organization (WTO) replaced GATT in 1994.⁷⁹ And the WTO has turned into a tool for the US to pressure for opening of national markets to Hollywood studios. During this process, the French government took the lead for defending cultural exclusion against the pressures coming from the US to impose open market economy on the cinema sector.⁸⁰

75 GATT survived until 1993 and the World Trade Organization replaced GATT in 1994. The main goal was liberalization of foreign trades especially through reduction or abolition of custom duties.

76 Lothar Ehring, “Article IV GATT,” in *WTO-Trade in Goods*, eds. Rüdiger Wolfrum, Peter-Tobias Stoll and Holger P. Hestermeyer (Leiden: Koninklijke Brill Nv, 2011), 166.

77 “Cultural exception” doctrine refers to necessity for the exemption of cultural trade from free trade conditions.

78 Frederick Scott Galt, “The Life, Death, and Rebirth of the “Cultural Exception” in the Multilateral Trading System: An Evolutionary Analysis of Cultural Protection and Intervention in the Face of American Pop Culture's Hegemony,” *Washington University Global Studies Law Review* 3, no. 3 (January 2004): 913; Miller, “Küresel Hollywood”, 40.

79 Galt, “The Life, Death, and Rebirth” 914; Miller, “Küresel Hollywood”, 40.

80 Lanzoni, *French Cinema*, 352--53.

Particularly given the fact that the US government carried out regulatory policies to protect and support the American cinema industry at home, the causes and consequences for it to impose neo-liberalization on other countries deserves attention. As it was discussed above, even before the 1980s, the American companies have already constituted their hegemony over other nations' cinema industries. In addition to this, Hollywood companies have been vertically and horizontally integrated in a manner strengthening them in the competition in international areas. The technological superiority of the American companies also turned into an advantage especially in the 1980s, when technological developments have accelerated and became much more vital for the success in the international competition. In this atmosphere, there was not any reason for the United States government to be hesitant or unwilling to remove the economic borders totally. Particularly because it wanted to provide new markets for its companies to maintain their capitalist expansions, and because it knew that the American companies had greater opportunities for competition at the international area when national markets are open to foreign capital inflows, it pressured for the implementation of neoliberal policies taking a stand against the structure of the embedded liberalism. Due to the fact that in an open economy market, national companies cannot resist against big, horizontally integrated, technologically superior actors, neo-liberal policies paved the way for the monopolization of American companies in international arena.

§ 2.6 Continuation of Regulative Approach against Neoliberal Policies and Globalization

As I will discuss more in detail in the following chapter, the national cinema in Turkey came to extinction as a result of neoliberal policies and domination of major American companies facilitated by globalization in the 1990s. In contrast, especially the European countries have continued implementing their regulative policies by bringing several precautions into conformity with neoliberal policies and globalization. Drawing particularly on the analysis of Herold, this section attempts to outline the main and fundamental common points among such precautions implemented by diverse European states. In

the following chapters, this analysis is going to be vital for discussing the situation of the cinema industry in the face of neo-liberal policies in Turkey, and for comparing it to the other cases.

As the existing literature demonstrates, the competition laws are very crucial for neoliberal policies to be perpetuated in all economic fields in the sense that they stand at the heart of attempts to prevent obstruction of the market as a result of monopolization, dominations and interventions. The neo-liberal approach defends competition and limiting the state's intervention into the market by claiming that free market is advantageous for the wider interests of the society. On the other hand, paradoxically, the competition laws in Europe signify a particular form of state intervention to the cinema industry in the European countries.

Anna Herold examines the relationship between competition laws and the cinema sector with a focus on the case of European Union (EU). She categorizes protectionist measures the European countries implement in the cinema sector based upon EU competition laws into three groups: (I) state aid; (II) antitrust laws; and (III) merger control. According to her, the cinema industry cannot be taken only as an economic sector. On the contrary, she argues that the cultural and economic nature of film, “which explains the strategic importance of cinema industry both in terms of its cultural impact and economic profitability,” played a vital role for the emergence and enactment of diverse rules in Europe particularly given the relatively weak position of European cinema sector against Hollywood.⁸¹ So, within years, the implementation of competition policies in the cinema sector started differentiating from their implementation in other economic fields in order to protect cultural diversity in the cinema sector, which is hindered by neoliberal policies and global integration. In other words, the law, which was introduced to sustain competition and neoliberal economy, started to be used to legitimize protectionist measures to be implemented in the cinema industry.

81 Anna Herold, “European Film Policies and Competition Law: Hostility or Symbiosis?,” in *The European Union and the Culture Industries: Regulation and the Public Interest*, ed. David Ward (Hampshire: Ashgate Publishing, 2008), 34.

2.6.1 *State Aid*

Examining digitalization process in the cinema sector can provide insights into the ways in which the state aid continued to play a vital role in the sector even when neoliberal policies are implemented.

Digitalization is a technological development which changes all the fields of cinema industry radically. As digital movie shooting became possible with the technological development of cameras, it paved the way for a notable decrease in production and distribution costs. While small mistakes that take place during shooting do not cost new film spirit anymore, distribution of films through small hard disks also eliminated the costs of 35mm films which were large and heavy. On the other hand, even though digitalization reduced the costs of production and distribution, this kind of an effect cannot be seen in the field of exhibition. On the contrary, digitalization in the exhibition field, which includes digitalization of screens in addition to the audio systems and projectors, necessitates big budgets. Since all the films are started to be made in conformity with digital projection in the 2000s, this meant the whole structure of the cinema halls should also be changed. Therefore, the cinema halls, especially the smaller ones with one or a few screens, cannot sustain digital cinema equipment due to their relatively low revenues.

As a remedy to this situation, in order to reduce cinema halls' burden, virtual print fee (VPF) mechanism, whereby the distributors or producers (who already reduced their costs with digitalization) pay a fee for digital copies of their films in order to support the cinema halls⁸², has been created. However, small cinema halls cannot really benefit from this system either. Especially in Europe, these smaller cinema halls tend to screen national films and/or art house films, which attract a limited amount of audience. Since these movies come out with a few copies, the small cinema halls cannot take enough advantage of digitalization fees, which are to be paid by the producers and distributors according to VPF.⁸³ Therefore, it can be said that the VPF mechanism

82 Competition Authority, *Rekabet Kurumu Sinema Hizmetleri Sektör Raporu*, eds. Kerem Tomur, İmren Kol, and Cihan Bilaçlı (Ankara: Turkish Competition Authority, February 16, 2016), 35--38, <https://www.rekabet.gov.tr/Dosya/sektor-raporlari/11-sinema-hizmetleri-se>.

83 Competition Authority, *Rekabet Kurumu Sinema Hizmetleri*, 39--40.

supports cinema halls within market conditions but not the smaller cinema halls that screen national and/or art house movies. In this way, the digitalization causes closures of the cinema halls which sustain cultural variety and support independent cinema.

However, European countries, which perceive the cinema sector not just as an economic field but also as an art branch, use different public initiatives to protect national cinema and cultural variety. Through these initiatives, between 15% and 20% of European screens could complete digital conversion. By using direct public funding schemes⁸⁴, in their attempt to protect the cinema industry as an art branch, European countries directed the state aid to the exhibition field instead of leaving it to market conditions in contrast to neo-liberal policies. For instance, France was the first among European countries with 5,433 digital screens in 2013. And this was made possible by legislations that regulated contribution of distributors to digitalization costs of exhibitors, and the direct financial support that the state gives to cinema halls which could not afford the conversion process by the payments coming from the distributors.⁸⁵

2.6.2 *Antitrust Laws*

The second measure that the European countries implement in the cinema sector based upon EU competition laws is the antitrust laws. The antitrust laws, which have always been an important legal provision for the cinema sector, are considered as a neoliberal tool to protect variety in the cinema sector. The Paramount decision of 1948 can provide insights into the role of antitrust laws in cinema.

In 1948, an important legal decision for Hollywood was made at the United States. Until that time, there was a vertically integrated structure at Hollywood. In general, there were five major companies which controlled production, distribution and exhibition fields of the cinema industry. These five companies could produce their own films; distribute their films through their own

84 Martin Kanzler, *The Turkish Film Industry: Key Developments 2004 to 2013* (Strasbourg: European Audiovisual Observatory, October 2014), 91--92, <https://rm.coe.int/168078354a>.

85 Kanzler, *The Turkish Film Industry*, 90--92.

distribution companies; and their cinema halls would screen their films even when the movies attracted less audience than the films of other production companies. Furthermore, by the way of block booking, the distributors could guarantee places for their production companies' films at cinema halls. Throughout the time, this structure paved the way for monopolization of especially those five major companies at the cinema industry. Under such a structure, it was even hard to become aware of the existence of films made by independent producers.

While the block booking system started to be questioned by the Federal Trade Commission in 1921, the objections and mobilization of independent producers paved the way for the Supreme Court decision (1948) that forbade block booking and ownership of cinema halls. This decision was based on the anti-trust laws which prevent anticompetitive agreements like block booking and practices like vertical integration in the cinema sector.⁸⁶ In this way, to sustain a competitive environment for the cinema sector, the control of all three fields by a single company has been prevented in the United States. It is important to note that even though the United States was the most vigorous advocate for the free market economy in the 1980s, by the 1948 decision, it intervened in the market with making a regulation to sustain competition and variety. As mentioned above, the US government did this while it, at the same time, allowed the vertical integration and monopolization of American firms overseas by opening cinema halls or making block booking.

The utility and effectiveness of this decision for restraining monopolization at the cinema industry in the United States is open to discussion. On the other hand, granting the exhibition field independence through the antitrust

86 "The Hollywood Antitrust Case," The SIMPP Research Database, accessed December 23, 2018, http://www.cobbles.com/simpp_archive/1film_antitrust.htm; Bomboy Scott, "The day the Supreme Court killed Hollywood's studio system," *National Constitution Center*, May 4, 2018, <https://constitutioncenter.org/blog/the-day-the-supreme-court-killed-hollywoods-studio-system>; Richard Campbell, Christopher R. Martin, and Bettina Fabos, "Movies and the Impact of Images," in *Media & Culture: Mass Communication in a Digital Age*, 9th ed. (Boston, MA: Bedford/St. Martin's, 2014), 237--70, http://www.jimwaldrontraining.com/Media_Culture.pdf; Jillian Horanek, "1948 Paramount Decision," *Mediums and Messages*, 2017, <https://mediumsandmessages.org/2017/12/13/1948-paramount-decision/>.

laws is a crucial point for enhancing competition in the market, and also for increasing variety by opening the sector to all producers.

The contemporary use of EU competition laws suggests that the antitrust laws are still central to the attempts to prevent monopolization in the cinema sector. The United International Pictures (UIP) case can be taken as an example for the ways in which the antitrust laws are used to safeguard European cinema sector against big American companies. The UIP has been established in 1981 as a distribution company of three big Hollywood studios: Paramount Pictures Corporations, Universal Studios, and Metro Goldwyn Mayer. Its establishment brought distribution activities of three big Hollywood production companies under a single roof. The European Commission (EC) reacted to the UIP by employing the competition law and it underlined the anticompetitive effects of the UIP which paved the way for emergence of a horizontal cartel.⁸⁷ In order to protect European cinema sector against domination of the American companies by the way of this cartel with, the EC obliged the UIP to investment in the European cinema industry with the profits it makes. However, the EC could not inhibit the establishment of the distribution company.⁸⁸ Yet, this example shows that the competition law is not sufficient by itself for protecting national cinemas because the establishment of UIP opened a way for increasing concentration and domination of American companies through the cartel in the European market.

2.6.3 *Merger Control*

At that point, the third protectionist implementation for the cinema sector at EU competition law can be analysed: merger control. In general, the main aim of the EU merger control is preventing the emergence of concentrations through mergers to sustain a suitable environment for competition. In the same way, merger control can be used as one of the methods to preserve the diversity in the film sector.

87 Horizontal cartel refers to gathering under the same roof of a few companies which produce the same production with leaving competing with each other.

88 Herold, "European Film Policies and Competition," 40--43.

As Herold summarizes, media monopolies “would dominate certain dissemination channels of films” and can control which films are shown at which channel.⁸⁹ So, it is not expected from these monopolies, which approach to the cinema sector only as a profit-oriented industry, to give place to independent films. For instance, major American companies can create media monopolies with their economic power, can dominate all distribution channels and can impose their films at all channels. While independent films cannot take place at distribution channels, competition cannot be possible for these films. By this way, media monopolies become barriers to competition. To prevent this situation, merger control is used by the states, and some examples on their use in the EU, the United States and then in Turkey will be analysed in the following chapters.

The merger of the Vivendi/Canal+/Seagram at 2000 is one of the most important mergers in the European Union. Each of the three companies has complicated structures with their firms at different branches of economic activities. The reason of being subject of the three different companies’ merger for EU competition law is that these three companies have all distribution channels of films like cinema halls, TV, pay-TV and portals. As a result of this merger having all these channels of a media monopoly, which includes Universal and Canal+, other firms cannot have a chance for making an agreement with big American studios like Paramount, Disney and Universal to show at their channels. Because of that, this merger was analysed based on competition law to protect other firms.⁹⁰ In addition to this, this merger would cause domination of American films at all channels in European countries. While this analysis was done to preserve competition at this sector through protecting other firms with the occasion of liberal economy, it also caused to protect variety with providing access to other films and so to enhance cultural diversity.

In the example from the United States, mergers and monopolization in the cinema industry can be seen easier than the examples from the EU because in the US we can observe mergers of big American film companies. For instance,

89 Herold, “European Film Policies and Competition,” 48.

90 Commission of the European Communities, Regulation (EEC) No 4064/89 Merger Procedure, No. COMP/M.2050-Vivendi/Canal+/Seagram (October 13, 2000), http://ec.europa.eu/competition/mergers/cases/decisions/m2050_en.pdf.

the recent merger of the Time Warner (which has Warner Bros) and AT&T (which has a huge distribution system including cell phone and satellite networks) is the biggest vertical integration in media and telecom industry history. This merger was searched by the Justice Department with the assertion about the possibility of its harming competition and raising prices for consumers. In addition to this, there are some discussions about that merger on media that question whether it computes with other big firms or causes to regression on the development of innovations.⁹¹ On the other hand, media executives have been defending similar mergers with the argument that it is necessary for them to be able to compete with some of the recent technological innovations such as Netflix.⁹² While merger became a question of debate the focus of the debate is on its effects on the market, but not on the arts side of the sector. Comparing the examples from the EU and the US, we can see the competition law is used to eliminate contradiction between neoliberal policies without state intervention and growth tendencies of companies for competition to sustain the continuation of economic structure. However, this law can be also used for protection of the cinema sector as an art branch under the name of ensuring variety.

Another example can be given from a horizontal merger. The merger of two companies in the same sector is named as horizontal and the merger of Disney and 21st Century Fox is the final horizontal merger in the cinema industry of the US. The Walt Disney Studios is one of the biggest and oldest studios in the US. In time, the company has grown both through expanding to other countries across the world and by purchasing relatively small film companies like Lucasfilm, Pixar and Marvel. At the same time, it has entered some other sectors through mergers: For instance, today Disney exists in the

91 Richard Levick, "The AT&T-Time Warner Merger: Is Bigger Better?," *Forbes*, July 10, 2018, <https://www.forbes.com/sites/richardlevick/2018/07/10/the-att-time-warner-merger-is-bigger-better/#513260b069b4>.

92 Cecilia Kang and Edmund Lee, "AT&T-Time Warner Deal Approval Gets Justice Department Challenge," *New York Times*, July 12, 2018, <https://www.nytimes.com/2018/07/12/business/justice-department-plans-appeal-of-att-time-warner-merger-approval.html>.

television sector with its purchasing ESPN and ABC Television.⁹³ So, just like in other sectors, the companies of the cinema sector are in a tendency to expand for profit improvement. The example of Disney's acquisition of Fox shows that expansion of companies never stops unless state intervenes to the sector. Disney has taken its major competitor with minimal conditions which were given by the Justice Department and it causes to much more oligopolistic structure both in production and distribution areas.⁹⁴ The effects of this concentration can be seen in the box office. At the weekend when this merger became a current issue in December 2017, 90% of total domestic ticket sales came from the films of Disney and Fox.⁹⁵ These mergers in the US can be discussed based on antitrust and competition laws with economic perspective but the effects of this much concentration in the cinema sector are mentioned above. If interference of the state to these mergers had been done at the start based on these laws with motivation to protect the sector as an art branch, this much concentration would not actualise.

§ 2.7 An Example for Lately Emergent Cinema Sector

Until that point, the cinema sector of the US and France are analysed because cinema emerged with the technological advancements, expanded as innovation and also turned into an important profit-oriented industry with developments at those countries. The most important reason for examining the cinema sector of France instead of other countries, like Britain where cinema came to exist and improved, is its current situation. As mentioned above, national cinema in France is powerful with its market shares and production and

93 Sarah O'Brien, "Disney-Fox merger gets shareholder approval. Here's what consumers can expect," CNBC, July 27, 2018, <https://www.cnbc.com/2018/07/27/disney-fox-merger-shareholder-approval-what-consumers-can-expect.html>.

94 Larry Downes, "Is Disney Moving Too Fast On Fox Takeover? Don't Ask Antitrust Regulators," Forbes, July 10, 2018, <https://www.forbes.com/sites/larrydownes/2018/07/10/is-disneys-takeover-of-fox-moving-too-fast/#7448007e17d6>.

95 Anthony D'Alessandro, "Disney-Fox Films Controlling 90% Of Weekend Box Office Spurred By 'Last Jedi' – Update," Deadline Hollywood, December 17, 2017, <https://deadline.com/2017/12/disney-fox-merger-box-office-domination-last-jedi-1202228606/>.

admission numbers. Moreover, France is seen as the biggest defender of the art cinema. This section address the Indian cinema industry in order to see how a national cinema can stand against the domination of American companies at the time of globalization and imposed neoliberal policies, while it does not have a history like the US or France in terms of taking a part in the process of emergence of cinema and getting involved in capitalist system of production, distribution and consumption.

In 2016, the Indian film industry was leading with 1903 films⁹⁶ and with 2.015 million admissions in the world.⁹⁷ Most especially, the market share of national films in India was 85% in 2016. And this number indicates that Hollywood was not able to dominate the cinema sector in India.⁹⁸ The success does not only belong to Bollywood, but 50% of the domestic box office was also from regional industries like Tamil, Telugu and Malayalam.⁹⁹ That situation is the results of build-up over years and it has a complicated history because of the unique structure of India. The country's cinema sector has more complicated dynamics than the other countries both because of the social and political legacy of the colonial period, and also because of the existence of culturally and administratively different regions in a quite large population. Because whole dynamics and developments cannot be explained in this study; the section below focuses on some examples in order to analyse the position of the state, and to make a comparison with Turkey. As I will discuss in the chapter below, the cinema sector of India has some similarities with the cinema sector of Turkey especially when it comes to the emergence of the cinema, and the initial relationships between the state and cinema industry in these two countries.

In contrast to France and the US, cinema has been imported to India rather than being developed domestically. Lumière brothers brought this new innovation to India in 1896 and the Pathé company established its office in

96 Kanzler and Milla, eds., *Focus 2017: World Film*, 13.

97 Kanzler and Milla, eds., *Focus 2017: World Film*, 11.

98 Kanzler and Milla, eds., *Focus 2017: World Film*, 54.

99 Kanzler and Milla, eds., *Focus 2017: World Film*, 55.

India in 1908 together with other many countries.¹⁰⁰ While profit-oriented approach in the cinema sector rooted through Fordist production system, vertical integration and reaching tens of thousands audiences in the US, first Indian production could only be made in 1913. Until that time, entrepreneurs participated in distribution and exhibition fields and films were imported specially from France and from some other countries like the US.¹⁰¹ So, the country met with cinema through firstly exhibition and then distribution rather than production. For instance, Madan Theatres, which was one of the biggest companies of the cinema industry in India at those times, entered to the sector with converting its theatres into exhibition places at the beginning of the 1900s, and later it expanded its business to distribution by importing foreign films targeting Anglicized urban elite. The company could get into production field only in 1917, much later in comparison to the examples in France and the US.¹⁰² In the following chapters, it will be seen that, similar to India, Turkey met cinema and entered into the production field much later than France and the US, which have been in the sector from the very beginning and played a role in the invention of cinema. Both India and Turkey have met cinema recently, after the sector already has turned already into a profit-oriented industry in France and the US.

Similarly, the initial relationship between the state and cinema in India and Turkey bear resemblances. For instance, the state in India came into contact with cinema through censorship and taxation.¹⁰³ The 1918 Cinematographic Act, the first law pertaining to cinema, has introduced the censorship mechanism, and in 1922 entertainment tax on tickets were implemented by the state. Both these regulations, which were first interventions of the state to the cinema sector, continue existing even today with some changes.¹⁰⁴ In the

100 Vasey, "The World-Wide Spread of Cinema," 53.

101 Radha Subramanyam, "India," in *The International Movie Industry*, ed. Gorham Kindem (The United States of America: Southern Illinois University Press, 2000), 39.

102 Ashish Rajadhyaksha, "Indian Cinema: Origins to Independence," in Nowell-Smith, *The Oxford History of World Cinema*, 400.

103 Rajadhyaksha, "Indian Cinema: Origins to Independence," 401.

104 Subramanyam, "India," 41.

earlier stages, there was no state support to the cinema sector in India. Support or regulative implementations were not seen even though national production started and spread in India. In addition to this, banks did not enter the cinema sector while they took an important part for the establishment of the cinema sector in France and the US.¹⁰⁵ Not the support of the banks but the black money became a resource for funding national productions in the cinema industry in India, which actually emerged as one way for laundering black money.¹⁰⁶ However, black money is also utilized in the exhibition field through ticket sales.¹⁰⁷ So, the involvement of black money to the cinema sector caused knowledge deficiency about input/output, and stood as an impediment to rational investment.

Overall, in the early days of cinema sector in India “the theatre construction was slow, foreign imports dominated the market, and the industry was marked by uncertainty, lacking the infrastructure of an organized industry”.¹⁰⁸ Even in the 1920s, when the cinema sector considerably improved in some countries like the US and France at least through stable production or distribution mechanisms etc., the negative situation of the cinema industry in India persisted. One main reason for this situation was the fact that the state was not involved in the cinema sector in order to strengthen and protect the industry, just like in Turkey. In contrast, the problems of the sector could be solved by the support and intervention of the states in France and the US.

For instance, the cinema started to reach a wider audience in India as a result of the production of national films because imported films could attract only colonials and Westernized Indians. As a result of the success of these first national films, the production increased in the 1920s. Yet, the domination of imported films continued because national films had high costs.¹⁰⁹ One reason for the high costs was the fact that production, distribution and exhibition of that industrial of movies in India did not get involved in Fordist production

105 Subramanyam, “India,” 40.

106 Subramanyam, “India,” 38.

107 Subramanyam, “India,” 49.

108 Subramanyam, “India,” 39.

109 Subramanyam, “India,” 39--41.

system which can decrease costs as mentioned above. It should not be understood like that people from the cinema sector did not tend to structure the industry in such a way. For instance, Dhundiraj Govind Phalke, who is the first producer in India, mentioned its decision and desire for turning the cinema sector into an industry which employs hundreds of workers-artists in India.¹¹⁰ However, during this period of time, establishing the cinema industry without a state intervention was impossible for India because some countries had already established their cinema sector supplying mass production and consumption, and also because France and then the US wanted to dominate foreign markets with their films.

For sure, there are number of reasons that turned the cinema sector of India from that negative situation to today's powerful position both in domestic and foreign markets. Studios, huge population, cultural diversity, the Great Depression, coming of sound and the process of gaining independence of India are some reasons which paved the way for mass production and consumption, and the strengthening and the spread of Indian cinema sector. For instance, big studios in Bombay, where first studios has emerged and Bollywood was established, were designed by taking Hollywood structure as an example in order to be able to provide mass production in the 1920s.¹¹¹ This situation can be taken as a reason for the turning of the cinema sector into a profit-oriented industry in India.

While the Great Depression decreased the power of the American film companies in India, coming of sound in the 1930s paved the way for the emergence of the studio system and by this way for the mass production and consumption. Sound also helped characterize Indian films by song-dance and music, and these features brought Indian films to a different position with attracting Indian audiences. In addition to this, coming of sound was an important opportunity to be able to make films in different languages. In India, many languages are used in a widespread manner and the rate of literacy was

110 Dhundiraj Phalke, "Dossier: Swadeshi Moving Pictures," trans. Narmada S. Shahane, *Continuum: An Australian Journal of the Media* 2.1 (1988/89), 59, quoted in Subramanyam, "India," 39--40.

111 Rajadhyaksha, "Indian Cinema: Origins to Independence," 403.

very low. With the help of the sound, in different regions, films started to be produced in native languages and that situation enabled the spread of the cinema sector to different regions, like Bengali, Tamil and so on.¹¹² So, variety could be procured, and the cinema industry was not confined to Bombay. Also, in this way, the cinema sector could reach all people in the country and the huge population became a fundamental source for the cinema sector.

When it comes to the state's position, the variety which comes from language difference is supported by the National Film Development Corporation of India (NFDC) that was established by the state in 1975. The aim of that public corporation is described as providing "an integrated and efficient development of the Indian film industry and foster excellence in cinema"¹¹³ and more specifically the institution works "to develop talent and to facilitate the growth of Indian cinema in all languages through productions and co-productions, script development and need-based workshops."¹¹⁴

The state actually realized the cinema sector at an earlier date, and the British Raj established the Indian Cinematograph Committee in 1927 to examine the film industry in India. The committee published the Rangachariar Report in 1928 and the state got in contact with the cinema industry besides taxation and censorship for the first time. Necessities of state aid and quota system were mentioned for the production of Indian films by the report. While the British colonial government did not implement the recommendations of the committee except for increasing taxes on imported exposed films, the industry pressured for implementation of these for years. Until 1951, the pressure did not show a result.¹¹⁵ However, after the independence, the new Central Government constituted a new Film Enquiry Committee in 1949 and the committee, which included the people from the cinema sector, started to consider exerting pressure. The committee examined the industry in terms of financing, tax-

112 Subramanyam, "India," 43.

113 "Home," NFDC: Cinemas of India, accessed January 2, 2019, <https://www.nfdcindia.com/>.

114 "Company Profile," NFDC: Cinemas of India, accessed January 2, 2019, <https://www.nfdcindia.com/>.

115 Subramanyam, "India," 42.

ation and position of the state in the production field. The aim of the committee was described as working on organization and growth of the industry of cinema.¹¹⁶

The state approached the cinema industry as an economic field and intervention was seen necessary for providing healthy economic growth of the national cinema sector. However, at the same time, it was seen as a tool for promoting national culture and that approach can be interpreted as a result of the colonial period. In a similar manner, another public body was established in 1948, the Films Division of India “to maintain a record of the social, political and cultural imaginations and realities of the country on film”, and since it was founded, it provided infrastructure for filmmaking with both personnel and equipment to be used by the institute and free-lance filmmakers.¹¹⁷ The institution also got in contact with the state not only through the studios, which underlie Fordist production system in the cinema industry in India, but also with free-lance filmmakers who are independent from the profit-oriented studios. Around the same time, the Children’s Film Society, India (CFSI) was established in 1955 by the state as an autonomous body to provide making and exhibition of films suited for children.¹¹⁸ Until today, 250 awarded films have been produced and exhibited by CFSI in different Indian languages.¹¹⁹ The institution indicates that the state does not approach to the cinema sector only as a profit-oriented industry but also considers it as a means to produce quality films for public good.

The Film Finance Corporation also deserves attention. The corporation was established in 1960 by the central government “to provide institutional finance or other facilities for the production of films of good standards” and

116 Liam Grealy, “Report of the Film Enquiry Committee,” *Media Classification*, accessed January 2, 2019, <https://www.mediaclassification.org/timeline-event/report-film-enquiry-committee-india/>.

117 “About Us,” Films Division - Ministry of Information and Broadcasting, accessed January 2, 2019, <http://filmsdivision.org/about-us.html>.

118 “Citizen’s Charter,” Children’s Film Society, India, accessed January 2, 2019, <https://www.cfsindia.org/citizens-charter/>.

119 “Film Catalogue,” Children’s Film Society, India, accessed January 2, 2019, <https://www.cfsindia.org/category/catalogue/>.

became a fund for independent producers. In 1964, it made way for emergence of the New Indian Cinema which had the aim of “granting loans for ‘modest but off-beat films of talented and promising people in the field.’” And from this date, it started to support films of Satyajit Ray, who is an important director for Indian cinema sector.¹²⁰ The New Wave cinema is different than commercial Indian films which are produced through a profit-oriented purpose.¹²¹ The corporation renamed the NFDC in 1974 and the NFDC has continued to support new talents from 1975 onwards and has financed 300 nationally and internationally awarded films.¹²²

In brief, the corporation shows support of the state to independent producers and indicates the importance of state support for the emergence and continuity of independent cinema. In addition to this, there is not only financial support of the state, but also educational support in India. The Satyajit Ray Film & Television Institute (SRFTI), which was established in 1995 by the state under the Ministry of Information and Broadcasting, makes way for improvement of both mainstream and art cinema with its postgraduate programme in cinema education on art and craft of filmmaking.¹²³

1995 is an important year because it shows that the state continued supportive measures to the cinema industry despite the pressures for the implementation of neoliberal policies. Today, both the SRFTI and the NFDC are still effective structures, especially for independent cinema. The NFDC is an important resource for independent films even though it lost its revenue because of liberal policies of the state in the 1980s.¹²⁴ So, these early supportive and protective mechanisms of the state have not been temporary interventions, but they still work effectively. In addition to this, both in the past and also today, the Indian state supported not just the independent cinema, but

120 Ashish Rajadhyaksha, “India: Filming the Nation,” in Nowell-Smith, *The Oxford History of World Cinema*, 684.

121 Subramanyam, “India,” 51.

122 “National Film Development Corporation,” Ministry of Information and Broadcasting, accessed January 2, 2019, <https://www.mib.gov.in/film/national-film-development-corporation>.

123 SRFTI-Satyajit Ray Film & Television Institute, accessed January 4, 2019, <http://srfti.ac.in/>.

124 Rajadhyaksha, “India: Filming the Nation,” 687--88.

the cinema sector is also taken as an income-generating market. For instance, by the way of production and tax incentives, the regional governments try to attract filmmakers to their own regions for the development of cinema tourism.¹²⁵ So, interventions of the state continue to contribute to the cinema industry.

The examples of such institutions and protective and supportive state regulations targeting the cinema sector can be multiplied. However, in brief, it can be said that India has been able to establish and continue its national cinema under favour of both above-stated dynamics and the supportive and protective implementations of the state; despite the fact that the country met with cinema at a later date when domination of foreign countries have already began. The state has intervened in the cinema sector with taking it as both a profit-oriented industry and an art branch despite the pressure for neoliberal policies. Their effectiveness is not analysed in this study. However, as it is seen from three examples of France, the US and India, the states intervene to create and flourish the national cinema sectors, both as profit-oriented industries and art fields, in contrast to the discourse of globalization and neoliberal policies.

125 Neeraj Jain, Tarun Soneja, and Japun Ahluwalia, *Indywood–The Indian Film Industry* (Deloitte, September 2016), 43–46, <https://www2.deloitte.com/content/dam/Deloitte/in/Documents/technology-media-telecommunications/in-tmt-indywood-film-festival-noexp.pdf>.

The Development of the Cinema Industry in Turkey and the State, 1980-2004

This chapter addresses the state's approach to the cinema sector in Turkey throughout the history. Firstly, it focuses on the period since the emergence of the sector until the 1980s, and then addresses the ways in which the relationship between the state and cinema sector have evolved after the 1980s, when policies of neo-liberalism have been introduced in Turkey. During the pre-1980s period, what I call the closed period of cinema, the cinema was left to its own conditions and the state did not interfere into sector with some minor exceptions that I will address below. However, in the 1980s, there has been a change in the approach of the state to economy in general, and to the cinema sector in particular, in parallel with neo-liberalization all around the world. Resultantly, some structural economic regulations that open the cinema sector to foreign capital have been implemented. Therefore, the second part of this chapter addresses the effects of this shift in the state policy, and it asserts that Turkish state, since 1980s, perceives the cinema sector as a profit-oriented industry rather than as an art branch which brings together diverse productions.

§ 3.1 Establishment of an Economically Self-Feeding System in the Cinema Sector

In Turkey, the cinema sector has been shaped without any interventions from the state or involvement of another industry. Particularly until the 1980s, there was no structural state involvement in the sector.

The cinema has been introduced to Turkey for the first time during the Ottoman Empire. Even though the exact date of the first encounters is not certain, existing literature suggests that they took place around 1897 when the Lumière brothers' shoot the Bosphorus and when the first screening by French Bertrand took place for the members of the palace in the Yıldız Palace.¹ In 1897, when the Ottomans just met cinema, France had already acquaintance with it and mass projection started spreading there. And it has been French artists who introduced this art branch to Turkey. Particularly the Lumière brothers, who were mentioned in the previous chapter, were powerful names in the cinema sector during these times and they were able to come from France to the Ottoman Empire which was just learning about the cinema. This means that cinema came to these lands from outside, rather than being developed by the efforts of those who live in the region. Likewise, when Ottoman Empire met cinema for the first time, it had already been becoming a distinct sector for a while in some other countries.

According to the popular wisdom, the first open to public screening was done by Weinberg in Sponeck Beerhouse, Pera in 1897.² Thereafter, Weinberg made a second screening in the Fevziye Coffee House, and opened first permanent cinema halls in Pera, İstanbul in 1908. Following the opening of these first cinema halls, as a result of the agreement Weinberg made with Pathe,

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- 1 Hakan Erkalıç, "Türk Sinemasının Ekonomik Yapısı ve Bu Yapının Sinemamıza Etkileri" (unpublished master's thesis, Mimar Sinan Üniversitesi, 2003), 12, Council of Higher Education Thesis Center (Accession No. 137059); Pelin Düşteğör, "Sinema ve Sinema Mekanlarının Tarihsel Gelişimi ve İstanbul İlinde Yer Alan Sinema Mekanlarının İncelenmesi: Alışveriş Merkezleri Üzerine Değerlendirme Çalışması" (master's thesis, Yıldız Teknik Üniversitesi, 2011), 39, <http://dspace.yildiz.edu.tr/xmlui/handle/1/11488>.
 - 2 Erkalıç, "Türk Sinemasının Ekonomik Yapısı," 13.

which had considerable impact in the development of cinema sector in France³, new cinema halls started to be opened expeditiously especially at Pera.⁴

Examining this period provides important insights about the development of cinema sector in Turkey, where public screenings and construction of permanent cinema halls took place much later in comparison to the United States and Europe. If the cinema sector had improved simultaneously with other countries and local companies had emerged and gained strength, a need for a foreign company such as Pathe to open cinema halls and sustain films would have not been necessary. However, because of the absence of the cinema sector, the effects of foreign companies on cinema were inevitable and the managers of cinema halls had to import films from foreign companies until production companies could be established in Turkey. In addition to the demand resulting from absence of a local cinema sector, Pathe's agreement can also be interpreted as an indication of the company's tendency for expansion through economic interests. And such expansionary behaviors of the companies as a result of the industrialization of cinema, and their effects on the cinema sector in Turkey can be observed more openly when the following years are examined.

Despite its late arrival, the first years of cinema in Turkey shared some characteristics with the emergence of it in other countries. For instance, just like in France, the first screenings in Turkey took place at beerhouses and coffee houses, which were not specially designed for film screening. Similarly, in many of the countries, the companies' tendency for making more profit through reaching much more cinemagoers have been vital for the development of cinema. It is possible to observe a similar trend in Ottoman Empire. Along these lines, what made Weinberg open a permanent cinema hall was

3 Düştegör, "Sinema ve Sinema Mekanlarının," 39

4 Names of cinema halls which were opened between 1908 and 1914 like that: "Cine Éclair (1909), Cine Orientaux (1910-11), Cine-Central (1912), İdeal (1912), Cine Gaumont (1912-13), Cine Lion (1913) Artistik (1913), Americain (1913), Cine-Porlant (1913), Apollon (1914), Cine Palace (1914), Cine Majestic (1914)". (Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 16-17.)

his desire to reach larger masses.⁵ And the succeeding construction of new cinema halls in a short time in Pera indicates realization of cinema as a profitable industry in the lands of Ottoman Empire and this paved the way for its development and spread.

In addition to this, Kasapoğlu emphasizes that most of the capital-owners and managers in the sector were non-Muslims.⁶ As discussed above, cinema inherently requires huge investments to sustain its existence and progress. Since such investments were substantially made by the private sector, the cinema sector cannot be thought independent of economic structures. For instance, as mentioned at the cinema sector's history of France and the United States, cinema could be improved through financial support of bankers and industrialists. In the same way, there was a need for capital simply because of the substance of cinema also in the Ottoman Empire, and during the last years of the empire capital owners were prominently religious minorities, bringing them to the centre of the cinema sector. To put it another way, the example of non-Muslim managers indicates that economic structures shaped the composition of cinema. The position of non-Muslims has started to change with the shifts in the demographics of the population during the collapse of the Ottoman Empire and establishment of Turkish Republic.

The case of Pilosyon, a non-Muslim manager of cinema halls, exemplifies the state's relationship to the cinema sector around these times. Even though there is no clear information about the countrywide tax system for the sector in the existing literature, the state's entry to the sector as a tax collector can be observed in some examples such as the case of Pilosyon. Pilosyon, which paid diverse taxes like town tax and profit tax from ticket prices, made an application to the Ministry of Finance demanding a decrease in the profit taxes cut from ticket prices and given to the municipality. Pilosyon demanded this because high taxes led to unfair competition that benefited foreign companies and left poor people destitute of cinema due to high ticket prices. The state's

5 Düşteğör, "Sinema ve Sinema Mekanlarının," 39.

6 Sedef Kasapoğlu, "Sinema Salonlarının Dönüşümü: İzmir Örneği" (master's thesis, Yaşar Üniversitesi, 2015), 21, Council of Higher Education Thesis Center (Accession No. 425104).

answer to this application was affirmative and the taxes were decreased. A similar objection was done in 1919 by another manager and similarly, the state recognized this objection as well⁷.

Until 1915, there was not any relationship between the state and cinema except for regulations on taxation, and the cinema had been spreading with private enterprises. However, the state got firstly involved in the sector in 1915 by establishing The Central Army Cinematography Office, which aimed at shooting films about military activities.⁸ So, first state-led productions in Turkey were made by a governmental institution with military aims.

The strength of non-Muslim and foreign managers and films, and the centrality of productions of governmental institutions prevailed until 1922. In 1922, the first private production company, Kemal Film; and then in 1931 the second most important production company, İpek Film, have been established.⁹ As a result of the establishments of these companies, the effects of the governmental institutions on production decreased and the period between 1922 and 1949 is named as “the Period of Private Production Companies”.¹⁰ Thereafter, Ha-Ka Film, Halk Film, Lale Film, Ses Film, And Film, Be-Ya Film, Erman Film, and Erler film have been some of the production companies established until the beginning of the 1950s.¹¹ These companies also imported

7 Erkılıç, “Türk Sinemasının Ekonomik Yapısı,” 19-20.

8 Eylem Arslan, “2000’li Yıllar Öncesi Ve Sonrasında Türk Sineması’nda Kullanılan Yapım Kaynaklarının Değerlendirilmesi,” *Selçuk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*, no. 25 (2011): 19, <http://dergisosyalbil.selcuk.edu.tr/susbed/article/view/180>; Kasapoğlu, “Sinema Salonlarının Dönüşümü,” 21.

9 Mustafa Gökmen, *Başlangıçtan 1950’ye Kadar Türk Sinema Tarihi ve Eski İstanbul Sinemaları* (İstanbul: Denetim Ajans Basımevi, 1989) is an important resource for more detail information about established other production and distribution companies and managements of cinema halls.

10 Nijat Özön, *Karagözden Sinemaya: Türk Sineması ve Sorunları* (Ankara: Kitle Yayınları, 1995), 19, cited in Arslan, “2000’li Yıllar Öncesi,” 19-20.

11 Giovanni Scognamiglio, “Türk Sinemasının Ekonomik Tarihine Giriş-3,” *Yeni İnsan Yeni Sinema*, no. 11 (2002), <http://yenifilm.net/2002/12/turk-sinemasinin-ekonomik-tarihine-giris-3/>.

foreign films, distributed them and had cinema halls.¹² So, they have been active in all fields of cinema industry.

Here it is important to note that their revenues for production came from their activities in other fields. For instance, İpek Film produced the film of “İstanbul Sokakları” by financing it from its own distribution company, Fitaş Distribution Company, which generated income from importing foreign, especially American films.¹³ This indicates that a company’s activities in different fields of the cinema sector feed each other. In the case of newly emerging companies in Turkey, the main monetary sources were management, distribution, and importation. Due to strong relationship between different fields of cinema, the number of cinemagoers was an important issue to be able to make films. This phenomenon shaped the cinema sector in the upcoming years and the demands of the cinemagoers became the main factor for productions. Before looking at how this affects the cinema sector, the position of the state during this process should be touched briefly.

At these times, the state related to the cinema sector only through censorship and taxation. In 1932, The Directive concerning the Control of Cinema Films was published.¹⁴ Through this directive, the state established a control mechanism on the cinema sector, which enabled it to interfere content of films. Apart from this censorship mechanism, throughout the 1930s and the 1940s, there were many debates and regulations about taxes in the cinema sector. Firstly, in 1930, the tax rate, which was collected per screened films, was decreased from 33% to 10% with the order of Mustafa Kemal Atatürk. However, the relation between cinema halls and municipalities continued through taxation; the state decided to continue those taxes. In addition to this, in 1947 some municipality taxes, which also concerned cinema halls, were raised. At the end of that up-and-down process, in 1948, a regulation which supported

12 Hakan Erkılıç, “Düş Şatolarından Çoklu Salonlara Değişen Seyir Kültürü ve Sinema,” *KEBİKEÇ İnsan Bilimleri İçin Kaynak Araştırmaları Dergisi*, No. 28 (2009): 149, <http://archive.kebkecdergi.org/28.pdf>.

13 Giovanni Scognamillo, *Türk Sinema Tarihi: 1896-1997* (İstanbul: Kabalcı Yayınevi, 1998), 20, cited in Arslan, “2000’li Yıllar Öncesi,” 20.

14 Gökmen, *Başlangıçtan 1950’ye Kadar*, 133.

national films was enacted and tax rate for national films was decreased to 25% while the tax rate for foreign films was kept as 75%. However, after a short while, the tax rate for foreign films was decreased to 70%.¹⁵

Beyond these policies pertaining to censorship and taxation, the state did not give any support to companies for their infrastructural development or it did not invest directly to establish a studio despite the weaknesses in technical infrastructure in these days. For instance, there was only one studio which belonged to İpek Film in 1938.¹⁶ All these suggest that the state did not establish a relationship with the cinema sector besides censorship and taxation and it did not give support to its progress in contrast to other countries. Furthermore, in Turkey, there was not a deep-seated relationship between the cinema sector and capitalist in Turkey much in contrast to the case of the United States. Except for a few examples, like the partnership of İş Bankası and İpek Film, there was no continuous investment of capitalists from other industries. Unpacking partnership of İş Bankası, Erkılıç argues that it did not last long and did not derive from the bank's desire to invest in an art branch. Rather, since the managers of the bank and owners of the İpek Film were from the Balkans¹⁷, this partnership was the result fellow countrymen relations.

In brief, a self-financing system prevailed in the cinema sector. Production companies, which came from managership, made their films under inadequate conditions, lack of equipment, and with their equity capital. These companies had commercial concerns that made them produce films in a manner privileging the appreciation of cinemagoers and box-office return.¹⁸ While national productions fell into a decline in the 1940s in consequence of the Second World War, cinemagoers continued to go to cinema halls to see newly imported American and Egyptian films. In the 1950s, after the tax reduction in 1948, productions started to increase again, and managers of cinema halls, like İpek Film, Kemal Film, Lale Film, got back to production field because of it

15 Gökmen, *Başlangıçtan 1950'ye Kadar*, 129—167.

16 Nijat Özön, *Karagözden Sinemaya: Türk Sineması ve Sorunları* (Ankara: Kitle Yayınları, 1995), cited in Düşteğör, "Sinema ve Sinema Mekanlarının," 41.

17 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 45-46.

18 Arslan, "2000'li Yıllar Öncesi," 20; Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 54-63.

was profitable.¹⁹ Since then, particularly throughout the 1950s and the 1960s, a vertically integrated system settled in the cinema sector.²⁰

The emergence of a few big and powerful companies in these days can be attributed to the emergence of this vertical integration system. The increasing interest of cinemagoers for national films enabled these companies in the exhibition field to open new production companies. Consequently, increasing number of national films, which were produced according to the interest of cinemagoers, attracted more cinemagoers to cinema halls. So, the cinema sector started growing expeditiously due to increasing number of cinemagoers which became the main revenue of the cinema sector in Turkey.

Table 3.1 Numbers about National Cinema between 1950 and 1959.²¹

Year	Number of National Films	Number of Foreign Films	Number of Cinemagoers	Number of Cinema Halls	Number of National Production Companies
1950	23	229	11.822.000	-	5
1951	31	201	12.268.000	-	10
1952	50	240	14.315.000	-	9
1953	52	308	15.372.000	-	10
1954	51	323	20.615.000	450	15
1955	57	324	21.350.000	-	17
1956	49	317	23.500.000	-	12
1957	63	424	25.684.000	600	21
1958	95	253	28.123.000	-	18
1959	95	246	25.161.000	-	9

The spread of cinema to the Anatolia as a result of developing technology and the expansionist tendencies of companies seeking more revenues, can be counted as the main factor for the increasing number of cinemagoers in the

19 Erkalıç, "Düş Şatolarından Çoklu Salonlara," 145.

20 Arslan, "2000'li Yıllar Öncesi," 20.

21 Erkalıç, "Türk Sinemasının Ekonomik Yapısı," 87-88.

1950s. In these days, cinema turned into the main source of amusement and people went seeing films together with their family members.²²

For the distribution of films to Anatolia, the percentage system was used. According to this system, the employees of big production companies visit diverse cities and rent films to cinema halls.²³ The decline of this system, which was replaced by what is called regional management system, also ment the breakdown of the integration of production, distribution and exhibition fields. While the domination of big production companies weakened as a result of the emergence of new companies and increasing numbers of productions, their employees working under the percentage system started working with other production companies as well. These employees started gaining power from their knowledge on the preferences of cinemagoers in Anatolia. So, they were able to inform production companies about what kind of films and which movie stars were much popular in diverse regions. As a result, in order to attract more cinemagoers to their films, production companies could make films according to regions' tendencies. However, throughout the time, the information they have equipped these employees with power against production companies, and they created new structures, which are called regional managements, independent from production companies. Emergence of these structures paved the way for separation of distribution field from the production field.²⁴

Consequently, six regional managements emerged across Turkey in the beginning of the 1960s.²⁵ Regional management system shows that, while making a film the main purpose for all actors in the cinema sector was attracting more cinemagoers because cinemagoers were the main source of revenue of

22 Erkılıç, "Düş Şatolarından Çoklu Salonlara," 152.

23 Ertan Tunç, "Türk Sinemasının Ekonomik Yapısı," *Türk Sineması Araştırmaları*, June 7, 2014, <http://www.tsa.org.tr/yazi/yazidetay/30/turk-sinemasinin-ekonomik-yapisi>.

24 R. Arzu Kalemci and Şükrü Özen, "Türk Sinemacılık Sektöründe Kurumsal Değişim (1950-2006): Küreselleşmenin 'Sosyal Dışlama' Etkisi," *Amme İdaresi Dergisi* 44, no. 1 (2011): 63—64, https://www.researchgate.net/publication/284177384_Turk_Sinemacilik_Sektorunde_Kurumsal_Degisim_1950-2006_Kuresellesmenin_'Sosyal_Dislama'_Etkisi.

25 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 93-95.

the cinema sector. However, in the 1970s, the political and technological developments and surplus production of films which resulted in an increase in the number of films with lower quality and stereotypical story lines and same actors moved the cinemagoers away from cinema halls. As a result, the regional management system started to collapse since the managers lost their revenues and were not able to feed production companies. So, productions and cinema halls started to decrease.²⁶

§ 3.2 The Beginning of Neoliberal Period and Its Effects on the Cinema Sector

For the period between 1980 and 1989, it can be said that Turkish cinema has went through a danger of extinction. This claim, which can be confirmed with statistical information, should be explained both with the effects of previous periods and conditions peculiar to that period. Firstly, I will examine the general atmosphere of the early 1980s.

While cinema has been the most important entertainment source and cultural activity in the 1960s; some critical developments that took place in the 1970s, such as television's emergence as the main mass entertainment source as a result of the spread of televisions at homes; moving away of families from cinema halls with glut of the sex films and financial outcomes of the Oil Shock of 1973; and people's preference to spend time at home instead of going out due to the political atmosphere, has altered this position.²⁷ As a result of these factors, the number of cinemagoers, which was the main source of the cinema industry in Turkey, and the number of cinema halls started to decrease at the end of the 1970s. For instance, whereas the number of cinema halls was 2.242 in 1970, in 1979 that number dropped to 1.126. In a similar manner, the total

26 Kalemci and Özen, "Türk Sinemacılık Sektöründe Kurumsal," 65—66.

27 Funda Lena, "Türkiye'de Sinema Endüstrisinin Oligopolistik Yapısı," *Sosyal Demokrat Dergi*, February 21, 2018, <http://www.sosyaldemokratdergi.org/funda-lena-turkiyede-sinema-endustrisinin-oligopolistik-yapisi/>; Elif Tan, "Tarihi Sinema Salonlarının Dönüşümü: Roma-İstanbul Karşılaştırması" (master's thesis, İstanbul Teknik Üniversitesi, 2016), 10, Council of Higher Education Thesis Center (Accession No. 439544).

number of tickets sold decreased from 246.662.310 to 77 million.²⁸ Numbers of cinema halls and cinemagoers are important to understanding the size of the sector because they are the ways in which films bring income. So, these statistics show us the striking shrinkage of the cinema industry in Turkey from the beginning to the end of the 1970s.

What happened in the 1980s that caused to deepening problems of the industry? To answer this question, we can analyse some critical developments of the time. Alim Şerif Onaran, who is a Turkish cinema theorist and the first professor of cinema in Turkey, does not take the period between 1980 and 1990 as a whole. Firstly, he examines the time between the 1980 coup d'état and the 1983 general elections, when the military governed the country directly or through the government which was brought to the power by the military.²⁹ Despite the fact that social conflict seemingly ended in 1980, cinemagoers which are the main source of income of the cinema industry in Turkey did not turn to the cinema halls.³⁰ A serious decrease in the number of films is one of the indicators for the continuing crisis of the cinema sector.³¹ One main reason explaining this situation was the authoritarian military rule following the 1980 coup d'état.³² During the rain of this authoritarian regime, the Constitution of 1982, the 26th article of which required films to get permission though freedom of disclosure and distribution, came into force. On the grounds of this legislation, some figures of the cinema industry, such as Yılmaz Güney were arrested and a lot of films were banned including Güney's films. In addition to this, in compliance with the administration mentality of this authoritarian rule, political and moral supervision was administered by police supervision and censorship based on a new regulation introduced in 1983, which repealed the old Regulation on the Supervision of Films and Film Scenarios.³³ Under the influence of these prohibitions and detentions, it was not possible for

28 Erkıılıç, "Türk Sinemasının Ekonomik Yapısı," 125.

29 Alim Ş. Onaran, *Türk Sineması* (İstanbul: Kitle, 1996), 9. Nijat Özön, *Karagözden Sinemaya: Türk Sineması ve Sorunları* (Ankara: Kitle Yayınları, 1995),

30 Kalemci and Özen, "Türk Sinemacılık Sektöründe Kurumsal," 67.

31 Arslan, "2000'li Yıllar Öncesi," 22.

32 Arslan, "2000'li Yıllar Öncesi," 22.

33 Onaran, *Türk Sineması*, 9--10.

filmmaking to grow. As table 3.2 shows, even though there were a decrease in the second half of the 1970s, there has not been such a sharp drop similar to the one in 1980s. In the same way, between 1980 and 1983, the number of production companies remained much below their numbers in the first half of the 1970s.

Table 3.2 Numbers of New Turkish Films and Production Companies by Years (1970-1983).³⁴

Year	Number of New Turkish Films	Number of New Production Companies
1970	224	26
1971	265	39
1972	300	38
1973	209	33
1974	189	26
1975	225	19
1976	164	19
1977	124	8
1978	126	14
1979	193	25
1980	68	8
1981	71	21
1982	72	15
1983	78	15

Likewise, it can be said that the changes in the contents of the films also stemmed from that authoritarian rule. The change, which is mentioned by Arslan, can be explained with consisted lack of production. Because of the oppression, production of more political and critical films had to stop. Stopping of that type of films production caused sharp fall in the total number of productions and the producers, who approached to cinema industry as just trade and made films of singers in short time on a tight budget, continued filmmaking with taking advantage of the scarcity of films in the market. They found a

34 Erkalıç, "Türk Sinemasının Ekonomik Yapısı," 125—156.

place for their cheap films at cinema halls. So, the content of the films changed from the 1970s to the 1980s.³⁵

Another important issue for the cinema sector between 1980 and 1984 was 24th January 1980 Decisions which brought regulations in accordance with the neoliberal economy to Turkey. On the following pages, the 24th January Decisions and the neoliberal policies they introduced will be handled more deeply. However, for now, it should be emphasized that one of the consequences of the decisions was runaway inflation. (see table 3.3)

Table 3.3 Price Indexes and Rates of Change (1978-1981).³⁶

Year	Consumer Price Index	%	Wholesale Price Index	%
1978	6 986.7	53.3	10 122.7	52.6
1979	11 318.4	62.0	16 591.1	63.9
1980	22 795.3	101.4	34 376.7	107.2
1981	30 545.7	34.0	47 027.3	36.8

In parallel with this, currency devaluation took place. Buying exchange rate for the US Dollar increased year by year from 19,25 to 25,00; 35,00; 89,25; 132,30; 184,90; and 280,00 between 1977 and 1983.³⁷ In seven years, Turkish lira depreciated 15 times against the dollar.

The soaring inflation and currency devaluation had two critical influences for the cinema sector. Firstly, the costs of filmmaking increased enough to bring industry to a stopping point.³⁸ Especially, the devaluation of Turkish lira had a direct negative impact on the cost of film making. Necessary equipment for film making became more expensive year by year because all equipment was imported with foreign currency. In the simplest term, unexposed films were the main need for production, and they were imported. So, the effect of soaring inflation and currency depreciation on costs was unavoidable. When

35 Arslan, “2000’li Yıllar Öncesi,” 22.

36 Turkish Statistical Institution (TurkStat), *Statistical Indicators 1923-2013* (Ankara: Turkish Statistical Institute, Printing Division, 2014), 556.

37 Turkish Statistical Institution (TurkStat), *Statistical Indicators 1923-2013*, 569.

38 Erkalıç, “Türk Sinemasının Ekonomik Yapısı,” 158; Kalemci and Özen, “Türk Sinemacılık Sektöründe Kurumsal,” 70; Onaran, *Türk Sineması*, 11.

costs of filmmaking are analysed, it seems that there was no big difference between the 1960s and the 1970s; yet, when it came to the 1980s, costs almost increased ten times. (see table 3.4) So, it can be said that there were some political reasons but also some economic reasons for the sharp decrease in the numbers of production.

Table 3.4 Production Costs by Years.³⁹

Year	Black & White Film vs. Colour Film	Average Cost of a Film/TL
1963	B&W	250.000
1965	B&W	250.000
1971	B&W / Colour	250.000 / 350.000-1.200.000
1980	Colour	5.000.000-10.000.000
1981	Colour	5.000.000-10.000.000
1982	Colour	12.000.000-20.000.000

The second consequence of inflation and economic conditions, which stemmed from 24th January 1980 Decisions, pertains to the numbers of cinemagoers. In the beginning of the 1970s, the number of cinemagoers was nearly 247 million. However, at the end of the 1970s, this number went down rapidly. According to many resources, one of the reasons for this decrease is the financial consequences of the Oil Shock of 1973 as mentioned above. Because of political and economic instability which resulted from the Oil Shock, low and middle-income cinemagoers were not able to pay ticket prices anymore.⁴⁰ In a similar way, at the beginning of the 1980s, political and economic instability perpetuated the decrease in the number of cinemagoers.

39 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 158; Giovanni Scognamillo, "Türk Sinemasının Ekonomik Tarihine Giriş," *Yeni İnsan Yeni Sinema*, no. 9 (2001), <http://yeni-film.net/2000/12/turk-sinemasinin-ekonomik-tarihine-giris/>; Giovanni Scognamillo, "Türk Sinemasının Ekonomik Tarihine Giriş-2," *Yeni İnsan Yeni Sinema*, no. 10 (2002), <http://yeni-film.net/2002/12/turk-sinemasinin-ekonomik-tarihine-giris-2/>.

40 A. Nurdan Tümbek Tekeoğlu, "Türk Filmlerinde Yaşanan Pazarlama Sorunları ile İlgili Araştırma," *İstanbul Ticaret Üniversitesi Sosyal Bilimler Dergisi* 15, no. 29 (Spring 2016/2): 353, <http://acikerisim.ticaret.edu.tr/xmlui/bitstream/handle/11467/1427/Moo687.pdf?sequence=1&isAllowed=y>.

Boratav explains how these financial problems, which started in the 1970s with the Oil Shock, continued in the 1980s through the coup d'état and 24th January 1980 Decisions. According to him, before these two historical events, the working class struggled with the capital-owning class for protecting their real income against the inflation in Turkey. However, the military government, which took power through the coup d'état and forced regulations in compliance with the 24th January Decisions, prevented the working-class struggle through its authoritarian rule in order to sustain new economic regulations. In addition to this, these regulations influenced not only the working class but also the civil servants and peasantry. In brief, the regulations of the military management in compliance with the 24th January paved the way for the decrease in real income of low and middle class in the 1980s.⁴¹ That situation resulted in cinemagoers decreasing capability to go to cinema halls during the 1980s.

However, in comparison to the years after 1986, the statistics also suggest that there was a relative increase in the number of production and production companies. Similarly, a stability in the numbers of cinema halls can be observed until 1986 despite increasing production costs and decreasing number of cinemagoers for national productions. (see table 3.5) To put it another way, there should be another revenue on the cinema industry to sustain its existence while the industry lost its cinemagoers which were the main source for maintaining national production.

A video management system emerged in the beginning of the 1980s. Some companies such as Türkola Minareci Videola, which made distribution of videos of national productions towards migrant Turkish workers especially in Germany and Austria, have emerged. These newly emerged video distribution companies started to buy out video rights of national films in 1982. To solve their economic problems, the national production companies sold video rights of their old films to the video distribution companies. However, these films run short for the video distribution companies because of the excessive demand of migrant Turkish workers. As a result, small production companies started to produce films with tight budgets particularly for video.

41 Korkut Boratav, *Türkiye İktisat Tarihi* (Ankara: İmge, 2003), 45-50.

This period also witnessed The Turkish Radio and Television Corporation (Türkiye Radyo Televizyon Kurumu-TRT)'s which was established in 1964 for radio and television broadcasting in the name of the state of Turkey, switch to colour television in 1982⁴². It is claimed this improvement attracted people to use video technology at homes. In addition to this, because of the absence of statutory audit and taxation, this technology was easily used at coffeehouses or parks for film screenings without any incremental cost. For these screenings, making payment was not required different than cinema halls. So, that new technology became widespread at those times in Turkey.⁴³

In time, video managers started to give advance to production companies to make films for video. These films were not only marketed in foreign countries but also they were produced to be sold in Turkey. So, video management created a new area for production and distribution.⁴⁴ The fact that video management became a new revenue for production companies in the 1980s (just like the regional management system mentioned above) can also be seen in the number of new national films at the table 3.5. As the production for video continued, some production companies have been able to continue their productions for cinema halls through advance payment system of video management.⁴⁵ So, with the video management system, the number of productions for cinema halls increased even though below-mentioned negotiations of these times.⁴⁶ Establishment of video companies by existing production companies Turkey shows how much video management affected the cinema sector.⁴⁷ Ulusal of Erler Film and Varlık Video of Varlık Film were some of the examples of production companies, which existed for many years and established video companies as a new income channel.

On the other hand, its negative effects differently from regional management system can be seen at the number of cinemagoers and cinema halls. The

42 "Tarihçe," TRT, accessed November 18, 2018, <http://www.trt.net.tr/Kurumsal/Tarihce.aspx>.

43 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 140-141.

44 Arslan, "2000'li Yıllar Öncesi," 22.

45 Kasapoğlu, "Sinema Salonlarının Dönüşümü," 4.

46 Scognamillo, "Türk Sinemasının Ekonomik Tarihine Giriş-2."

47 Scognamillo, "Türk Sinemasının Ekonomik Tarihine Giriş-2."

video became an alternative for the people who did not want to go to the cinema but also wanted to reach films. They could watch films at home comfort. So, that technology caused to move away from cinema halls much more. In-somuch that, the cinema sector shrank, and numbers of cinemagoers and cinema halls drastically decreased after 1983.

Table 3.5 Numbers of Cinema Halls, Sessions, Cinemagoers, New National Films and New Production Companies (1980-1989).⁴⁸

Year	Number of Cinema Halls	Total Number of Sessions of National Films	Total Number of Sessions of Foreign Films	Cinema-goers for National Production	Cinema-goers for Foreign Production	Number of New National Films	Number of New Production Companies
1980	941	80.437	29.151	38.553.202	24.027.301	68	8
1981	991	79.833	30.514	41.523.345	34.629.209	71	21
1982	1.014	75.215	35.058	33.479.210	34.585.379	72	15
1983	975	69.592	38.046	35.835.614	45.133.962	78	15
1984	854	54.645	34.637	26.753.374	29.562.237	126	20
1985	767	49.755	31.656	21.284.575	21.386.030	123	28
1986	675	44.605	28.260	20.345.721	19.857.030	184	26
1987	460	31.048	21.706	11.734.923	13.097.248	186	22
1988	424	29.550	21.984	7.736.401	12.553.466	117	-
1989	383	22.348	19.814	7.165.710	13.882.149	99	-

However, looking at the statistics, it can be understood there was a change in the cinema sector after 1983. This is why, Onaran divides 1980s into two periods. Drawing from Onaran's analysis, I examine the years between 1983 and 1989 separately from the early 1980s. The main distinction between the two derives from election of a civil government in 1983 even though this government was actually a continuation of the military government. Furthermore, to understand changes in the industry after 1983, the video system should also be examined since due to chronic problems in video management, cinema industry lost another key source of revenue.

48 Erkalıç, "Türk Sinemasının Ekonomik Yapısı," 156—158; Turkish Statistical Institution (TurkStat), *Statistical Indicators 1923-2013*, 84.

It is claimed that the video system reached satiation in 1984. Just like what happened in the regional management system, the economic opportunities of the video market allowed fast and unrestrained production and increased the number of productions causing a satiation in the video industry.⁴⁹ In addition to this, declining quality of technique and content removed people from the video, hence the demand for video decreased. In other words, the initial excitement of masses about this new technology came to an end by the complaints about defects in voice and image quality and standardizing contents.⁵⁰ However, the biggest blow came in the form of state regulation on the video industry. The Law of Cinema Video and Music Works of Art in 1986, which will be examined more in detail in the following pages, lack of inspection on revenue and distribution system of video management was came to an end and banderol and copyright were introduced. While, this resulted in the closure of many of the video rental stores, banderol and copyrights also meant more expenses for video managers. As a result of all these factors, video managers got in financial difficulties and the advanced payment system started not to work. Advances were not paid in cash; they were split instalment, agreements turned from lots of films to a few films. So, video management stopped being a revenue for production companies and consequently stopped being a promoter mechanism for the cinema sector at the end of the 1980s. Especially small companies, which established at the beginning of the 1980s, closed down because of losing video revenue before the 1990s.⁵¹ Only a few production companies, which were Erler, Emek, Mine, Uğur, Yaşam, Uzman, Özer, Anıt, Saner, Metro, Burak, Burç, İlker, Varlık, Topkapı, Mutlu, Önder Film, could continue their productions much more regularly between 1980 and 1986, even though there were 120 production companies registered to SESAM in 1987.⁵² This number shows the crises of production companies. For instance, Varlık

49 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 156-157.

50 Nilgün Abisel, *Türk Sineması Üzerine Yazılar* (Ankara: Phoenix Yayınevi, 2005), 124.

51 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 143.

52 Abisel, *Türk Sineması Üzerine Yazılar*, 122-124.

Film had to stop its production while maintaining its distributive trade because of the failure of its films on box office.⁵³

In addition to this, people started to prefer televisions rather than videotapes around these times because private televisions increased in number and they televised approximately 40 Turkish films in a week in the 1990s.⁵⁴ By this way, the people who did not want to go to the cinema could reach films easily without even needing videotape. Variation of television channels drew attention of people to the television.⁵⁵ So, in the 1990s the video system completely lost its efficiency.

In brief, the video system sustained production focused on profit in the cinema industry as finance especially at the beginning of the 1980s. Even though it disappeared as finance at the end of the 1980s, it could be fed industry on productions at the following few years. However, at the same time videotape caused to move away from cinema halls to important fall on the number of cinemagoers at those years. That imbalance can be easily understood from that while number production increased within years, a total number of sessions of national films decreased; so produced films were not shown at cinema halls. (see table 3.5)

§ 3.3 The State Opening the Cinema Sector to Foreign Capital

The enactment of the Law of Cinema Video and Music Works of Art is a significant event in the history of the cinema sector in Turkey particularly for two reasons: One pertaining to the institution which opened the way for the enactment of the law; and the second about the meaning of this law for the history cinema sector. To begin with, The Association of Filmmakers (Film Yapımcıları Derneği- FİYAP) is the institution which led up to this law. The 1980 coup d'état resulted in the closure of organizations, institutions and foundations both in the cinema sector and also in the other fields. It was only four years after the coup, some cinema were able to be opened again, and FİYAP

53 Abisel, *Türk Sineması Üzerine Yazılar*, 125.

54 Onaran, *Türk Sineması*, 11.

55 Kasapoğlu, "Sinema Salonlarının Dönüşümü," 4.

which was established in 1984 was one of those institutions.⁵⁶ Just a year after its establishment, the FİYAP prepared a cinema report which revealed the problems of the industry such as unlawful profits of the video managements, the high tax rate for national films, lack of a qualified law about cinema. And the Law of Cinema Video and Music Works of Art was implemented by the government based on this cinema report.⁵⁷ In brief, enactment of this law has a lot to do with transition to civilian rule which provided opportunities for civil organizations to be established. Even though ANAP (the civilian government of the time) is generally considered as a continuation of the military government, there were essential differences between civil and military governments, and organizations like FİYAP could be established based on fundamental freedoms derived from this political change.

The second point that makes the law particularly significant for the history of cinema sector is the fact that it was the first legislation regulating the cinema sector besides the censorship laws in Turkey.⁵⁸ Until this time, governments regulated the sector only through censorship mechanisms and tax system. This law was also related to taxation purposes of the state since it introduced taxes for the video system. However, when the parliamentary minutes leading to the enactment of the law are analysed, it can be seen that the state's approach to the sector has been changing. At the preamble of the bill of the law, Edip Özgenç⁵⁹ emphasized the need to form a state policy which would have cinema field turn into an industry. Moreover, the assembly negotiated a cinema fund around the same time.⁶⁰ These approaches of the state were new for the cinema industry. Even though all these reform ideas did not come true with the implementation of the law, there were some little positive develop-

56 Erkıılıç, "Türk Sinemasının Ekonomik Yapısı," 140.

57 Erkıılıç, "Türk Sinemasının Ekonomik Yapısı," 143-144.

58 Gülhanım Gül, "Sinema Devlet İlişkisi: Dünyadan Örnekleri Ve Türkiye," 1, <http://www.kameraarkasi.org/makaleler/makaleler/sinemadevletiliskisi.pdf>

59 The deputy of the Grand National Assembly of Turkey.

60 İrfan Hıdıroğlu, "Türkiye'de 1980 Sonrası Sinema Politikaları" (PhD dissertation, Ankara Üniversitesi, 2010), 136, <http://acikarsiv.ankara.edu.tr/browse/6345/>.

ments for the cinema industry. For instance, the law took the authority to control the content of the films from the police and gave it to the Ministry of Culture, and non-state actors of the cinema sector and academics started to participate the Board of Control.⁶¹ In brief, this shows us, for the first time the state started took an interest in the cinema sector apart from censorship and tax issues.

In addition to helping establishment of FİYAP, the transition to civilian government had implications for the censorship in the sector. Even though censorship did not come to an end, some positive developments took place after 1983. For instance, the films criticizing the coup d'état were started to be allowed with transition to civilian rule.⁶² On the other hand, the softening of censorship policies is representative of the continuities between the military and civilian governments in terms of their liberal approaches to economy. For instance, Mükerrerem Taşcıoğlu, the Minister of Culture and Tourism of the time, reflected on the changes in the articles about censorship of The Law of Cinema Video and Music Works of Art stating that these changes were necessary because their liberalization policies should be implemented also on the art field.⁶³

This can be a small and indirect example for supporting the claim that there were significant continuities among the mentalities the civilian and military government. However, it is also possible to observe more visible and direct similarities between the policies of two forms of government. For instance, as discussed above, 24th January Decisions⁶⁴, which was implemented by the military government in 1980, started the neoliberal transition of the

61 Gül, "Sinema Devlet İlişkisi," 84.

62 Onaran, *Türk Sineması*, 10.

63 Hıdıroğlu, "Türkiye'de 1980 Sonrası Sinema Politikaları," 140.

64 That decision is the main indicator of influence of globalization and is taken as the beginning of the implementations of neoliberal policies in Turkey and being incorporation of the state into the global capitalist system. It has been including three important points; transition to free market economy, minimizing intervention of the state and incentivising foreign investments which were implemented especially through legislative regulations within the years.

economy in Turkey. And the amendments of the Decree No. 32 on The Protection of The Value of Turkish Currency Law⁶⁵, which was enacted in 1989 by the civil government, were actually what complemented the 24th January Decisions and completed the transition to neoliberalism.⁶⁶

In addition to indicating the continuity between the two governments, the decree had a huge impact on the cinema sector and paved the way for some fundamental changes. The enactment of decree corresponded to the pressure of the US in the context of the hegemonic forces of globalization, neoliberal policies, and the expansion of United States and Hollywood influence that are addressed in the previous chapter. This is why the influences of the decree should be analysed in the backdrop of these global influences.

In this context, the Decree No. 32 on The Protection of The Value of Turkish Currency Law completely changed the destiny of the cinema sector in Turkey. Before the enactment of the decree, major American firms of the cinema sector were not able to enter the cinema sector of Turkey due to legal restrictions which did not allow direct investment of these firms and due to the regulations which prevented them from establishing their own companies in the cinema sector and other economic fields of Turkey. As a result of that restriction and some other policies, such as imposition of higher taxes on foreign films than national films, national films were ranking higher than American films before 1989. In general, numbers of cinemagoers and sessions of national films were much above the numbers of cinemagoers and sessions of foreign films despite the fact that numbers of cinemagoers and sessions of national films decreased through the 1980s. (see table 3.5)

65 At 1989, with the Decree No. 32 important changes were done: providing of liberalization of capital inflow and outflow, giving permission to importation and exportation of currency, abolitions of quantitative restrictions on foreign capital, blockage provision on real estate properties and real rights. Foreign capital direct inflows to the country were allowed for the first time. Foreign capital started to come into Turkey through establishing its own companies without intermediary national firms in compliance with requirements of globalization and neoliberal policies. Actually, transition to free market economy and opening national economy to foreign capital, which were main aims of the 24th January Decisions, were completed with that decree.

66 Kasapoğlu, "Sinema Salonlarının Dönüşümü," 3.

However, with the Decree No. 32 on The Protection of The Value of Turkish Currency Law, the conditions advantageous for the national cinema came to an end and two companies of a few major and global American firms in the cinema sector entered into the market in Turkey by starting to establish their own branch offices in cinema and sectors. Warner Bros and United International Pictures, which had the distribution rights of Universal, Paramount and Walt Disney, were two companies benefited from the law impetuously.⁶⁷ On the other hand, it is important to note the fields of cinema sector through which these companies entered the market in Turkey since they did not invest in every three fields of cinema. On the contrary, these companies entered the cinema sector of Turkey through the distribution field, but they were not interested in the production field since their profits were mainly came from their distribution activity. On the other hand, while those companies started to distribute films of their contractual production companies, they also started exerting control over the exhibition field by making package agreements with cinema halls.⁶⁸ These companies had enough films to fill the programme of cinema halls so that they were able to make package agreements with cinema halls for screening only their own films all year round.⁶⁹ By this way, in addition to sustaining blockbuster films screening, these companies obliged cinema halls to show their low-budget movies. This paved the way for a vertical integration whereby these foreign firms controlled the distribution and exhibition fields even though vertical integration in their own country was prevented by the antitrust laws and prohibition of ownership of cinema halls by the companies active in the production and distribution fields.

Initially, there were two short-term outcomes of this process. One of these pertains to the technical and structural changes in cinema halls. Due to the

67 Erdal Dağtaş Nursen Aydın, and Çağrı Yılmaz, “Sinemanın Ekonomi Politigi: 2016 Yılı Verileri Üzerine Bir Değerlendirme,” *TRT Akademi* 3, no. 5 (2018): 206, <http://dergipark.gov.tr/download/article-file/424256>.

68 Erkalıç, “Türk Sinemasının Ekonomik Yapısı,” 145

69 Sinem Evren Yüksel, “Küreselleşmenin Sinema Endüstrisine Etkileri: Türkiye’de Üretim-Dağıtım-Gösterim İlişkileri Üzerine Bir İnceleme,” *Selçuk İletişim* 11, no. 1 (2018): 339, <http://dergipark.gov.tr/josc/issue/34866/346618>.

surplus of American companies' films and the arrival of their films to the cinema halls simultaneously, these companies were not able to screen their films simultaneously in a cinema hall with a single screen. In addition to this, cinema halls let the chance of more cinemagoers slip by while they needed raising the number of cinemagoers for more revenue. In order to remedy this situation, some structural changes in cinema halls were implemented. In order to be able to show more films in favour of both American companies and cinema halls, establishments started to divide their big single screens into small multiple screens by the end of the 1980s and the cinema halls turned into multiplex theatres.⁷⁰ In this way, more than one film could be shown in those multiplex theatres at the same time and more cinemagoers could go and see different films. While in 1988 there were 53 multiplex theatres, this number reached 174 in 1999 and 186 in 2003.⁷¹ Their numbers increased not only by the way of transition of existing cinema halls into multiplex theatres, but also by the way of construction of brand new multiplex theatres. For instance, Cinemaxx and Cineplex Odeon opened 12 multiplex theatres between 1998 and 2000.⁷² While the increasing demand for national films also had an effect on these structural changes especially towards the end of the 1990s, structural renovations were mainly done to keep major American companies' attention to the cinema halls. Along these lines, the owners of the cinema halls adjusted the projectors, screens, seats and ventilating systems.⁷³

70 Yüksel, "Küreselleşmenin Sinema Endüstrisine Etkileri," 339.

71 Increasing in multiplex theatres was seen much more in big cities like İstanbul, Ankara and İzmir which had enough cinemagoers for being able to provide circulation on increasing cinema halls through multiplex theatres. At those times, that increase also caused to increase in number of cinema halls with a single screen in underpopulated places where multiplex theatres could not be established. Kalemci and Özen, "Türk Sinemacılık Sektöründe Kurumsal," 78.

72 Charles R. Acland, *Screen Traffic Movies, Multiplexes, and Global Culture* (London: Duke University Press, 2005) and Nejat Ulusay, "Globalization and National Film Industries: The Turkish Case", *Boğaziçi Journal*, no. 18 (2004): 107--119, cited in Kalemci and Özen, "Türk Sinemacılık Sektöründe Kurumsal," 73.

73 Erkuılıç, "Türk Sinemasının Ekonomik Yapısı," 178.

The second short-term consequence of the entry of foreign firms to the market took the form of Turkish films' increasing incapability to find screening venues since the American companies filled all season of cinema halls with their films through package agreements.⁷⁴ The cinema halls were obliged to make these agreements in order to not to put themselves at risk under the conditions of economic crisis caused by the absence of cinemagoers and their inability to find Turkish films to show. As a consequence, the total number of sessions of national films decreased rapidly. (see table 3.6)

Table 3.6 Number of Cinema Halls, Pictures Shows of National Production and Foreign Production (1987-1992).⁷⁵

Year	Total Number of Sessions of National Films	Total Number of Sessions of Foreign Films	Number of Cinema Halls
1987	31.048	21.706	460
1988	29.550	21.984	424
1989	22.348	19.817	383
1990	18.587	19.739	354
1991	16.114	19.016	341
1992	12.939	16.581	312

As tables 3.5 and 3.6 show, during the 1980s all the numbers about the cinema sector were declining. Yet, during this process, national productions were screened more than foreign films. However, as table 3.6 shows, for the first time in 1990, the total number of sessions of foreign films exceeded national productions. This was an outcome of the enactment of the decree and resultant package agreements and inability of Turkish films to find screening halls. At the same time, the continuous decrease in the numbers of the sessions can be explained by the ongoing closures of cinema halls. Because structural changes that could improve the sector were not implemented, the number of cinemagoers, which was the only source of income for the cinema industry, continued

74 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 145;

75 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 84—177; Turkish Statistical Institution (Turk-Stat), *Statistical Indicators 1923-2013*, 84.

to decrease. Resultantly, while there were 941 cinema halls in 1980, this number decreased to 312 in 1996 as a result of the massive closures of cinema halls.

⁷⁶ This naturally meant hardships for both national and foreign productions to find exhibition places.

In the following parts, the effects of foreign direct investment inflows, monopolization in the industry after the 1980s and the sector's move towards a point of extinction as a result of neoliberal policies will be addressed more in detail. However, before moving into this discussion, another important phenomenon vital for understanding the relationship between cinema and the state in the period between 1980 and 1989 should be emphasized: The Off-Shore Media Project.

"The Off-Shore Media Project"⁷⁷, which could not have been realized eventually, is an example of state regulation for opening the cinema sector to foreign firms as part of neoliberal policies and globalization. Adnan Kahveci, who was one of the founders of Motherland Party and one of the advisers of Özal, also run the Minister of the State between 1987 and 1989. "The Off-Shore Media Project" was planned by Adnan Kahveci at 1988.⁷⁸ When his personal history and governmental duties are considered, it cannot be thought that the project was independent of the state's stance towards economy in the 1980s. Actually, the project can be considered as a reflection of the Decree No. 32 on The Protection of The Value of Turkish Currency Law in the cinema sector.

Within the scope of the "Off-Shore Media Project", the content of which was outlined by the Ministry of Tourism General Directorate, entry of major American firms to Turkey would be allowed and promoted by guaranteeing tax concessions and long-term credits to these American companies. It was argued that the project, which reduces costs of investment, would provide an opportunity for American companies to establish film studios and sets in Turkey. The Ministry of Tourism further claimed that providing economic privi-

76 Turkish Statistical Institution (TurkStat), *Statistical Indicators 1923-2013*, 84.

77 In Turkish: Kıyıötesi Medya Kanunu

78 Hakan Erkılıç, "Sinema Politikaları Çerçevesinde Filmlere Sağlanan Devlet Desteği," *İstanbul Üniversitesi İletişim Fakültesi Dergisi* no. 33 (2008): 60, <http://dergipark.gov.tr/iuifd/issue/22859/244084>.

leges to American firms in this way would increase employment opportunities, solve deficiencies in technical infrastructures, advance technical quality, and improve the conditions of cinema halls. As a result, it was argued that national cinema would also progress, Turkish cinema would expand abroad, and American firms would bring foreign tourists to the country. So, in order to defend the project, it was described as a tool for the progress of cinema not just as an industry but also as an art branch.⁷⁹

The implications of this project are various and some of these are particularly important for this study. Firstly, the conversation between Ronald Reagan, the president of the US, and Turgut Özal, the president of Turkish Republic back then, should be mentioned. Reagan told Özal that if the quota on American films were not decreased in Turkey the US would impose quota on textiles from Turkey. So, some analysis assert that the project was designed in order to remove the quota on American films.⁸⁰ In line with this American pressure, the first article of the project description stated that the Law of Cinema would be designed with the lawyers of the Motion Picture Association of America (MPAA).⁸¹ Even though there are not reliable sources particularly for the conversation between Reagan and Özal, these detail can be interpreted as an indicator of the pressure of major American firms for opening the economy to foreign direct investment in line with the abovementioned expansionist approach of American firms. Secondly, the regulations of the project were justified with reference to notions of neoliberalism and globalization which defended the opening of the economy to foreign capitals as a means to sustain development of industries. Finally, the state was aware of oncoming monopolizations in production-distribution and exhibition arising from these regulations. In the fourth article of the document outlining the project, it was openly argued that monopolizations eliminate the weak production and distribution companies and that powerful firms can persist and serve the cinema sector

79 Vecdi Sayar, "Sansür ve Turizm Bakanlığı "Off-Shore Media Project" Genel Müdürlüğü'nden Bildirilmiştir," *Milliyet Sanat Dergisi* no. 190 (1988): 4--5

80 Ayşe Durukan, "Made in Yeşilçam," *Bianet*, October 11, 2003, <https://bianet.org/bianet/kultur/24829-made-in-yesilcam>.

81 Sayar, "Sansür ve Turizm Bakanlığı," 4.

much better.⁸² At that times monopolization was not illegitimate because there was not a law on the protection of competition. However, the state's interpretation of the monopolization of American companies as a favourable phenomenon reveals the approach of the state to the cinema sector. It shows that the state allowed monopolization, which according to liberal approach prevents competition and variety, while it defended the Off-Shore Media Project through asserting its positive impact on progress of the sector as an industry and an art branch.

Especially Onat Kutlar, Yavuzer Çetinkaya, Atilla Dorsay, Ömer Kavur and Ali Özgentürk, who were associated with independent cinema, reacted to the project with the argument that implementation of this project would pave the way for the domination of American cinema and bring an end the national cinema.⁸³ In consequence of the overall reaction of people in the cinema sector, the project had to be withdrawn. However, after a little while, with above-mentioned decree declared in 1989 the cinema sector has been opened to major American firms just like it was proposed in this project. Yet, letting these firms into the cinema sector did not bring the consequences asserted by the project. These American firms made no investment to industry to support production. Rather, as mentioned above, they imported their own productions.

In brief, 1980 marks the beginning of the regression of the national cinema in Turkey. The main resources that feed the national cinema, such as cinema-goers and cinema halls, were handled on new technologies, new neoliberal policies and new laws during the 1980s. While the state did not make any supportive interventions for the cinema sector, the new economic tendency of the state expedited the regression. So, the root cause of the regression can be seen in state's approach to the cinema sector without consistent economic or cultural policies. These abovementioned structural changes in the cinema sector prevailed in the forthcoming years because the cinema sector lost its resource and have been taken under. In what follows, the period between 1989 and

82 Sayar, "Sansür ve Turizm Bakanlığı," 4.

83 For more criticisms of those people about the Off-Shore Media Project: *Milliyet Sanat Dergisi* no. 190 and 191 (1988).

2004, which can be taken as the worst period of the last sixty years of production and mobility of the cinema sector, will be analysed.

§ 3.4 New Sources of Revenues for the Cinema Sector

For the period between 1989 and 2004, there were two inter-dependent important features of the cinema sector and both of them stemmed from the conditions of the previous period that was characterized by the neoliberal policies. These two important features were the changes in the source of revenues of national cinema and domination of major American companies.

As implied above, until the 1980s, Turkish cinema had a self-financing system: Without state assistance and private sector investments, productions had been financed from revenue of cinemagoers for national productions. So, the cinema sector was a self-supporting industry in Turkey until the 1980s. However, as mentioned in the previous part, this system collapsed because first the cinemagoers and then the revenues were lost. When the 1990s arrived, attracting cinemagoers to increase production was not anymore possible due to domination of American firms through vertical integration between distribution and exhibition and also as a result of lack of infrastructural investments in Turkey. The statistics on the national cinema sector between 1990 and 2004 reveals that impossibility.

Table 3.7 Statistics About National and Foreign Productions (1990-2004).⁸⁴

Year	Total Number of Sessions of National Films	Total Number of Sessions of Foreign Films	Cinema- goers for National Produc- tion	Cinema- goers for Foreign Produc- tion	Number of New Na- tional Pro- duction	Number of Being Re- leased New Na- tional Pro- duction	Number of Being Released Foreign Produc- tion
1990	18.587	19.739	5.668.705	13.565.271	74	25	194
1991	16.114	19.016	4.135.653	12.408.04	33	16	193
1992	12.939	16.581	3.082.474	10.158.925	39	13	165
1993	11.196	14.394	3.356.713	9.163.881	82	11	159
1994	9.414	12.717	1.185.408	9.282.056	78	15	161
1995	8.270	13.485	1.509.502	7.796.192	35	10	164
1996	11.761	15.315	1.593.458	7.861.138	37	10	171
1997	6.167	13.545	2.467.300	8.877.127	25	13	195
1998	3.983	14.201	2.100.769	13.650.177	23	10	172
1999	4.364	17.211	2.097.503	13.231.629	21	14	155
2000	4.733	19.363	2.899.103	14.187.049	19	15	157
2001	5.042	20.566	3.289.438	13.616.299	20	17	137
2002	3.302	19.227	2.079.671	13.326.926	-	9	159
2003	3.351	17.903	2.923.286	11.579.766	-	16	172
2004	4.989	21.409	6.657.156	12.013.678	-	18	189

Some main points presented in table 3.7 deserves explanation. For instance, there was a significant difference between the number of new national productions and number of new national productions which were released. This indicates that there were issues preventing national films to arrive at the cinema halls. The difference between the number of national and foreign films that were released also suggest that foreign films could find a place at cinema halls and reach cinemagoers more easily. While many national films had to wait for being released, foreign films had been released much more than national films, the number of which decreased year by year. While the number

84 Erkalıç, "Türk Sinemasının Ekonomik Yapısı," 160—177; Turkish Statistical Institution (Turk-Stat), *Statistical Indicators 1923-2013*, 84; Hıdıroğlu, "Türkiye'de 1980 Sonrası Sinema Politikaları," 192.

of cinemagoers has already decreased in the 1980s, the 1990s also witnessed decreasing number of sessions for national productions and this reduced the cinemagoers seeing national productions even more. Fewer cinemagoers meant less revenue for producers and hindered their capability to not make new films. Similarly, less production meant less sessions. So, there has been a vicious circle in the cinema sector between 1990-2004; national production and the cinema sector came almost to an extinction point.

So, the income poverty of national cinema decreased production. However, there was another factor that explains the regression of national cinema in production and exhibition. The films produced, which could be made in spite of the economic problems of the 1980s, were not able to come out because of the domination of American distribution companies, which gave priority to their own productions.

The causal relationship between these factors and decline in national cinema in the exhibition field can be summarized as follows. Decreasing production and cinemagoer numbers of national cinema in the 1980s also affected cinema halls. Losing their cinemagoers meant revenue loss for cinema halls because there was not any state support. So, the cinema halls fell into a financial crisis. As a result, penetration of American firms into the market through amendments of the Decree No. 32 on The Protection of The Value of Turkish Currency Law at the end of the 1980s was seen an escape away from the financial crisis for cinema halls. These firms provided enough films for filling programme of all season in cinema halls in addition to blockbuster films. So, by making package agreement with American distribution companies, cinema halls could guarantee both making some amount of revenue from blockbuster American films and filling their programmes with regularly produced American films. However, this meant that the American distribution companies could oblige cinema halls to work with themselves and to include films of their production companies in the program.⁸⁵ In his article published in 1996

85 Zeynep Çetin Erus, "Film Endüstrisi ve Dağıtım: 1990 Sonrası Türk Sinemasında Dağıtım Sektörü," *Selçuk İletişim* 4, no. 4 (2007): 11--12, <http://dergipark.gov.tr/download/article-file/177938>.

Mehmet Açar, a cinema critic, summarized the relationship between big distribution companies and cinema halls by drawing attention to inability of cinema halls to survive without working with big distribution companies in the 1990s.⁸⁶

So, as a result of this inevitable choice the cinema halls had to make (which stemmed from their financial crisis and pressure of American distribution companies through package agreements) domination of major American companies and consequently domination of American films emerged. The table below represents the statistical information on the hegemony of American firms in the field of distribution.



86 Mehmet Açar, “Türk Sinemasında Amerikan Hakimiyeti,” in *Cumhuriyet Dönemi Türkiye Ansiklopedisi* (İstanbul, İletişim Yayınları, 1996), 1186, cited in Erus, “Film Endüstrisi ve Dağıtım,” 11.

Table 3.8 Market Shares and Number of Distributed Turkish Films of the Three Big Firms in the Cinema Sector of Turkey (1993-2003).⁸⁷

Year	Market Share of Firms (%)				Number of Distributed Turkish Films			
	UIP	WB	Özen	Total of 3 Firms	UIP	WB	Özen	Total of 3 Firms
1993-1994	38	35	25	98	0	4	2	6
1994-1995	40	37	21	98	0	2	0	2
1995-1996	45	31	23	99	1	1	2	4
1996-1997	34	43	19	96	0	4	3	7
1997-1998	31	34	28	93	0	3	2	5
1998	32	31	26	89	1	4	2	7
1999	29	46	21	96	1	4	6	11
2000	31	38	25	94	1	6	6	13
2001	28	45	22	95	0	3	11	14
2002	26	46	18	90	0	4	4	8
2003	24	52	16	92	2	7	3	12
2004	23	51	19	93	2	6	6	14
2005	24	26	34	84	4	4	12	20

NOTE Information is taken from Auguste to next year Auguste at seasons between 1993 and 1998

As table 3.8 shows, three big companies dominated the distribution sector as a result of these developments. As mentioned before, UIP and Warner Bros, which are two major American companies and have been distributing films of their own production companies, came to the market after 1989 and started to control the exhibition field through package agreements. Özen Film is a Turkish company which has been importing films since 1941. By making an agreement with a major American production company, Twentieth Century Fox, Özen Film guaranteed that it would be the only distributor of this major

87 Erus, "Film Endüstrisi ve Dağıtım," 10.

American production company.⁸⁸ So, its power in the market also derives from distribution of foreign films.

Under the domination of these three companies with high revenues, it was not possible for other small-sized distribution companies to expand and/or find screening halls. According to information provided by Erkılıç, some smaller national companies such as Belge Film, Özen Film, Umut Sanat Ürünleri and Avşar Film, were not able to survive in the distribution and exhibition fields because of the domination of American firms.⁸⁹

In addition to this, the low number of national films distributed by these three dominating large companies (see table 3.8) means that that national production companies were not able to access this big three and they had to work for other small-sized companies. As a result, national productions, which work with the small-sized distribution companies, remained short in finding places at the cinema halls because Warner Bros and UIP already forced cinema halls to show the American films of their production companies through package agreements. Even when a national film had the potential of bringing high box-offices returns, the American two companies were able to push their low box-office films. As a result, the national films had hard times to meet cinemagoers.⁹⁰

These difficulties that the national production companies face when they try to find cinema halls for their films also explains the difference between the numbers of new national productions, number of national productions which could be released, and released foreign productions. The number of national productions that could be released was even lower than number of national productions that came into being under the crises of production field itself. Similarly, the number of released foreign films was much higher than national ones because of the oligopolistic structure of the distribution system where

88 The answers of these questions, why Twentieth Century Fox did not establish its own company in Turkey and made an agreement with Özen Film, cannot be found in this study however being importer for foreign films of Özen Film since 1941 could influence choice of Twentieth Century Fox. (Erus, "Film Endüstrisi ve Dağıtım," 10.)

89 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 174--175.

90 Erus, "Film Endüstrisi ve Dağıtım," 12--13.

those three, dominant, vertically integrated major companies distributed foreign films. (see table 3.7) Emergence of this oligopolistic structure in the cinema sector for the benefit of American films and some cinema halls was a result of neoliberal policies and globalization, and it damaged national production and distribution companies severely.

Until this point, drawing on statistical information, I have addressed the process that brought national film industry to a point of extinction as a result of neoliberal policies and globalization. Now, the role of state aid (or lack of it) during this period of time will be analysed. As the previous chapter demonstrated, other countries such as France took some precautions to protect their national cinemas, which were also in decline as a result of liberal policies, globalization and resultant domination of major American companies. As Herold discusses, central among these precautions, which were brought into conformity with neoliberal policies and globalization, were competition laws. However, in Turkey, there was not a competition law up until 1994.

By 1989, the neoliberal policies which were started to be implemented in 1980, have already been embedded into the policies in all the fields in Turkey. As mentioned above, these policies weakened Turkish cinema sector and increased the influence of Hollywood. Because of absence of a competition law until 1994 and long-lasting outcomes of this situation until the 2000s, antitrust laws and merger controls are not examined in this chapter. They will be analysed for the period between 2004 and today by drawing on some specific examples in the following chapter. However, the state aid was still a crucial point for the period between 1989 and 2004. This period has witnessed regulations to prevent state control and state aid while they were needed more than ever for the protection of cinema sector.

Until 1986, there was not any financial aid or legal support to the cinema sector in Turkey except the reduction of entertainment tax for national films to 25% in 1948.⁹¹ However, because the non-state actors of the sector lost revenues and weakened against the American firms through neoliberal policies and globalization, they started to utter for state intervention and more specifically for the state aid. Consequently, as mentioned above, the Law of Cinema

91 Erkıılıç, "Sinema Politikaları Çerçevesinde Filmlere," 60.

Video and Music Works of Art at 1986 has been enacted as the first regulation of state aid to cinema sector in order to safeguard national cinema. The Support Fund for the Cinema and Musical Arts was established by this law and its revenues were sustained from prices of recording and registrations, banderols and film copies. In other words, the fund was mainly financed by the payments taken from the cinema sector itself by the state. It can be said that the self-feeding system in the cinema also continued through the fund system.

The first state aid to the sector was provided by the Ministry of Culture in 1989 for Yavuz Özkan's film named "Film Bitti".⁹² However, the statistical information on this period of time indicate that the aids for insufficient and their distribution was unbalanced. Furthermore, as table 3.9 shows, there was a tendency of the Ministry to order production of some films rather than supporting existing movies throughout the 1990s. This can be interpreted as a result of Ministry's attempt to advance productions in line with its own ideology and desires.

The imbalances in the supply and distribution of funds were resulting from the political instability of the times.⁹³ An unsettled supporting system was implemented by constantly changing political figures and this meant a lack of continuity. In addition to this, the law, which regulated the support system, was not really detailed and clear about the funds and the rules of distribution. This enabled the state to give the minimal supply because it actually lacked a tendency to support the cinema sector. This tendency of the state becomes visible in another regulation implemented towards the end of that period. Being allocated 75% of entertainment rate to cinema fund was started in 2001, however that source did not open to the cinema sector with giving 2001 economic crisis as an excuse by the state.⁹⁴ That is to say, the state could easily give up the support to the cinema sector and transfer the fund of the industry into another area because of the absence of consistent policies for the industry.

92 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 145.

93 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 162.

94 Erkılıç, "Türk Sinemasının Ekonomik Yapısı," 162.

Table 3.9 Aids of the Ministry of Culture Between 1989 and 2004.⁹⁵

Year	Motion Pictures				Animations				Documentaries					
	Produced		Supported		Produced		Supported		Produced		Purchased		Supported	
	No.	Paid	No.	Paid	No.	Paid	No.	Paid	No.	Paid	No.	Paid	No.	Paid
1989		197	-	-	-	-	-	-	-	-	-	-	-	-
1990	16	3.135	-	-	2	499	-	-	23	1.666	-	-	-	-
1991	-	-	-	-	4	900	-	-	15	2.425	-	-	-	-
1992	15	3.425	-	-	3	780	-	-	-	-	-	-	-	-
1993	16	5.344	-	-	8	3.013	-	-	9	3.343	-	-	-	-
1994	4	2.760	-	-	11	4.396	-	-	14	5.589	14	4.703	-	-
1995	-	-	11	16.150	2	685	-	-	13	5.664	6	1.328	-	-
1996	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1997	-	-	-	-	1	4.600	-	-	3	26.450	-	-	-	-
1998	-	-	-	-	1	575	-	-	3	16.675	4	6.612	-	-
1999	-	-	-	-	1	3.450	-	-	8	66.195	2	4.600	1	1.150
2000	-	-	-	-	2	13.800	-	-	8	40.250	11	16.100	4	21.600
2001	-	-	-	-	-	-	1	29.250	1	23.400	6	57.150	4	132.210
2002	-	-	-	-	-	-	2	24.000	-	-	9	50.084	14	182.388
2003	-	-	-	-	-	-	1	45.000	-	-	4	55.170	35	901.400
2004	-	-	-	-	-	-	1	10.620	-	-	4	115.700	70	1.892.611

95 Hıdıroğlu, “Türkiye’de 1980 Sonrası Sinema Politikaları,” 204.

So, much in contrast to the policies in European countries, in Turkey there was not enough state support to protect and support the cinema sector against neoliberal policies and globalization. However, there emerged an important foreign source for the cinema sector in the 1990s. Eurimages, which is a European Cinema Support Fund, was established in 1989 to support co-production, distribution and exhibition in the member states of the European Union. Its aim was introduced as promoting independent cinema not just with supporting production field but also distribution and exhibition field. This meant that Eurimages takes the cinema sector as a whole much in contrast to the absence of an integrated approach in Turkey.

As demonstrated above, the films in Turkey even when they receive financial support cannot reach cinemagoers without complementary supports. This is why Turkey's entry to Eurimages in 1990 has been vital for Turkish cinema. The Eurimages was comprised of the funds provided by member states, and by joining it Turkish state showed an intention of supporting the cinema sector. These developments resulted in the increases in the number of national productions. Even though the fund was not necessarily sufficient for recovering the cinema sector totally, it provided support to the films and directors that are still popular today.⁹⁶ For instance, *Eşkıya* (1996), which received funding from the Eurimages, was seen by two and a half million cinemagoers marking an outstanding record for a national production at the time. Because of developments in the national cinema and increasing demand of cinemagoers to the national productions after that film, it is taken as a turning point for the cinema sector.⁹⁷ On the other hand, this film cannot be taken as an evidence that all the problems of national cinema have been overcome. On the contrary, national films still had problems in terms of reaching audiences at cinema halls due to ongoing domination of American firms around these times.

Meanwhile, different sources for the cinema sector beyond Eurimages have emerged and the support of the Ministry of Culture grew in harmony

96 For the list of Turkish films which got funded by Eurimages: <https://www.coe.int/en/web/eurimages/co-production-funding-history>

97 Erus, "Film Endüstrisi ve Dağıtım," 13.

with economic and politic structuring of that period. For instance, private televisions like Kanal 6, ATV, Show, Kanal D and TGRT, which spread in the 1990s, provided financial supports for national films in diverse ways such as purchasing old films to screen on the TVs, supporting new national films or establishing production companies. However, those private televisions did not necessarily invest in the cinema sector in the long run. The sources provided by them started to die down as a result of their choice of showing old films rather than making new films due to the economic crisis of 1994.⁹⁸ Furthermore, as several companies started sponsoring the films, sponsorship has been another source for the cinema sector in the 1990s. Erkıılıç explains companies' interest in the sector as an indicator of the appreciation of culture as a field of trade.⁹⁹ Another effect of emergence of private televisions on the cinema sector is about advertising sector. While the TV advertisements emerged as tools for inviting masses to consumption in the 1990s, some commercial film production companies emerged and grew rapidly. These companies, like Filma-cass and İFR, started producing feature films with revenues coming from commercial films.¹⁰⁰

The content and operation of these new resources are diverse, however one common feature among them is the fact that they arose as one of the consequences of changing economic structure with neoliberal policies. In line with the neoliberal ideology, they mainly supported the cinema sector not as a cultural field but more as a new economic area that would bring profits. Therefore, even though their support as vital for the survival of national cinema, it was not enough to solve the problems of it since this support was not accompanied by structural changes that would extend aids to production, distribution, and exhibition fields and prevent vertical integration and domination of American firms.

Another way that the non-state actors tried to deal with diminishing revenues in the 1990s was to try to make movies on the personal budgets of pro-

98 Erkıılıç, "Türk Sinemasının Ekonomik Yapısı," 163-168.

99 Erkıılıç, "Türk Sinemasının Ekonomik Yapısı," 170.

100 Erkıılıç, "Türk Sinemasının Ekonomik Yapısı," 175.

ducers-directors, and these attempts paved the way for the emergence of original and qualified productions.¹⁰¹ Yavuz Özkan (Z Film), Ömer Kavur (Alfa Film), Atıf Yılmaz (Odak ve Yeşilçam Film), Sinan Çetin (Plato Film), İrfan Tözüm (Muhteşem Film), Ali Özgentürk (Asya Film), Şerif Gören (Anadolu Film) were some of the prominent producer-directors in the 1990s.¹⁰² While these directors listed had been making movies before the 1990s as well, in the second half of the 1990s a new wave of young directors, who took the same path, has emerged. While this new group of directors made their films with on their own financial potentials and in the name of their own production companies in the 1990s, they turned into today's important and popular directors such as Zeki Demirkubuz (Mavi Filmcilik), Nuri Bilge Ceylan (NBC Prodüksiyon) and Serdar Akar (Yeni Sinemacılar).¹⁰³ Producing films on their own budgets, allowed all these director-producers to make movies independent from production companies.

Those change on the cinema sector, uncertainty for state aid, approach of the state to the cinema sector with incoherent policy-making process, domination of American firms should be analysed with the implementation of neoliberal policies and globalization as is seen at above-mentioned examples. Pressures of American firms for their implementation should not be forgotten. One final issue can be given as an explicit example for that pressure. At 1991, entertainment rate for the national film was taken off to 10% while the tax rate for foreign films was 25%. That can be read as a tendency of the state to protect national cinema. However, rates for both national and foreign films were designated as 10% in 1997.¹⁰⁴ That regulation, which put in a difficult position of national cinema in front of foreign films, was done because of the pressure of American firms. Their argument for equalisation of tax rate was that low rate for national cinema meant protectionism which is unimplementable for the sake of the market for neoliberal policies and globalization.¹⁰⁵ In this way,

101 Gül, "Sinema Devlet İlişkisi," 84-85.

102 Erkalıç, "Türk Sinemasının Ekonomik Yapısı," 163.

103 Erkalıç, "Türk Sinemasının Ekonomik Yapısı," 171.

104 Tekeoğlu, "Türk Filmlerinde Yaşanan Pazarlama," 353.

105 Hıdıroğlu, "Türkiye'de 1980 Sonrası Sinema Politikaları," 202.

those companies eliminated one more obstruction based upon neoliberal policies.

When all these developments are taken into account, it is possible to talk about a revival in the national cinema in the second half of the 1990s. Therefore, before moving into the analysis of the relationship between the state and the cinema sector after 2004, the dynamics of this revival should be emphasized since they have been vital in shaping the state policies and progress of the sector throughout the 2000s.

As mentioned above, after the success of “Eşkiya” in terms of the number of cinemagoers and box-office return, there occurred an increase in the demand for Turkish films.¹⁰⁶ Following Eşkiya’s success, in the second half of the 1990s and in the beginning of the 2000s, Turkish films met more than one million cinemagoers. During this period, Turkish films competed with American films which were popular around the world, and they have been able to attract more cinemagoers than the American productions. For instance, a Turkish production, *Kahpe Bizans*, could exceed 1.751.529 cinemagoers that saw *The Sixth Sense* (2000) in the same year. Similarly, another Turkish production, *Vizontele*, could attract two times more cinemagoers than the *Lord of the Rings: The Fellowship of the Ring*, which is one of the most watched films all around the world.¹⁰⁷

A closer look at the supports these successful films received provides insights into the ways in which the cinema sector could generate funds for new productions throughout the 1990s: successful films such as *Her Şey Çok Güzel Olacak* and *Neredesin Fırıze* were produced by Filma-Cass and İFR which came from advertising sector; one of the most popular film, *Propaganda*, was made by Plato Film which was a production company of a producer-director; *Eşkiya* and *Güle Güle* received funds from Eurimages; *Asmalı Konak-Hayat* and *O Şimdi Asker* were made by ANS which was established by Doğan TV Holding owning Kanal D; *Hababam Sınıfı Merhaba* was supported by the

106 Erus, “Film Endüstrisi ve Dağıtım,” 13.

107 Erkuılıç, “Türk Sinemasının Ekonomik Yapısı,” 182.

Ministry of Cultural and Tourism; and G.O.R.A. was sponsored by diverse companies.¹⁰⁸

Table 3.10 The List of Films Which Exceeded One Million Cinemagoers between 1996 and 2004.¹⁰⁹

Film	Distribution Company	Director	Producer	Year	No. of Cinemagoers
Eşkîya	Warner Bros.	Yavuz Turgul	Filma-Cass	1996	2.571.133
Her Şey Çok Güzel Olacak	Warner Bros.	Ömer Vargı	Filma-Cass	1998	1.239.015
Propaganda	Warner Bros.	Sinan Çetin	Plato Film	1999	1.238.878
Güle Güle	Warner Bros.	Zeki Ökten	UFP	2000	1.275.967
Kahpe Bizans	Özen Film	Gani Müjde	Özen Film/Arzu Film	2000	2.472.162
Komser Şekspir	Özen Film	Sinan Çetin	Plato Film	2001	1.331.462
Vizontele	Warner Bros.	Yılmaz Erdoğan	BKM	2001	3.308.120
Deli Yürek: Bumerang Cehennemi	Özen Film	Osman Sınav	SineGraf Film	2001	1.053.685
O Şimdi Asker	Warner Bros.	Mustafa Altıoklar	ANS	2003	1.657.051
Asmalı Konak-Hayat	Warner Bros.	Abdullah Oğuz	ANS	2003	1.791.396
Hababam Sınıfı Merhaba	Özen Film	Kartal Tibet	Arzu Film/Fida Film	2004	1.581.457
Vizontele Tuuba	Warner Bros.	Yılmaz Erdoğan	BKM	2004	2.894.802
G.O.R.A.	Warner Bros.	Ömer Faruk Sorak	BKM/Böcek Film	2004	4.001.711
Neredesin Firuze	UIP	Ezel Akay	Cinemedya/İstisnai Filmler (IFR)	2004	1.064.162

108 For more information about those films: <http://www.tsa.org.tr/tr/> and <https://m.bianet.org/bianet/kultur/48396-g-o-r-a-ve-sigara>

109 Box Office Türkiye, accessed November 10, 2018, <https://boxofficeturkiye.com/>

In addition to this, during this period, the relationship between the Turkish films and the films of the three big companies have also changed in favour of Turkish films which attracted more cinemagoers. For instance, even though just three more Turkish films were distributed by Warner Bros during the season of 1996-1997, the share of Turkish films in the total number of cinemagoers of the company increased from 1% to 40% in comparison with the season of 1995-1996. Özen Film, which realized the rising of Turkish films, started to focus on Turkish films after 1996 as can be seen from the number of distributed Turkish films of two companies. In time, the market share of UIP, which did not increase its Turkish films, decreased from 45% to 28% between 1995 and 2001, and it became the third company in 2005 as table 3.8 shows.

Table 3.11 Place of Turkish Films at Three Big Distribution Companies Between 1993-2005.¹¹⁰

Year	Number of Distributed Turkish Films			Share of Cinemagoers of Turkish Films in Total Number of Cinemagoers of the Companies (%)		
	UIP	WB	Özen	UIP	WB	Özen
1993-1994	0	4	2	0	14	2
1994-1995	0	2	0	0	2	0
1995-1996	1	1	2	8	1	0
1996-1997	0	4	3	0	40	6
1997-1998	0	3	2	0	5	18
1998	1	4	2	0	23	5
1999	1	4	6	0	18	13
2000	1	6	6	1	25	41
2001	0	3	11	0	32	53
2002	0	4	4	0	10	19
2003	2	7	3	5	37	14
2004	2	6	6	16	50	50
2005	4	4	12	18	22	72

That attention of Warner Bros and Özen Film to Turkish films is indicative of the rising success of Turkish films. All the films which did well at the box office

110 Erus, "Film Endüstrisi ve Dağıtım," 10--11.

were distributed by the three companies at this period and Warner Bros and Özen Film was competing to distribute Turkish films. The existing literature provides no exact information about which national films had been distributed by Warner Bros and/or about why Warner Bros started to give place to national films in its programme. However; *Amerikalı*, which was made by Filma-Cass in 1993 and reached 386,944 cinemagoers, was distributed by Warner Bros and became the first national film distributed by the company from among important national films of the 1990s. According to the information given by Mine Vargı, who was the manager of Filma-Cass, the production company, they initially wanted to make premiere of *Amerikalı* in Emek Sineması but they could not because the hall had an agreement with Warner Bros. So, a film, which was not distributed by Warner Bros, could not be shown in Emek. Because of that, Filma-Cass, went to Warner Bros to make an agreement of distribution so that the film can be shown in Emek.¹¹¹

Even though this story tells that *Amerikalı* needed distribution by Warner Bros to be able to be screened in Emek, the reasons why Warner Bros accepted a film which was not among its own productions are unknown. However, it might be speculated that American distribution companies opened space for national films because they were not able to reach high numbers on box office with their own productions throughout the 1990s. Especially after *Eşkiya*, Warner Bros noticed the potential of national films and every passing year it incorporated much more national films into its programme. In a short while, two big distribution companies started to compete for national films. For instance, Özen Film changed its politics and started to support the production and the distribution of Turkish films after Vizontele chose to work with Warner Bros. Özen Film tried to use the advantage of being a Turkish company and started to construct different relations with Turkish production companies to be chosen. For instance, according to information given by a company official of Özen Film, the company gave support to Turkish productions even if the films worked with another distribution company.¹¹² Consequently, toward the end of this period, the Turkish films were rising in power

111 Kalemci and Özen, "Türk Sinemacılık Sektöründe Kurumsal," 72.

112 Erus, "Film Endüstrisi ve Dağıtım," 13.

and the power were realized, and big companies also dominated the distribution of successful films at the box office.

In brief, the national cinema sector almost came to a state of extinction as a result of neoliberal policies, globalization and lack of protectionist measures taken by the state. During this process, number of productions decreased, national production companies were weakened and national films experienced troubles in the distribution field. Vertical integration and the need for the state aid emerged as the main features of these times. However, at the same time cinema halls could continue their existence by structural changes and screening foreign productions. Also, the interests of the people to Turkish films continued and even grew, and this interest shaped the process of the next period as I will detail below. Likewise, under the influence of neoliberal policies, the non-state actors of the sector started searching new revenue and this paved the way for emergence of new funds. Particularly through the foreign funds, the cinema sector started to establish a relationship with other countries' cinema. With different funding methods emerging, national cinema has been re-activated with a different structure towards the end of the period. All these have been shaping the sector in the following years.

Effects of Neoliberal Policies and Globalization

The main aims of this chapter, which analysed the effects of neoliberal policies and globalization on the cinema sector of Turkey, are (I) identifying the changing relative positions of profit-oriented and artistic cinemas, and (II) examining the approach of the state to the cinema sector under the influences of neoliberalism and globalization. These two main points will be addressed by touching upon some crucial topics and significant examples, which can help draw a general framework to be able to understand the effects of neoliberal policies and globalization, and the roles the state take during this process. Drawing on the approach of Herold, the state aid will be taken as a central issue among these topics and examples. The state's attempts, which open space for the independent cinema to protect itself from effects of the free market economy, will be explained by analysing the support system of the state while the deficiencies and problems of this system will also be opened to discussion. Then, vertical and horizontal integrations in the cinema sector of Turkey will be examined to show the process of monopolization, which emerged as a result of the free market economy, and the responding antitrust laws and merger controls will be discussed. Finally, the increasing number of shopping malls, which played a vital role for the evolution of the relationship between the public sphere and cinema by paving the way for the closures of independent cinema halls, will be explained. The state's approach to the cinema sector will be central to all these discussions and examinations.

The state in Turkey does not always intervene to the existing conditions of cinema sector with the aim of developing the sector. Sometimes, it makes some unlawful decisions to meet the demands of big companies in the sector or it may condone the illegal acts of these companies. This approach of the state gradually shrinks the area of independent cinema; indicating that the state does not approach to the cinema sector with a culture policy. On the other hand, at the same time, it does not attempt to constitute a properly working profit-oriented cinema industry either. This approach of the state paves the way for monopolization, which affects the industrial national cinema negatively. In brief, this chapter argues that the state acts according to the depicted free market economy with reference to neoliberal policies and globalization reinforced by the US.

§ 4.1 Deficient State Aid for Independent Cinema

Until 2005, there were some state funds to facilitate the production in the cinema sector; however, as I discussed in the previous section, these funds were disorderly and insufficient. Also, these aids used to be granted in accordance with a law which brought the music and cinema sectors under a single umbrella. However, by the 2000s, the need for a specific law and state support for the cinema sector were uttered more powerfully by the people in the cinema sector under the rising influence of Turkish films. Their rising influence is reflected in the emergence and increasing intensity of conferences, congresses, discussions, new professional associations on cinema around these times.¹ In addition to these public initiatives, the state support to the cinema sector and need to enact a specific law for this sector started to be discussed also by the state at Grand National Assembly of Turkey. These state initiatives also resulted from the state's realization that the cinema sector was growing and gaining strength.² In other words, the growing market size of national cinema,

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- 1 Hakan Erkilic, "Sinema Politikaları Çerçevesinde Filmlere Sağlanan Devlet Desteği," *İstanbul Üniversitesi İletişim Fakültesi Dergisi* no. 33 (2008): 61, <http://dergipark.gov.tr/iuifd/issue/22859/244084>.
 - 2 İrfan Hıdıroğlu, "Türkiye'de 1980 Sonrası Sinema Politikaları" (PhD dissertation, Ankara Üniversitesi, 2010), 145--54, <http://acikarsiv.ankara.edu.tr/browse/6345/>.

starting in the second half of the 1990s, turned into a pressure for the reconstructing the cinema sector.

Consequently, the Law no.5224 on Evaluation, Classification and Support of Cinema Films, which is the first law specifically targeting the cinema sector, was enacted in 2004. The Cinema Support Fund of the Ministry of Culture and Tourism was also established based on the regulations brought by this law. While the revenue of the fund is sustained from a 75% share of 10% entertainment tax on cinema tickets, this indicated a self-feeding system whereby there was no other revenues utilized such as lottery or TV tax or like the mandatory contributions that were enforced by the European countries.³

The fund is provided for writing the projects, production and post-production. In other words, that fund was not limited to the production field, or to distribution and/or exhibition much in contrast to the policies in European countries. The total amount of supports to feature films has been increasing each year with the exception of years of economic crisis. Films without the support of the Ministry of Culture also started to increase in number in parallel with the rising number of supported films.

Certainly, the market share of the movies that were supported by the Ministry of Culture and the ones which did not receive support interact with each other. More specifically, the unsupported movies' increase in number was not independent of the expansion of the sector as a result of the support provided by Ministry to other films. For instance, as a result of the governmental support, larger numbers of movies started attracting audience and this increased the returns which turns into a resource for making more films. Likewise, the growing demand for the cinema and increasing revenues are used in order to support opening of new cinema halls. Last but not the least, in 2006, for the first-time since the 1980s, the number of audiences for Turkish films surpassed the number of audiences for foreign films. Even though some fluctuations that took place, in general, Turkish films have been increasing their ratio of audiences and have been surpassing foreign films even when the demand for foreign films is increasing as well. While this indicates an increase in the demand

3 Martin Kanzler, *The Turkish Film Industry: Key Developments 2004 to 2013* (Strasbourg: European Audiovisual Observatory, October 2014), 24, <https://rm.coe.int/168078354a>.

for cinema, the table 4.1 summarizes the trends on the rates of audiences, returns and cinema halls.

Table 4.1 Feature Film Production Support and Total Numbers about Audience, Returns and Cinema Halls between 2005 and 2017.⁴

Year	Total Amount of Support (Million TL)	Total Number of Supported Feature Films	Total Number of New Production	Total Audience of Turkish Films	Total Audience of Foreign Cinema	Total Box-Office Return	Number of Cinema Halls
2005	2,4	15	29	11.461.246	16.339.795	72.802.902	987
2006	6,1	26	34	18.066.487	16.799.746	119.269.126	1045
2007	8,6	38	43	12.144.256	19.007.053	87.961.784	1140
2008	5,9	27	51	22.882.355	15.531.987	171.669.329	1514
2009	6	34	70	18.850.366	18.053.979	147.760.918	1647
2010	9,3	37	66	22.185.876	19.348.270	190.403.534	1834
2011	11,9	55	75	21.226.563	21.067.477	183.722.310	1917
2012	11	37	60	20.857.220	23.482.329	183.241.062	1998
2013	7,7	20	88	29.042.078	21.253.497	270.759.521	2102
2014	22,7	50	112	35.777.989	25.467.269	358.412.968	2181
2015	22,2	47	136	34.273.257	25.955.152	362.560.588	2356
2016	23,4	37	139	31.102.760	27.184.556	350.833.282	2483
2017	25,6	29	148	40.325.495	30.863.099	473.617.957	2692

- 4 Box Office Türkiye, accessed November 10, 2018, <https://boxofficeturkiye.com/>; Gülhanım Gül, “Sinema Devlet İlişkisi: Dünyadan Örnekleri Ve Türkiye,” 99, <http://www.kameraarkasi.org/makaleler/makaleler/sinemadevletiliskisi.pdf>; “Sinema Sektörüne Destekler,” T.C. Kültür ve Turizm Bakanlığı Sinema Genel Müdürlüğü, accessed November 10, 2018, <http://sinema.kulturturizm.gov.tr/TR-144743/sinema-sektorune-destekler.html>; Turkish Statistical Institute (TurkStat) “Sinema ve Tiyatro İstatistikleri, 2015,” 2016, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=21542>; Turkish Statistical Institute (TurkStat), “Sinema ve Tiyatro İstatistikleri, 2016,” 2017, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=24672>; Turkish Statistical Institute (TurkStat), “Sinema ve Tiyatro İstatistikleri, 2017,” 2018, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=24672>; Turkish Statistical Institution (TurkStat), *Statistical Indicators 1923-2013* (Ankara: Turkish Statistical Institute, Printing Division, 2014), 84.

According to the information gathered from Box Office Turkey on top ten movies that received the maximum annual number of audiences, 7 films in 2005 and 2006; 5 in 2007; 10 in 2008; 6 in 2009; 7 in 2010, 2011 and 2012; 9 in 2013; 10 in 2014; 8 in 2015; 9 in 2016,; and 7 films in 2017 have been Turkish movies. Overall, Turkish films dominated the top five. In spite of the hegemony of American firms and popularity and success of American films in Turkey, most of the time, American films could not get into top five that received the most audience.

The market size of national productions in 2017 has been 56%. In terms of competition with foreign productions, Turkey is the most successful in Europe and it ranks sixth in the world. All these statistics indicate a positive atmosphere in terms of the success of Turkish movies, and this has translated into the literature on Turkish cinema sector with the arguments that the negative influences of neoliberal policies and globalization have been eliminated through the state support. The strength of the national films relative to the American ones was interpreted as the breakdown of the hegemony of American firms and the expansion of the market size for the benefit of national cinema by the state's help.

However, a closer look at the sector reveals that there is not that much a positive atmosphere particularly when it comes to the field of distribution and the state support it gets. For instance, an analysis of the Law no.5224 can help detect some of the problems inherent to the aid system. According to this law, a state board (which includes members from Ministry of Interior, Ministry of National Education, Ministry of Culture and Tourism and some experts from relevant field's professional associations) evaluates and classifies the films in accordance with their conformity with the "public order, public morality and protection of mental health of minors and young people, and compliance with human dignity and other principles prescribed in the Constitution" by a board. According to the law, if a film is obliged to use the movie rating icons⁵ as a result of this evaluation and classification process, the support provided

5 These icons are designed according to the movie rating systems which vary across the countries. This system classifies the contents according to possible harmful items and the age groups which the content is suitable for.

for the film shall be withdrawn.⁶ And the examples from Turkish cinema sector indicate that the evaluation and classification can be used as a tool for censorship, and/or can cause self-censorship by the producers who would like to take support from the Ministry. The latter is particularly the case when a movie is granted support before shooting; because it is a great risk and burden for a producer to pay back support money after shooting with this money. For instance, “*Tereddüt*”, which was made by director and producer Yeşim Ustaoglu, received an age limit of +18 due to the scenes with sexual content as a result of evaluation and classification. As a result, some abridgements had to be done in the film in order to not to give the funds back to the Ministry.⁷

Furthermore, the Ministry gives repayment support only to production, and only up to 50% of the project cost is supported according to the law. If a producer cannot pay back, the producer cannot take another support for following three years.⁸ These requirements affect the production process of filmmakers negatively because of the limits of the supports they can get. Also according to the law, the Support Board, which makes the decision on which projects will be supported, consists of a representative of the Ministry; members who are selected by the Ministry from among the members of the professional associations; and three other members selected by the Ministry from outstanding experts in the fields related with cinema. The number of the members cannot exceed fifteen.⁹ The uncertainty of required qualifications for films to gain support and the Ministry’s strong involvement into the Board harms transparency of the process and makes it harder for filmmakers to receive support. In other words, under these circumstances, a systematic and fairly working supporting system cannot be achieved, and this issue will be addressed more in detail in the next chapter.

6 “Law No.5224 on Evaluation, Classification and Support of Cinema Films,” 5224 § (2004), <http://www.mevzuat.gov.tr/MevzuatMetin/1.5.5224.pdf>.

7 Asu Maro, “Filmden hiç sahne çıkarmadık,” *Milliyet*, December 25, 2016, <http://www.milliyet.com.tr/-filmden-hic-sahne-cikarmadik--gundem-2367355/>.

8 Law No.5224 on Evaluation, Classification and Support of Cinema Films.

9 Law No.5224 on Evaluation, Classification and Support of Cinema Films.

There are concentrations in every field of the cinema sector. Anticompetitive concentrations which also prevent variety are seen at production, distribution and exhibition fields. These concentrations and oligopolies can be seen in the figure below.

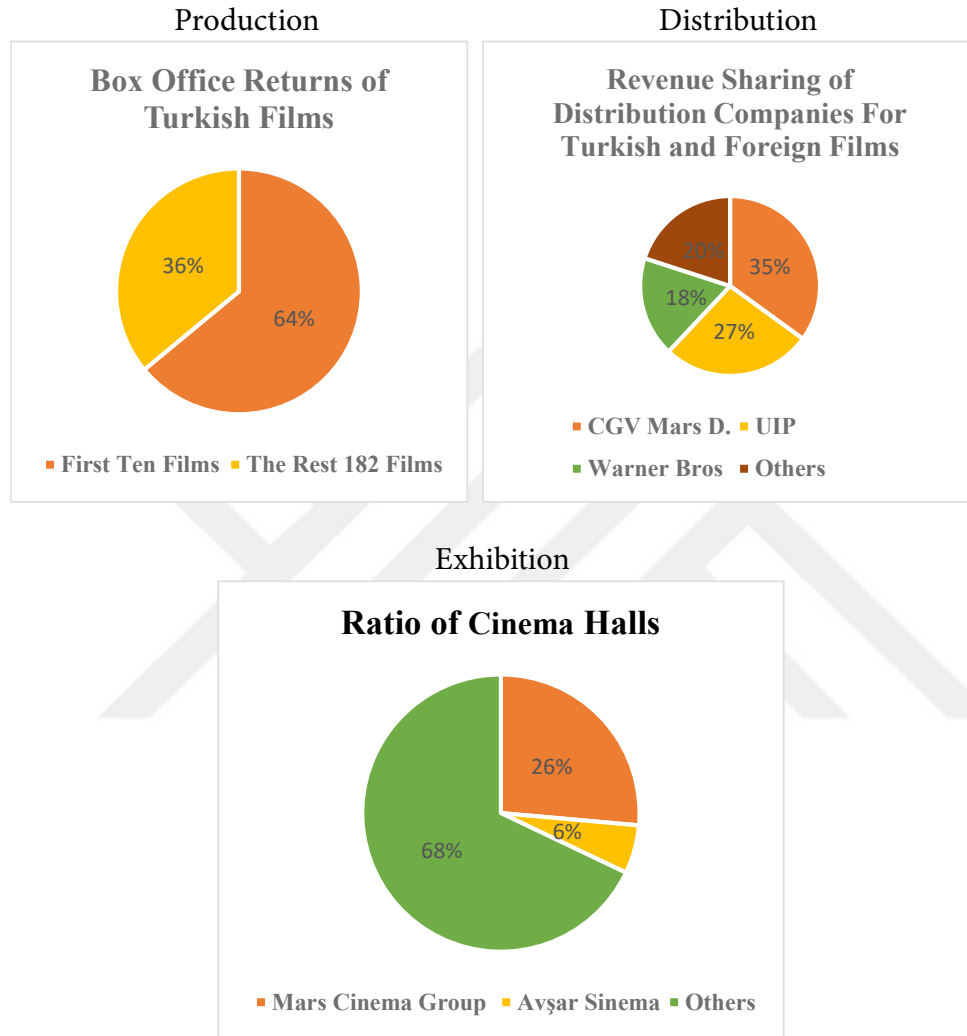


Figure 4.1 2017 Concentration Statistics for Production, Distribution and Exhibition.¹⁰

10 Box Office Türkiye, accessed 10, 2018, <https://boxofficeturkiye.com/>; Erdal Dağtaş Nursen Aydın, and Çağrı Yılmaz, "Sinemanın Ekonomi Politisi: 2016 Yılı Verileri Üzerine Bir Değerlendirme," *TRT Akademi* 3, no. 5 (2018): 209, <http://dergipark.gov.tr/download/article->

Below, the issues and problems of the state aid, which pave the way for the concentration in the cinema sector, will be examined. Then, the problems related to the antitrust laws and merger controls will be analysed.

There is no state aid in the distribution and exhibition fields because the law for state aids is only regulated for production field in Turkey. As table 4.1 shows, every passing year more production supports have been given to more films. Nevertheless, every year first ten films have been taking a great majority of total box office return. One of the reasons for that situation is about the absence of advertisement supports. For a film, being produced by the state aid does not mean reaching to audiences. To begin with, these films cannot easily find places at cinema halls because of the vertically integrated system, which will be analysed on the following pages. In addition to this, they also lose their little chance of coming out because of the absence of the advertisement. In Turkey, advertising costs are covered by production companies which cannot even afford the production itself; in contrast to the European countries where print and advertising costs are covered by distribution companies. As a result, the production companies remain weak in performing advertising in Turkey.¹¹ Support for advertising is categorized as post-production support in Turkey, and the average number of films which take post-production support has been just 5 between 2005 and 2013 in Turkey.¹² This number is very low when it is compared to the number of films which receive production support. However,

file/424256; “Kurumsal,” Avşar Sinema, accessed 10 November, 2018, <https://www.avsarsinema.com.tr/kurumsal/>.

- 11 Özer Kanburoğlu, ed., *İstanbul’da Film Sektörün Durum Analizi ve Sektörün Geleceği Analiz Raporu* (İstanbul: Film Sanayii ve Tüm Sanatçıları Güçlendirme Vakfı, 2017), 39, <http://www.istka.org.tr/media/67270/%C4%B0stanbul-da-film-sekt%C3%B6r%C3%BCn%C3%BCn-durum-analizi-ve-sekt%C3%B6r%C3%BCn-gelece%C4%9Fi-projesi-analiz-raporu.pdf>; Kanzler, *The Turkish Film Industry*, 91--92; Funda Lena, “Film Endüstrisinde Pasta Büyüyor Ama Adil Paylaşılmıyor,” *KREKSA Kültür Sanat Araştırmaları*, December 9, 2014, <https://www.kreksa.com/single-post/2014/12/09/Film-end%C3%BCstrisinde-pasta-b%C3%BCy%C3%BCyor-ama-adil-payla%C5%9F%C4%B1lm%C4%B1yor>.
- 12 Kanzler, *The Turkish Film Industry*, 44.

as the problems pertaining to advertisement suggest, state aid to production should include post-production support as well in order to provide a healthier continuity of state aid, as it is done in diverse other European countries. For instance, the CNC is responsible for the promotion of French films through different methods¹³ and the UniFrance promotes films to buyers, media and the public through international festivals¹⁴. In these ways, the audience interest for the supported films is being promoted.

The most obvious problem of state aid policy in Turkey is seen in the exhibition field. The absence of state aid to cinema halls is one of the most important reasons paving the way for concentration, which have been progressing to the domination of Mars Cinema Group and this situation is also related to the digitalization process.

As expressed in the previous chapter, digitalization is an indispensable and expensive transition for especially independent cinema halls which provide space for independent art-house films and national films which have only a few audiences. State regulation and aid are used in European countries to help digitalization of all cinema halls instead of leaving digitalization to market conditions. In this way, the states protect variety in the cinema sector by preventing the disappearance of independent cinema halls.

However, state aid cannot be seen in this process in Turkey. Digitalization of cinema halls cannot move as fast as it does in the European countries. According to data from 2011, while 52% of Europe-wide screens have completed the digitalization process, only %13 of the screens could go through this process in Turkey.¹⁵ Therefore, there was a need for swift digitalization. However, VPF is not a suitable system for quick transformation; because, at the VPF system, income is generated from taking little money from each screened film when compared with the needed budget for digitalization. In addition to this,

13 “Promotion, distribution, support,” Centre national du cinéma et de l’image animée, December 30, 2010, <https://www.cnc.fr/web/en/about/promotion-distribution-support>.

14 “About us,” UniFrance, accessed December 19, 2018, <https://en.unifrance.org/corporate>.

15 Competition Authority, *Rekabet Kurumu Sinema Hizmetleri Sektör Raporu*, eds. Kerem Tomur, İmren Kol, and Cihan Bilaçlı (Ankara: Turkish Competition Authority, February 16, 2016), VII--VIII, <https://www.rekabet.gov.tr/Dosya/sektor-raporlari/11-sinema-hizmetleri-se>.

there is no regulation at the VPF mechanism in Turkey and no public initiatives as such in European countries. As a result of the absence of regulation of the VPF mechanism, a system was introduced by actors from the sector after 2014. The system was designed by Mars Group and some exhibitor groups and they introduced their VPF system by making agreements with big American studios while some deals were made with only a few national films. The system worked under the favour of agreements with American studios because they could provide high income for digitalization of cinema halls. A year later, other exhibitors started to make the VPF agreement via DCINEX, an intermediary firm.¹⁶

In addition to being late in its implementation, this system's uncertainty due to the unstable market conditions has been causing some negative outcomes. For instance, some cinema halls faced pressures from these studios about the screen time and minimum box office returns.¹⁷ This situation has derived from the awareness of American firms the fact that cinema halls needed them for digitalization, and there was no legal regulation for agreements. These requirements imposed by the American firms can only be met by chain multiplexes cinema halls which are run by cinema chains like Mars Group. Consequently, cinema chains could participate in that mechanism in Turkey. However, single-screen halls or single cinema halls with multi-screens could not participate in that VPF system because they cannot supply conditions of American or other big firms. In addition to this, these cinema halls were not supported by the state, and digitalization is left to the market dynamics in Turkey.

As a consequence of this market-determined process, a huge part of cinema halls has been in shopping malls according to information data on 2016. In general, these cinema halls are run by cinema chains and they completed their digitalization process to a great extent by 2016. However, only 51% of independent cinema halls, which are located on the streets and other public places, and do not have revenue for digitalization process as mentioned above,

16 Kanzler, *The Turkish Film Industry*, 44.

17 Kanzler, *The Turkish Film Industry*, 44.

could complete their digitalization.¹⁸ Cinema halls, which cannot achieve digitalization, cannot show films because all films are produced only for digital screening. And this disparity is among the main reasons paving the way for the closure of these cinema halls. In brief, they are obliged to pull out of the market due to lack of state regulation in line with neoliberal policies, and this causes monopolization in the exhibition field.

Table 4.2 Information about Digitalization of Cinema Halls from 2016.¹⁹

	Total Number of Cinema Halls	Number of Digital Cinema Halls	Percentage of Digitalization
At Shopping Malls	1563	1375	88%
Not at Shopping Malls	625	317	51%
Total	2188	1692	77%

At this juncture, a critical question emerges. While the state enacted Law no.5224 in 2014 to regulate state aid in the cinema sector, distribution and exhibition fields have not regulated by this law. However, the Ministry could have established a much better working aid system by examining prospering foreign laws. Drawing on the interviews, the next chapter address the reasons for state for not regulating these fields in order to establish a more effective system.

§ 4.2 Emergence of Permanent Vertical Integration

Until this point, I have examined the role of state aid for the production and exhibition fields of the cinema sector under the influence of neo-liberal policies. Now, I will examine the antitrust laws in the cinema sector with a focus on the concentration in the distribution field.

Monopolization in the distribution field can be easily identified by looking at recent statistics. The oligopolistic structure in the distribution field has started in the 1990s with the hegemony of American companies, and it has been ever expanding since 2000s under the hegemonies of both national and

18 Competition Authority, *Rekabet Kurumu Sinema Hizmetleri*, 42.

19 Competition Authority, *Rekabet Kurumu Sinema Hizmetleri*, 43.

American companies. In addition to the absence of implementations of anti-trust laws and merger control, the lack of state aid provides an environment fertile for monopolization in the distribution field. In other words, as the Turkish Film Industry 2016 Report of İKSV (İstanbul Foundation for Culture and Arts) specifies, the market forces, which impose neoliberal policies, shape this field. And Concentration is unavoidable consequence of the free market and lack of regulations and protections.²⁰

Table 4.3 Total Percentage of Audience Number of First Three Distribution Companies between 2005 and 2018.²¹

Year	2005	2006	2007	2008	2009	2010	2011
Total Percentage of Audience Number of First Three Companies	86,72	76,25	71,43	75,32	55,9	64,97	73,68
Year	2012	2013	2014	2015	2016	2017	2018
Total Percentage of Audience Number of First Three Companies	84,3	88,75	67,85	69,95	76,3	79,66	86,29

According to the information made available by the Box Office Turkey, between 2005 and 2018, 60 companies have been distributing films. Among these, 28 companies have distributed just five and fewer films while 41 of them have distributed twenty-five and fewer films. This means only 19 companies got the share of distributing more than twenty-five films. While these numbers indicate concentration in the distribution field, the reasons for concentration can be found in antitrust policies.

Drawing on the examples of Paramount decision of 1948 in the US and the EC discussions on the establishment of the UIP, I drew attention to the need for antitrust laws in the cinema sector in the previous chapters. These examples show that the antitrust laws are essentially enacted in order to protect competition, which, according to the free market ideology, provides profit and

20 “Turkish Film Industry 2016 Report,” İstanbul Foundation For Culture and Arts, accessed January 11, 2019, http://film.iksv.org/i/content/1551_1_mob-industry-report-2016.pdf.

21 Box Office Turkey

growth by preventing concentrations in the market. However, even though the antitrust laws have been enforced for the continuity of the free market economy, they can also be used to protect variety in the cinema sector through taking care of art side of the cinema.

However, as mentioned above, even though the US government intervened in the market to sustain competition and variety in 1948, it also allowed American firms' vertical integration and monopolization through directly opening cinema halls or making block booking in other countries. Similarly, the US government has been the most vigorous advocate for a free market economy by forcing other countries to open their markets without any regulation throughout the 1980s. While this approach of the US government can be explained with its aim to expand the hegemony of American firms to new countries, reflections of the expansion of US hegemony can be seen in Turkey.

As mentioned in the previous chapter, Turkey's transition to free market economy took place in the 1980s marked by expansion of the US hegemony. During this period, the American firms entered the market and began to dominate the cinema sector by putting pressure on the state to prevent state intervention. As I mentioned above, even though the state started to support national cinema with some aids in the 2000s, the competition laws have not been applied correctly and efficiently. As a result, concentration and monopolization of both national and foreign companies started taking place in the cinema sector.

As table 4.3 shows, there is a notable concentration in the distribution field. One of the top three distribution companies according to the total percentage of audience number is Mars Dağıtım which is a part of the Mars Entertainment Group. Mars Dağıtım entered the market in 2014 by taking over 6,31% of the cumulative audience and increased its rate over the years. According to the information between January 2018 and October 2018, Mars Dağıtım receives 44,6% of the distribution market. While in the 1980s and 1990s American distribution firms dominated the market, today a Turkish distribution company dominates the distribution field, and it progresses towards monopolizing the market by controlling almost one half of it. On the other hand, it should be noted that this situation does not necessarily mean that a local, national company gained the control of the distribution field. On the contrary,

in 2016, a South Korean Company has bought the Mars Group and this transferred the largest share of the market to the hands of a foreign company.

This monopolization makes sense when the company's structure is analysed. Mars Entertainment Group does not only have a distribution company but it also has its own cinema halls, which are known as Cinemaximum, and it takes part in the cinema advertising sector under the name of Mars Media.²² The fact that a company can operate both in distribution and exhibition fields demonstrate that the antitrust laws, which have been used to prevent monopolization in the US and European countries, are not implemented properly in Turkey because a company can be in both distribution and exhibition fields. In addition to the opportunity of this distribution company to show its films at its cinema halls, Mars Dağıtım can cheaply and easily advertise its films through Mars Media. There is not completely vertical integration because MARS does not own a production company;²³ however, the monopolization in exhibition field forces production companies to make agreements with Mars Dağıtım to get into the schedule of Cinemaximum halls. The need for production companies to make agreement with Mars Dağıtım is derived from the proportion of Cinemaximum halls. According to Kanzler's study:

The market leading exhibition chain, Mars Entertainment (Cinemaximum), accounted for 52% of the Turkish box office and 85% of the screen advertising market in 2013, operating 26% of all screens, almost two out of three digital screens as well as all of the IMAX screens in the country. This represents the highest concentration level among the ten largest European exhibition markets.²⁴

22 After the merger of Mars Entertainment Group with CJ CGV CO 2016, its name and some structures changed. Those are explained later; however, at that point its old name is used and monopolization in the distribution and exhibition field is explained on the basis of old structure to avoid confusion.

23 The absence of Mars Entertainment Group in the production field begins to change with the settlement of the CJ Group in cinema sector in Turkey.

24 Kanzler, *The Turkish Film Industry*, 9.

These numbers mentioned by Kanzler are derived from the statistics of 2013. Today, these numbers are higher because of a merger which will be mentioned on the following pages. In brief, the absence of intervention of the state to that vertical integration through antitrust laws causes restriction of competition. For instance, as mentioned in a study by SE-YAP (Film Producers' Association of Turkey), independent films confront problems about distribution because Mars Dağıtım gives places to foreign and national films which are produced at studios or are produced with the logic of studio, and to the films that have potential for high box office.²⁵ This tendency of Mars Dağıtım can be explained with its primary goal which is the accumulation of capital.²⁶ It can be said that theirs is an approach which takes the cinema sector only as a profit-oriented industry rather than art branch. So, independent films, which are not expected to generate high incomes, cannot find a place at the lists of Mars Dağıtım and ultimately at Cinemaximum halls. This means that such independent productions do not have opportunity to be screened at over half of the cinema halls all over the country. As a result, these films experience difficulties in their attempts to reach audiences. This situation proves that to for the cinema sector to continue to exist as an art branch in addition to be a profit-oriented industry, state intervention is needed contrary to what is defended by neoliberal policies.

Another example for constriction of competition can be given from the exhibition field. As table 4.2 shows, nowadays a great majority of cinema halls are located inside the shopping malls. As construction of shopping malls continues rapidly in Turkey, taking control of the management of cinema halls at newly opening shopping malls becomes important for exhibition chains that try to extend their market share. Yet, Mars Entertainment Group misuses its power at the in this field as well. According to 77% of owners of cinema halls,

25 Film Producers' Association of Turkey, "Rekabet Kurumu'nun 16.02.2016 Tarihli 'Sinema Hizmetleri Sektör Raporu' ve 22.04.2016 Tarihli Raporun Tanıtıldığı Panel Hakkında Sinema Eseri Yapımcıları Meslek Birliği (SE--YAP) Değerlendirmesi," 2, accessed January 11, 2019, <http://www.se-yap.org.tr/wp-content/uploads/2016/04/Rekabet-Kurumu-Raporu-SE-YAP-De%C4%9Ferlandirmesi.pdf>.

26 Dağtaş Aydın, and Yılmaz, "Sinemanın Ekonomi Politikası: 2016," 207.

managers of shopping malls prefer Mars Group simply because of Mars Entertainment Group's brand image.²⁷ The numbers on the newly opening shopping malls countrywide between 2011 and 2015 confirm this claim: While 61 shopping malls have been opened during this period of time, management of cinema halls in 33 of these shopping malls has been taken by Mars Cinema Group. Also, when all cinema halls are considered it can be seen that other firms could not achieve such growth at that time. While diverse reasons and outcomes of the expansion of cinema halls in the shopping malls will be addressed in the next chapter based on remarks of interviewees, these numbers indicate that MARS Group extended its market size and started dominating it through the power originated from the vertically integrated structure.

This process, which heads towards monopolization in the sector forces other profit-oriented companies to pull out of the market and marginalizes independent films. On the other, this phenomenon cannot be explained solely by vertical integration. Another related phenomenon, the merger of Mars and AFM firms at 2011, also triggers this process. Therefore, the policies and practices related to merger control, which is another protection measure implemented by the European Union countries, will be analysed to understand monopolization in the cinema sector in Turkey.

§ 4.3 Permitted Monopolization

The importance of merger control has been analysed in the previous chapter with reference to its role in prevention of concentrations, perpetuation of competition, and preservation of diversity in the film sector. Similarly, the likely outcomes of emergence of media monopolies have been summarized with a focus on expansion of their limitless control in the sector and marginalization of independent films. Now, drawing on previous chapter's analysis about merger control, horizontal integration of Mars Group at the exhibition field will be discussed in relationship to its purchase of rival companies. It will be argued that this integration is yet another channel paving the way for its domination in the sector.

27 Film Producers' Association of Turkey, "Rekabet Kurumu'nun 16.02.2016 Tarihli," 5.

Mars Group has been active in the exhibition field longer than it has been in the distribution field. Its tendency to grow by merges can be observed since 2005. As mentioned above, this year is important because national cinema started to revive in Turkey and audience number started to increase swiftly after this date. Mars Group, which entered exhibition field in 2001 with the name of Cinemars, purchased Tepe Cinemaxx Group precisely at this critical year. Even though the Competition Authority has audited this merger, it allowed it with the argument that that this merger does not cause any concentration at the sector and company's size does not increase enough for dominating the market.²⁸

Unfortunately, to test this argument, the exact numbers of cinema halls of all companies and their market shares in audience number and turnover since 2005 are not available. However, according to information given by Muzaffer Yıldırım, who is one of the co-founders of Mars Entertainment Group, the market share of Mars Group at the exhibition field increased from 7,5% to 15% according to the audience number and turnover as a consequence of this merger.²⁹ This decreased the gap between Mars Group and the leading company (AFM) to 1-2% in 2006 as table 4.4 shows. Also, there were 36 cinema halls of Cinemars and 25 cinema halls of Tepe Cinemaxx Group before the merger. With the merger, Mars Group became the second largest company at the exhibition field with 61 cinema halls.

28 *Mars Sinema Turizm ve Sportif Tesisler İşletmeciliği A.Ş.'nin Ekin Sinema Kültür ve Sanat Etkinlikleri ve Organizasyon A.Ş. Paylarının Tamamını Devralması İşlemine İzin Verilmesi Talebi*, Pub. L. No. 2005-2-31, § Competition Authority (2005), <https://www.rekabet.gov.tr/Karar?kararId=ab5afc09-ebd2-4df4-bcdc-b402dade1ed1>.

29 "Cinemaxx'ı alan Mars, eğlence şehirleri kurmak için kolları sıvadı," *Bigpara-Hürriyet*, August 8, 2005, http://bigpara.hurriyet.com.tr/haberler/genel-haberler/cinemaxx-i-alan-mars-eglenme-sehirleri-kurmak-icin-kollari-sivadi_ID530549/.

Table 4.4 Numbers of Cinema Halls and Companies' Market Shares in 2006.³⁰

Managements	Numbers of Cinema Halls	Companies' Market Share
AFM	140	11,8%
Cinemars & Tepe Cinemaxx	67	5,6%
Tüze Grubu	66	5,5%
Cinemall	28	2,4%
Özen Film	28	2,4%
Cinecity	25	2,1%
Independent Cinema Halls	835	70,2%
Total	1189	100%

Yıldırım also indicated that growth of the Mars Group would not stop with the merger. Mars Group planned to grow both in the cinema sector and other sectors like sports and entertainment centres.³¹ The data on 2006 which demonstrates that number of cinema halls Mars Group owns increased from 61 to 67 confirms Yıldırım's thesis. With all these, Yıldırım stated, the company's target was to increase turnover of cinema halls from \$15 million to \$100 million in 2010.³² This growth-based target is an indicator of the company's approach to cinema sector as a moneymaking industry.

In addition to statements of Yıldırım, the deals Mars Group made with banks further reveal its profit-oriented approach. Until 2012, due to the sponsorship agreement it made with Garanti Bank, cinema halls owned by Mars Group were run under the name of Cinebonus (bonus being one of the labels associated with the bank). After the termination of the agreement with Garanti Bank, the company made an agreement with Türkiye İş Bankası in 2012 and the halls have been re-named as Cinemaximum as maximum, this time,

30 Adnan Akdemir, in AFM Sinemaları, Türk Film Araştırmalarında Yeni Yönelimler Konferansı VII: 'Sinema ve Para', Mat 12, 2006, cited in Zeynep Çetin Erus, "Film Endüstrisi ve Dağıtım: 1990 Sonrası Türk Sinemasında Dağıtım Sektörü," *Selçuk İletişim* 4, no. 4 (2007): 12, <http://dergipark.gov.tr/download/article-file/177938>.

31 "Cinemaxx'ı alan Mars, eğlence şehirleri kurmak için kolları sıvadı."

32 "Cinemaxx'ı alan Mars, eğlence şehirleri kurmak için kolları sıvadı."

is a reference to Türkiye İş Bankası. The agreement included sponsorship, credit, wage payment, new technologies and leasing.³³ Yıldırım reflects on the agreement as a method of expanding their business. All these are indicative of Mars Group's approach to cinema as a profit-oriented industry.

The growth target that Yıldırım set for 2010 has been reached by Mars Group. Four years after Yıldırım stated that they would like to increase turnover of cinema halls from \$15 million to \$100, the company nearly quadrupled its cinema halls with reaching 239 cinema halls throughout Turkey. In contrast, AFM, the biggest competitor of Mars Group, had only 182 cinema halls.³⁴ This means Mars Group became the leader of the exhibition field. However, a major turning point for Mars Group has been the merger of Mars Group and AFM.

In 2010, Mars Group demanded to merge with AFM. In other words, the leading group which owns the highest number of cinema halls demanded to merge with the second large company in the exhibition sector. Rapporteurs of Competition Authority examined the market conditions and stated that this merger would cause unfair competition even when some stipulations are implemented.³⁵ Despite the examination of the rapporteurs, the merger was not found as a barrier to competition and has been allowed by the Competition Authority with one prerequisite in 2011. Competition Authority just stipulated

33 "400 milyon liralık hacim ile 45 ilde 700 salona ulaşacak," *Hürriyet*, April 20, 2012, <http://www.hurriyet.com.tr/ekonomi/400-milyon-liralik-hacim-ile-45-ilde-700-salona-ulasacak-20382005>.

34 *AFM Uluslararası Film Prodüksiyon Ticaret ve Sanayi A.Ş.'nin Çoğunluk Hisselerinin, Mars Sinema Turizm ve Sportif Tesisler İşletmeciliği A.Ş. Tarafından Devralınması ve AFM Üzerinde Tek Kontrol Uygulayan Esas Holding A.Ş.'nin, Mars Sinema Üzerinde Ortak Kontrol Uygulayan Spark Entertainment Ltd. Şti.'nin %50 Hisselerini Devralması İşlemine İlişkin Sunulan Taahhüdün Değerlendirilmesi ve İşleme Bu Kapsamda İzin Verilmesi Talebi.*, Pub. L. No. 2010-2-258, § Competition Authority (2011), <https://www.rekabet.gov.tr/Karar?kararId=600a05e7-db54-4e96-8713-82d951bb16fa>.

35 "AFM-Mars ortaklığı gündemden düşmüyor," *Bloomberg HT*, August 9, 2014, <https://www.bloomberght.com/haberler/haber/1605283-afm-mars-ortakligi-gundemden-dusmuyor>.

for AFM to sell out 12 cinema halls in four different cities to prevent anticompetitive concentration.³⁶

In 2012, this decision has been objected and taken to courts by a petitory, who claimed that the merger would lead to an anticompetitive situation in the market and would affect consumers negatively in terms of service quality and prices. While the Thirteenth Chamber of the Council of State (Danıştay 13. Dairesi) found this objection legitimate and ruled that the merger was against the order of Competition Authority, the petitory withdrew the lawsuit. Yet, the Council of State insisted that the merger should be stopped even when the petitory withdrew. It reiterated that the merger would affect producers and distributors. However, both Competition Authority and Mars Group made an objection against the decision of the Council of State and the Plenary Session of the Council of State Chamber of Administrative Law (Danıştay İdari Dava Daireleri Kurulu) adjudicated that the case cannot continue because of the withdrawal of petitory. So, the final decision has allowed to the merger in 2015.³⁷

After the merger in 2011, the number of cinema halls owned by Mars Group has reached from 239 to 602 in May 2014. In addition to controlling AFM cinema halls MARS Group opened new cinema halls at shopping centres during this process. According to information which is given by enterprises and the Shopping Centre Investors Association, 247 cinema halls were opened at shopping centres by Mars Group until the end of 2014.³⁸ While Mars Group had 602 cinema halls, the closest competitor Avşar Group had only 138 cinema halls. They were followed by Pink Group owning 90; Prestige-Cinecom Group owning 80; Cinemarine owning 76; and Site owning 63 cinema halls. While

36 AFM Uluslararası Film Prodüksiyon Ticaret ve Sanayi A.Ş.'nin çoğunluk hisselerinin, Mars Sinema Turizm ve Sportif Tesisler İşletmeciliği A.Ş. tarafından devralınması ve AFM üzerinde tek kontrol uygulayan Esas Holding A.Ş.'nin, Mars Sinema üzerinde ortak kontrol uygulayan Spark Entertainment Ltd. Şti.'nin %50 hissesini devralması işlemine ilişkin sunulan taahhüdün değerlendirilmesi ve işleme bu kapsamda izin verilmesi talebi.

37 Tomur, Kol, and Bilaçlı, "Rekabet Kurumu Sinema Hizmetleri," 58-60.

38 Tomur, Kol, and Bilaçlı, "Rekabet Kurumu Sinema Hizmetleri," 70-73.

the percentage of independent cinema halls was 41%³⁹, 31% of cinema halls all over the country belonged to Mars Group in 2014.

In brief, after that merger, concentration in the exhibition field grew. The concentration can be seen from the 24% gap between Mars Group's and its closest competitor's rates of ownership of cinema halls. Under the conditions of concentration, which was provided by two horizontal integration and by means of abovementioned vertical integration, it is claimed that Mars Group gained the advantage over opening new cinema halls. Especially by opening new cinema halls in shopping centres, Mars Group increased its domination and started to drive the cinema sector toward shopping centres. In 2016, Mars Group captured one half of the market in the exhibition field with approximate 750 cinema halls, and it earned 26 million TL of 60 million box office return.⁴⁰ According to information given by Mars Group, the number of cinema halls owned by Mars Group further increased to 848 in 2017.⁴¹ This means that films of Mars Distribution secured priority in 848 cinema halls in Turkey. This became possible simply because this single company was active both in exhibition and distribution fields. So, the films which cannot get into the list of Mars Distribution cannot find a place to be screened in one half of cinema halls in Turkey. These films, which cannot get into the list of Mars Distribution, are usually the independent ones. In addition to independent films, Mars Distribution turns into only option also for mainstream, profit-oriented films and consequently their production companies also have to work with Mars Dağıtım to reach the audiences. For this reason, it can be said that the companies have to act according to demands and pressures of Mars Group.

In addition to the ones mentioned above, there is another indicator of distortion of competition in the cinema sector. As a result of the mergers of Mars Group, Tiglon (which was the second distribution company in terms of market share) and Fida Film (which was the biggest cinema advertising company) had to pull out of the market.⁴² So, in addition to effecting the art side of the

39 Film Producers' Association of Turkey, "Rekabet Kurumu'nun 16.02.2016 Tarihli," 6.

40 Dağtaş Aydın, and Yılmaz, "Sinemanın Ekonomi Politikası: 2016," 209.

41 "Hakkımızda," Cinemaximum, accessed January 12, 2019, <https://www.cinemaximum.com.tr/hakkimizda>.

42 Film Producers' Association of Turkey, "Rekabet Kurumu'nun 16.02.2016 Tarihli," 1-2.

cinema industry and reducing variety, these mergers and monopolization also meant that the market could not function properly through competition despite what neoliberal policies asserted.

The final merger of Mars Group should be mentioned at that point. In 2016, Mars Cinema Group has been purchased by a South Korean cinema chain named CJ CGV Co⁴³, and has been re-named as CGV Mars Entertainment Group. CJ CGV Co, which was already active globally owning cinema halls in different countries such as China, the US, Vietnam and Indonesia, has entered into the market of Turkey with this merger. This merger, which took place under the influences of globalization, means that Mars Group Entertainment is not a national company anymore. In other words, the biggest distribution, cinema halls and cinema advertising companies of Turkey became part of a global structure. This challenges the perspectives which take the growth of Mars Group Entertainment as a crucial development for national cinema against the domination of American companies. Looking at this recent merger, it can be argued that a company, which approaches the cinema sector only as a profit-oriented industry, does not try to protect and strengthen national cinema; but rather it is more concerned with enlarging its market share through vertical and horizontal integrations without regard to the artistic value of cinema.

In addition to this final merger, we can talk about a hidden vertical integration which took place in 2017. The South Korean CJ E&M, which is one of the biggest studios in South Korea, got into the market in Turkey by becoming part of co-productions with important production companies of Turkey (such as BKM and TAFF) and by distributing these films.⁴⁴ For instance, CJ E&M became co-producer of the movie “*Yol Arkadaşım*” with BKM. This film has

43 Ceyhan Kuburlu, “Güney Koreli CJ CGV, Mars Cinema’yı 800 milyon dolara aldı,” *Hürriyet*, April 4, 2016, <http://www.hurriyet.com.tr/ekonomi/guney-koreli-cj-cgv-mars-cinemayi-800-milyon-dolara-aldi-40081235>.

44 Sonia Kil, “Korea’s CJ E&M to Launch Turkish Production Unit,” *Variety*, May 30, 2017, <https://variety.com/2017/film/asia/korea-cj-entertainment-launch-turkey-turkish-production-1202447401/>; “Türk filmlerini Kore şirketi dağıtacak,” *Cumhuriyet*, June 22, 2018, http://www.cumhuriyet.com.tr/haber/kultur-sanat/1004795/Turk_filmlerini_Kore_sirketi_dagitacak.html.

ranked sixth in 2017 both in terms of the numbers of cinemagoers and revenue. Similarly, CJ E&M distributed a TAFF production “*Çakallarla Dans 5*”, which has been the twelfth film in 2018 by the same measure. The company plans to expand its business in the cinema sector in Turkey and to finance and distribute 25 films of two production companies in 2019.⁴⁵ So, this foreign company has become an important investor of two Turkish production companies which made blockbuster films of Turkey.

Here, it is important to note that CJ E&M and CJ CGV Co belong to the same principal company: CJ Entertainment. This large company is active in different sectors such as entertainment and media, home shopping and logistic, food services and so on.⁴⁶ As the two South Korean companies under the umbrella of CJ Entertainment operate in three fields in addition to being investors of some other companies in the cinema sector of Turkey, we can talk about emergence of a vertically integrated system and monopolization of a foreign company, CJ Entertainment, in Turkey. It should be underlined that CJ Entertainment has turned into a monopoly. It has become so by investing big production companies, cinema halls and distribution channels, and by controlling the bigger part of market shares in the distribution and exhibition fields as a result of merger with Mars Group. All these equip the company with the power of controlling all the fields of the cinema sector deteriorating the conditions of both the independent and mainstream filmmakers.

What is important about all these examples of mergers and acquisitions of CGV Mars Entertainment Group is the absence of the use of competition laws as a tool to protect the cinema sector against the free market economy. A growing company's globalization by the way of its opening to the foreign market (as observed in CJ Entertainment's entry to Turkey or in the selling of company to a larger one instead of competing) due to the fact that it would otherwise not be able to withstand the influence of a global giant are expected processes under the conditions of free market economy. However, all these mergers and integrations of CGV Mars Entertainment Group, which paves the

45 Sonia Kil, “Korea's CJ to Finance, Distribute 25 Turkish Films by 2019,” *Variety*, June 21, 2018, <https://variety.com/2018/film/asia/korea-cj-to-finance-distribute-turkey-films-1202851963/>.

46 “About CJ,” CJ Group, accessed January 12, 2019, http://english.cj.net/cj_introduction/origin/origin.asp.

way for the monopoly of a foreign company, could have actually been prevented by the competition laws. The Competition Authority does not use its power, which comes from competition law, to protect variety at the cinema sector in Turkey, much in contrast to the policies in the European Union.

In brief, in case of Turkish cinema sector, we cannot observe state intervention in line with neoliberal policies. So, when the absence of the use of antitrust laws and merger control is added to the inefficient state aid system, monopolization becomes the most important problem for the national cinema sector, especially for independent films in Turkey.

§ 4.4 The Relationship between Consumerism and Shopping Malls

At this point, the question why the independent cinema cannot take a stand against profit-oriented cinema remains open to discussion. Therefore, below, the neoliberal policies, which weakened the independent cinema, are addressed by looking at dominance of shopping malls as main screening venues and the resultant changes in the relationship between the people and the cinema.⁴⁷

One of the most important goals and outcomes of neoliberalism is imposing consumerism through spreading the ideas of individual libertarianism. Neoliberalism defines individual freedom as “the liberty of consumer choice, not only with respect to particular products, but also with respect to lifestyles, modes of expression, and a wide range of cultural practices.”⁴⁸ The definition

47 It should not be forgotten that the concept of neoliberalism can be interpreted in many different ways. At different times and in different places of the world, neoliberalism processes with unique dynamics. So, the notion should not be used with generally accepted explanations, it should be taken according to specific subjects. (Berna Yazıcı, “Güncel sosyal bilim analizinin sihirli anahtarı: ‘Neoliberalizm’?”, *Toplum ve Bilim* 128 (2013): 7—31.) As for this example, the effects of neoliberal policies on cinema halls in Turkey are not taken in detail and in all its parts. It does not mean there are not other effects or analysis of their effects cannot be deepened.

48 David Harvey, “The Construction of Consent,” in *A Brief History of Neoliberalism* (New York: Oxford University Press, 2007), 42.

is imposed through different neoliberal policies and implementations. Expansion of shopping malls can be analysed both as a tool for the spread of consumerism and also as a consequence of the spread of consumerist ideology.

After the 1980s, shopping malls have been started to be constructed for masses to spend leisure times. The shopping malls, which are surrounded by the walls and can control visitors with their security check points, replaced the streets where everyone can walk and can go to alternative places. They are designed as consumption hubs with their shiny store windows and fast-food restaurants which induce people to shop, eat and drink. Most importantly, inside their walls, they exclude the chances of joining in any activity without consuming. During this process, going to the shopping malls, walking around, shopping and eating at leisure times increasingly have become an indicator for the people's lifestyle. While these malls give the impression of providing freedom of choice; in fact, what they provide is a liberty of *consumer* choice for products and lifestyles much in line with neoliberal consumerist ideology.

What is crucial about these malls for this study is the fact that they started to establish cinema halls within their walls, and within their broader ideology started to turn cultural activities (such as seeing a movie) into practices of consumption. This turned going to cinema halls in the shopping malls into an activity of leisure time that will be added to shopping and eating before or after watching films rather than being a cultural activity on its own. So, films have been started to be perceived as commodities and cinema halls have been increasingly seen like clothing stores which promote consumption of more products for these stores to make more profit. This also explains why mainstream movies, which are easily consumable in line with the neoliberal ideology, are screened more than independent ones in these malls. All these transitioned the relation between the people and cinema from being a cultural activity to a consumable leisure time activity.

These consumption-oriented and rapidly increasing shopping malls can be seen all over the country. With the changing structure of the cities, shopping malls also turned into new town centres to get socialized and consume. As a result of the spread of shopping malls, cinema halls turned into one among many of the consumption-oriented areas. Going to the cinema halls started to be taken as an activity which is done together with shopping and

eating. This gradual turn of the activity of seeing a movie into a consumable leisure time activity that is easily consumable, has decreased the demand for the cinema halls outside the shopping malls.

In addition to this, as the statistics demonstrate, the ratio of independent cinema halls have started to decrease. And a main reason for this phenomenon has been the move of the cinema sector towards shopping centres. Currently, cinema halls of the shopping malls constitute the majority of movie theatres in Turkey. To these halls in shopping malls, the films which bring high box-office returns are distributed by CGV Mars Dağıtım, JC Entertainment Turkey, UIP and Warner Bros. And these distribution companies generally make deals with Mars Group, which constitute the majority at the shopping malls. This means that the independent cinema halls cannot reach these films and they lose an important source of income. As a result, they the independent cinema halls are obliged to shut down their business because of the economic difficulties they experience. All these factors eventually restrict independent films' field of manoeuvre since they can usually find screening opportunities in independent cinema halls but not in the dominating mainstream halls in shopping malls. Drawing on the interviews with the non-state actors of the cinema sector in Turkey, the relationship between this contemporary transition of cinema halls and the cinema sector will be interpreted more in detail in the next chapter.

Approaches of the Non-state Actors of the Cinema Sector

Previous chapters have addressed the relationship between the state and cinema sector mainly from the perspective of governmental policies that regulate the cinema industries in France, US, India and Turkey. Through an examination of the development of cinema industries in these countries, the chapters compared the ways in which different state policies give rise to different outcomes in the cinema sector in terms of (I) protection of national cinema or surrender to the hegemony of American firms; (II) empowerment of the art-side of the cinema or marginalization of independent productions; and (III) perpetuation of market competition or emergence of vertical integration and monopolization. This chapter shifts the focus from state policies to the ways in which the film producers, distributors, academics and activists in the film sector of Turkey perceive the governmental regulations that target the cinema industry. In this way, it seeks to provide a more complete picture of the relationship between the Turkish state and cinema industry by giving voice to non-state actors of the sector.

Lack of state involvement and regulation targeting the cinema sector is a common theme in the narratives of the non-state actors. While this is in line with the historical analysis presented above, one main point the interviews add to this analysis on the relationship between the state and cinema sector in Turkey is what many of the interviewees call the *arbitrariness* of state policies.

According to them, involvement of Turkish state to cinema sector has historically been through arbitrary interventions such as inconsistent decisions on censorship, customs on the importation of technologies needed for film-making, and taxation etc. or through some personal initiatives, which also adds to the arbitrariness due to their short-term, unsystematic nature.

The narratives of the non-state actors also reveal that even this form of arbitrary interventions have historically been limited particularly to the areas of censorship and taxation while the state has not at all (arbitrary or not) taken part in providing funds and supporting the cinema sector until 2000s. Similarly, beyond the arbitrary interventions regarding censorship and taxation, there has not been any systematic, long-term policy that protects the national cinema from international pressures, helps develop the artistic cinema and/or regulates the market conditions in the sector in order to prevent monopolization and vertical integration. Much in contrast to the examples of cinema sectors in other countries mentioned above, the narratives of the non-state actors of cinema sector in Turkey confirm that the Turkish state neither considered the cinema sectors as a cultural field that deserves state support nor as a profitable industry that should be regulated by the state to increase revenues and preserve competition. All these, the non-state actors of the sector argue, paved the way for monopolization and marginalization of independent productions in the sector.

On the other hand, it is not possible to talk about a unified and single opinion that the non-state actors of the sector share. Rather, their opinions on the desired forms of state involvement to the sector tend to differentiate from one another depending on whether they embrace mainstream forms of film production and distribution or the more independent, art-oriented ones. This is why, in addressing the ways the non-state actors of the sector perceive state policies, I group these actors into three: The mainstream producers and distributors; the independent producers, cinema writers, academics and activists; and those who hold a liminal position between the two. With the former I refer mainly to the producers and distributors who either hold capital or whose main motivation in the sector is to generate profit; whereas independent producers, cinema writers, academics and activists are composed of those who support and/or take part in independent, art-oriented productions and

their distribution. The last category of non-state actors holding a liminal position between the two is composed of those who are capital owners in the sector while at the same time they also try to open up a space for the success and development of independent productions.¹

For this analysis, I draw from in-depth interviews that I conducted with eleven non-state actors of the cinema sector. The interviews took place in Istanbul, Turkey between November 5, 2018 and December 25, 2018. I group three of the interviewees into mainstream producers and distributors; five of them into independent producers, directors, writers, academics and activists; and three of them into the intersection of these two groups. The real names of the interviewees are not used, and pseudonyms are given to them to prevent any possible harmful situation for the interviewees. I contacted with the interviewees through the snowball method. I cannot conduct interviews with the representatives of the MARS group which is one of the most important actors for this thesis because I cannot get a return from any company official despite my efforts.² In addition to this, I have not carried out an interview with a state personnel mainly because I have analyzed state behavior through statistics, policies and legal attempts in the previous chapters. Rather, in this chapter I try to see the state involvement in the sector as perceived by the actors in the cinema field.

In order to understand divergences and convergences among the opinions of independent and mainstream actors on state's role in the sector, I focus on their ideas around five main themes: Diverging opinions on state regulations and funds; monopolization and vertical integration particularly of the MARS group; censorship; mobilization and political organization of non-state actors of the sector; and the effects of emergence of shopping malls as the main

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- 1 For instance, MARS Group which has been at the center of analysis in this thesis can be grouped among the mainstream non-state actors; REXX Sineması, which is a cinema hall and gives place to both mainstream and independent productions, as a liminal actor; whereas Yeşim Ustaoglu, Reha Erdem, Zeki Demirkubuz are among the independent actors. While these people and institutions are not among the interviewees, I refer to them in order to make this categorization clearer.
 - 2 This is an exact example for the difficulties of “studying up”.

screening venues on the sector. Based upon these themes, some main questions addressed with other sub-questions are as follows; how do the interviewees perceive the general role of the state for the Turkish cinema industry; how do they get in contact with the state if they have to; do such contacts differ according to where an interviewee works in the different stages of a movie making such as, production, distribution or exhibition; what do they expect from the state and how much of these expectations are fulfilled by the state; how do they interpret the role of the state in the cinema sector overall: what do they think about the economic and cultural sponsorship system of the state particularly as it relates to the question of censorship; how do the integration of the MARS Group and monopolization impact them and what is the state's role in the making of such a monopoly; what kind of changes do they see in the cinema industry as a result of the shopping mall expansion?

§ 5.1 Approaches to State Support and Distribution of Funds

Both mainstream and independent actors of the sector take issue with the problems pertaining to the limitations of the state support and regulations. One main theme the mainstream producers and distributors distinctively underline is lack of state regulations which would support producers' and distributors' access to new technologies such as digitalization. Along these lines, Hasan Akyıldız, a prominent producer and distributor, complains about the state policies' inability to keep up with the technological developments in the sector before the 1980s. In addition to being active in the production field of the sector, Hasan Akyıldız's family-owned enterprise also owns movie theaters. Reflecting on his attempts to develop his business, he states that:

We wanted to introduce Dolby Technology³ in Turkey. But because they (the state) did not know this technology, importation of amplifier was prohibited in Turkey. They gave us hard time saying we had to pay whatever percent of the value of amplifier. I ended up smuggling the

3 Dolby Technology provides digital surround sound system rather than monophonic system and increases experience and quality of sound.

first Dolby device in my suitcase. (...) This Dolby device was so important, for instance. I had to bring lots of stuff inside my luggage... I had to carry huge objectives this why. What else could I do?

Then he adds:

This was how we introduced optic Dolby to Turkey. We tried it first with the movie *Deer Hunter*. Atilla Dorsay even said back then “I felt as if the hair of the girl has just flown over my nose.” It was that much impressive. (...) Then we introduced the first 3D movie.

Hasan Akyıldız blames state regulations’ inability to keep up with technological advancements in explaining the hardships he has been through when bringing new devices and technologies to Turkey. While he takes pride in his company’s ability to introduce new technologies to Turkish cinema sector despite all the barriers, this does not necessarily imply that his main concern is to contribute to the advancement of the sector. Rather, his interest for gaining profits exceeds his desire to contribute to the development of cinema as an art form. Along these lines, he states that:

I mean I also would love to unite and reconcile movies and audiences with each other. But what we call art house, which focuses on production of culture and knowledge, does not get so much attraction from the masses. So, by only screening them, you cannot really do business. Because only one of five or six movies would work. And this would not help your office run.

Hasan Akyıldız is not the only mainstream actor in the sector, who complains about policies that prevent them from accessing diverse technologies available abroad. Similarly, Cafer Sertaç, another producer and distributor, who is also currently administering a family-owned enterprise, states that:

There were big investments in the sector before the 1980s. For instance, there were many devices being purchased from abroad. But there were so many barriers for bringing these devices into Turkey and we did not know who created these barriers. They used to say that the firms, which brought foreign movies to Turkey, were to ones imposing these

barriers. But I do not buy this argument. For instance, a large tripod... They (the state) said you have to declare and pay customs for this. When you said “okay, I will pay for it,” this time they said, “no you cannot because there is this and that material inside this device, and it is not allowed.” These happened a lot. It was similar to censorship, so unreasonable. So, to overcome these barriers, we were getting an old device, registering it to our passport by saying that we were taking it abroad to have it repaired, and then buying a new one instead and bringing it back home...

Central to the ways in which both Hasan Akyıldız and Cafer Sertaç problematize barriers to their access to new technologies before the 1980s is the arbitrary state policies particularly in deciding what can and cannot be imported to Turkey. The arbitrariness of state policies and its negative impacts on the cinema sector are also reflected in the narratives of more independent actors of the sector. But, at the same time, it should not be overlooked that narratives of all non-state actors draw a parallelism of the approach of the state between before and after 1980s.

Different than mainstream producers and distributors who problematize arbitrariness of state regulations particularly in terms of barriers to importation of new technologies to Turkey, independent actors are more concerned about arbitrary decisions and lack of transparency in the distribution of state funds.

According to Ceren Kuş, a movie critique who thinks that state funds are among the most important factors that made development of independent cinema possible in Turkey:

The decision-making processes (for the funds) are complicated. They are not transparent. At the same time, the funds are distributed arbitrarily; usually depending on who belongs to which network who are affiliated with whom etc. Even the people who are part of the decision-making board are not sure how the funds are distributed, they say that “the relatives and/or friends of some people” get the funds. For in-

stance, Ada got a lot of rewards abroad but cannot get funding in Turkey. The reasons for these should be explained. The criteria should be clear; we need these rules specified.

The quotes above suggest that while the mainstream and independent actors of the sector share a concern about arbitrariness of state policies, the areas that they think arbitrariness is the most problematic differentiates. And this differentiation can be explained by importance of technological innovation for mainstream actors to generate profits; and centrality of state funds for independent actors' capability to produce and survive in the sector. In other words, because technological investments and advancement are vital for capital holders to make more profits in the sector, they demand state policies that can enable importation of new technology by bringing an end to arbitrariness in this field. For independent directors, producers and distributors, on the other hand, receiving state funds is a matter of survival in the sector. Therefore, their main point of reference in discussing the arbitrary state policies is distribution of funds.

The mainstream actors tend to criticize the independent one's insistence on the importance of state funds by arguing that independent films can actually receive funding from diverse sources abroad. On the other hand, the independent actors think that national state funds are actually a prerequisite for receiving funding from elsewhere such as when Ceren Kuş states that "if you do not receive a national fund, it gets even harder to find funds from abroad. Because no one can get actually money from the Ministry of Culture at the moment, they are all incapable stuck in the market."

Similarly, Emre Güven, an academic and independent director, indicates that:

If you cannot find money from Turkey, you actually cannot get some from abroad either. (...) Because foreign investors have no reasons for giving you money in case you are not granted some funds by a public institution in Turkey. Because the funds coming from abroad are supplementary. You need to use the money you get from foreign investors abroad. Therefore, if you would like to make the movie in Turkey, or with Turkish artists, then you need to find this money from Turkey. So,

a German, who will give supplementary support, first asks you: “Do you have enough money to make this film?” If you do not have funds, they have no reason for trusting you.

It is important to note that the concerns of independent actors on the distribution of state funds are not limited to the arbitrariness of decision-making processes. For instance, Eren Atabey, who teaches and writes on cinema in addition to taking part in establishment and development of diverse venues for independent cinema, takes the concerns of independent actors a step further, and argues that decision-making process in the distribution of funds are also actually mechanisms of censorship. According to him:

In Turkey, Ministry of Culture makes the decisions. (...) On the other hand, if the funds were given to professional associations for them to distribute, they would have distributed the funds in a just, controlled, and calculated manner. (...) But now when the Ministry of Culture makes decisions, they do not give money to, for instance, Emre Güven’s new project. Because some people in the decision-making council do not like what he writes, what he thinks. So, they do not give money. (...) If they gave the authority to a council composed of experts such as us, it would have been a more just system.

Similarly, Emre Güven, whose experiences Eren Atabey refers to states that:

Particularly since 2016, some sort of a blacklist has emerged in their minds. We are not sure about the exact source of this: if it is coming from top or it emerges from within the sector. Because the ones in the sector are sometimes too loyal to the central power of the government and they take action on behalf of it. Obviously, there is a group of people who are scared that supporting certain productions might cause trouble for themselves.

Having established the importance of state funds for independent productions above, limiting some of the directors and/or movies access to these funds due to the political opinions they give voice to operates as an indirect mechanism of censorship. In other words, as long as the movies, directors or producers who are oppositional to the governing authorities cannot receive state funds,

which are vital for any independent production to take place in Turkey, they are totally left out of the sector. This reduces diversity in the sector in addition to marginalizing critical productions by reducing their chances of survival.

As a remedy, almost all the independent actors of the sector think that the authority on making decisions on distribution of state funds should be taken from the Ministry of Culture and given to an autonomous institution composed of experts in the fields. As an example, they refer to the systems established in countries such as France and Germany where such independent institutions exist. On the other hand, as Emre Güven states, establishing an autonomous council may not remedy all these problems given that to what extent such already existing autonomous institutions in Turkey (such as Central Bank of Turkey) can make decisions independent of the central government is open to question. Despite such concerns, the independent actors of the sector share the opinion that establishing non-partisan, autonomous institutions to take decisions on distribution of state funds can be a vital step forward, even if it may not be a solution to all problems they experience in the market.

Another policy recommendation that independent actors have is creation of alternative fields of distribution. Along these lines, Emrah Metin, a cinema writer and director of short movies, states that:

I think the most important thing to be done is to establish alternative areas of distribution. For instance, municipalities have many screening halls, and they a certain amount of audiences. It is not really hard once you establish conditions for digital screening in these halls. (...) For instance, in South Korea, there is distribution support. They also impose a quote on the screening halls for them to show national films. I am not sure about the exact rate. But let's say they are telling them 30% of movies screened should be South Korean.

Overall, all the mainstream, independent and liminal actors of the sector problematize inefficiency of state support. And a common theme in their narratives is the arbitrariness of state regulations in the sector. While the mainstream actors problematize lack of state support for importation of new technologies and arbitrary laws and regulations that hinder their access to

technologies abroad, the independent actors take issue with the arbitrariness in the ways in which the state funds are distributed. On the other hand, the concerns of the interviewees about the state's role in the sector are not limited to these points. On the contrary, they problematize governmental policies in relationship to the issues of vertical integration, monopolization, and practices of censorship in the sector.

§ 5.2 Approaches to Censorship

As discussed above, particularly the independent non-state actors of the sector draw attention to the ways in which selective distribution of state funds can actually serve as a mechanism of censorship. While this is a recent phenomenon, censorship policies and mechanisms are intrinsic to the history of the cinema industry in Turkey since its early days. Furthermore, the utilization of funding as a mechanism of censorship is not the only mechanism through which the state authorities try to control the content of the movies nowadays. In addition to this indirect mechanism through which oppositional voices are silenced by cutting the funds available, screening of some films and documentaries are directly banned by the state and the directors are criminalized with the accusations of propagandizing for “terrorist” organizations.

In its early days, censorship in the sector was administered by a censorship board. Cafer Sertaç, who owns a production and distribution company, reflects on his experiences with the censorship board stating that:

For instance, in a movie, there was this scene where Ayhan Işık goes and picks up her daughter from school. The censorship board did not allow this by stating that no father in the Turkish Republic can pick his daughter up from school without a permission. So, this scene was omitted from the movie to make sure it can pass the evaluation of the censorship board. (...) For instance, *Suçlu* has been cut to 45 minutes just because it is the novel of Orhan Kemal. (...) It was all like cut this part, cut that part. It is terrifying.

According to Cafer Sertaç, existence of a board of censorship was not necessarily a problem. But he thinks that such institutions should also be accompanied by policies that provide support to the cinema sector. For this, he thinks the system in the US can be an example where the two are brought together. So, the main problem for him, especially in the early days of the film industry in Turkey, was the fact that the only mechanism through which the state intervened to the sector was censorship; that the state did not provide any support, did not make any regulations in the sector but just tried to control it with censorship. Along these lines he states that:

Okay, it (state) does not support art, because it is afraid of it. (...) I think there is only one explanation for not giving support particularly until 1980s: It is afraid of cinema. I do not know if this explanation is correct or convincing, but I think it is afraid. It sees cinema as a field where it can lose control, it sees the masses of audiences. There was more cinema audience than people who go see plays. For instance, when *Vurun Kahpeye* was filmed, it did not prevent but did not support either. For films which excite national sentiments it says okay. For others, it says no. In a way, it thinks cinema should be an ideological tool for state. But for the rest, it gets suspicious. I think it is even paranoid.

While Cafer Sertaç thinks the state wanted to control cinema sector as an ideological apparatus of the state and utilized the board of censorship for this purpose, he also underlines that the board was not necessarily designed in a professional manner by stating that:

Back then, for instance, there were people in the board who have not seen a movie for 15-20 years. A veteran was pushed to the board. He used to say innocently that “they appointed me here and I just come and go...”

In this sense, it is possible to see some resemblances in the ways board of censorship and the current authorities that distribute state funds are organized. While both are not autonomous from central state authorities, they lack experts and professionals of cinema among their members.

Cafer Sertaç is not the only non-state actor who problematizes the fact that the only means through which the state has been involved in the cinema sector in its early days was censorship. Similarly, Eren Atabey, and independent, states that:

The state did not have any positive contribution to culture. (...) It imposed censorship. It always did. The law of censorship, back then, was the one adopted from fascist Italy. What is beyond that?

On the other hand, it is important to note that even though censorship was at the center of the relationship between the state and the cinema sector, this does not mean directors, film producers and distributors have always submitted to the decisions on censorship. On the contrary, back then, as well as today, they found ways to overcome barriers imposed by the censorship mechanisms. Hasan Akyıldız, whose family enterprise produces, distributes and exhibits films, tells that:

We were fighting censorship but never getting any results. Let me tell you an interesting story. It was early 1970s. It may be 1974 or 1975. There was a serious, horrible ban on sex. But there were many movies being filmed at the same time. There was the novel *Mutlu Evlilik*, and the movies were being filmed based on this novel. These were giving sexual education in short episodes. (...) We said how we will deal with censorship. Because censorship was banning it, and after banning it was taking you to the court. Then, the court was asking for an expert report in order to make a decision. According to this report, it was either punishing you or banning the movie. (...) We decided to do that before the censorship. When the film was in the board, we applied to an expert and made her watch every screen of the movie, so that they can write an expert report beforehand about whether this movie is good for bad for the public. After that, even if it bans the movie, I have the report in my hands. So, we started giving these reports to the members of the board of censorship. They were saying “okay, if there is a report you can show it.” They were just bringing an age restriction. Even if the movie did not pass the board’s evaluation it was not a problem

when we had the report. This way, a new wave was created. This paved the way for proliferation of movies with sexual content.

Another way, non-state actors of the sector tried to combat censorship in 1970s was taking decisions of board of censorship to courts. Hasan Akyıldız tells, even if they cannot remove the ban on certain movies, in this way, they were sometimes able to get permissions for screening the movies for a certain period of time.

Directors, producers and distributors on the sector try to combat censorship in diverse ways till this day, and the ways in which they mobilize have been evolving. For instance, Emrah Metin, a cinema writer and director of short films, tells about mobilization of professional associations in the sector in order to protest censorship in recent years when they initiated marches, organized forums, and try to negotiate with the Ministry of Culture. However, he thinks, mobilizing around these associations have not efficient and sustainable when it comes to achieving goals. Therefore, he believes non-state actors of the sector should come together, take the support of audiences and mobilize a bottom-up struggle to fight censorship.

On the other hand, not only the ways in which non-state actors try to combat censorship, but also the ways censorship is administered in Turkey has been evolving. While it was censorship board enforcing prohibition of movies particularly with oppositional and sexual content in the past, today more implicit and indirect mechanisms are used for the purposes of marginalizing and silencing movies that contradict dominant state ideology. As discussed above, among these is withholding state funds from such movies. In addition to this, particularly since 2010, there are increasing number of cases whereby the directors, producers, and actors are taken to courts on the charges of propagandizing for terrorist organizations.

In explaining contemporary policies of censorship, Emrah Metin tells that during some liberalization processes, the state relaxes his policies of censorship by letting circulation of movies and documentaries which are critical of dominant state ideology. However, he says, these periods do not last long, and even the movies whose screening was allowed by the state during such liberalization periods such as European Union accession negotiations get condemned by the state eventually. An example of this can be seen in the case of

the documentary *Dersim 38*, which demonstrates the state violence towards Alevi and Kurdish inhabitants of Dersim in 1938. As Eren Atabey, tells even though this documentary received an award in a film festival, it was taken to courts a year later.

Another indirect mechanism through which state authorities implement censorship is the pressure they exert on organizers of film festivals. Even though in the case of *Dersim 38*, the movie was allowed to be screened in the festival, this is not always the case either. For instance, Ceren Kuş, tells that the Ministry of Culture actually threatens festival organizers about certain films by pointing at “possible repercussions” of screening movies that contradict dominant state ideology. Such has been the case with documentary *Bakur*, which is about the three guerilla camps in the Kurdistan region. As Ceren Kuş tells Ministry of Culture has prevented screening of this movie by threatening the festival organizers about the sanctions they can get. Eventually, the directors of the documentary were also taken to courts.

Even though censorship policies have created their own resistance historically, they also paved the way for auto-censorship. Along these lines, Emre Güven tells that in order to be able to get state funds independent directors and producers are ending up tailoring their movies in a manner that would contradict state ideology in a lesser degree by stating that:

Of course, these all pave the way for auto-censorship. Especially after July 15⁴, we come together with producers and discuss... I for instance, bring 2-3 projects, and we discuss which one of these can get funding. We talk like “this can get the support, but there is this and that element that should be tailored or omitted. Otherwise, we will not be able to make films.”

The interviews indicate that the history of cinema sector in Turkey has also been a history of censorship. On the other hand, both the methods of censorship and the ways in which non-state actors of the sector have been trying to resist it have been evolving. While censorship board was the main mechanism

4 Between 15-16 July 2016, a military coup is attempted by a group of soldiers who defined themselves as the Peace at Home Council in the Turkish Armed Forces. The attempt failed and the same government still rules the country.

through which censorship was implemented, today more subtle mechanisms such as preventing certain movies' access to state funds are used as mechanisms of censorship together with criminalization of oppositional directors, producers and festival organizers.

§ 5.3 Approaches to Vertical Integration and Monopolization

When it comes to the market conditions of the sector, the most prominent concern of both independent and mainstream actors is the expansion of CGV MARS Entertainment Group, which gradually monopolizes the distribution and exhibition fields. As discussed above, because CGV MARS Entertainment Group is not active in the production field, we cannot really talk about vertical integration in its full sense. On the other hand, by monopolizing the distribution and exhibition fields, MARS Group also exerts control over the production field despite the fact that the group itself does not produce movies⁵. In order to explain the influence of MARS Group over the production field, a mainstream producer, Hasan Akyıldız, problematizes the merger of AFM and MARS Group and states that:

In the past, when they were separate, there was not any problem for us. Back then, when they were in competition if one of them would not screen our movies, the other would. But now, after their merger, things became much harder for us. Now it is like you cannot make the movie that they will not like.

5 As mentioned in the previous chapter, Mars Cinema Group was bought by CJ CGV Co which belongs to CJ Entertainment and exits in the distribution and exhibition fields. At the same time CJ E&M, which is a production company and also another subcompany of CJ Entertainment, got into the market in Turkey. While vertical integration does not actualize over one company, the two companies can be act vertically integrated in the cinema sector of Turkey. However, this situation cannot be observed openly because the position of CJ CGV Co and CJ E&M is a new situation. So, CGV MARS Entertainment Group is analyzed in this study as being in the only distribution and exhibition fields.

Similarly, another mainstream producer and distributor, Cafer Sertaç, reflects on MARS Group's influence on the field of production by problematizing lack of state regulations that would prevent monopoly of the MARS Group:

MARS Distribution purchased AFM. There is competition board in this country, but no one said a single word about this merger. They just went to Ankara and did their business. They used their monopoly, and then sold it to Koreans. Nowhere in the world you can say that I have money, so I would like to buy 500 cinema halls. In order to protect competition, elsewhere they would tell you that you can buy maximum a hundred of them. (...) So, we cannot find halls to screen our movies.

Cafer Sertaç is not the only non-state actor who thinks that the state policies have been inefficient in preventing monopolization and turning of the monopolization into monopolization by foreign capital in the sector. For instance, Büşra Cebeci, who owns a movie theater that screens both mainstream and independent productions, argues that the state actually facilitated the expansion of MARS Group. According to her:

If you think about the competition board, you can tell that the state is actually on their side (referring to MARS Group). Because they think that this foreign company is bringing money to the sector. Otherwise, the competition board should have examined this merger and sale. They would have not been possible in the US where there are antitrust and cartel laws.

Another liminal figure, Demre Karman, who is the founder and owner of a company that distributes both mainstream and independent films, also takes issue with the MARS Group and reflects on the ways in which it influenced their business by stating that:

Live aside the fact that they are controlling the screening halls. They are distributing movies at the same time. (...) There cannot be a better example for unfair competition. (...) This also influences the preferences of the producers. I mean if I were one of them, I would also go to MARS which has 300-400 cinema halls guaranteed. For instance,

recently both MARS and our company gave an offer for the distribution of a Turkish cartoon, the producers preferred them.

As these quotations suggest, the mainstream and liminal actors of the sector share a concern about the monopolization particularly because it contradicts their market interests by reducing their capacity to compete in the sector. Therefore, they problematize the state policies that enabled MARS Group's domination by contrasting them particularly with the state regulations in the US which prevent vertical integration and monopolization.

The independent actors of the sector, on the other hand, are concerned more with monopolization's effects on art house films. And their opinions on the relationship between the expansion of the MARS Group and the art house productions are diverse.

For instance, Emre Güven, an academic and independent director, thinks that under the conditions of free market competition, finding screening venues for art house productions might actually be harder than doing so under the conditions of monopolization. Along these lines, he states that:

Now, for instance, it may be possible to get maybe 20, 30 or 40 screening halls from MARS. Because it already has a monopoly and therefore makes big profits. I am speaking hypothetically here. But I think it might be harder to find venues when there are two or three big firms competing with each other vehemently. They might be less interested in providing such an amount of screening halls. I don't know... Smaller fishes might be smashed in big competition. (...) I think it is quite possible for monopoly to provide space for art house films.

Emre Güven's ideas on the chances of monopolies providing venues for art house films are not unfounded. On the contrary, Turkish cinema sector has witnessed opening of MARS Group to art house productions in the recent years whereby the MARS Group provided venues for art house films and/or independent film festivals. When his opinions in this recent phenomenon are asked, Emre Güven states that:

They might be doing this to become more prestigious in the sector. They are comfortable because they already monopolized the sector. So,

by screening art house movies, they are not necessarily making big concessions.

On the other hand, Emre Güven's relatively optimistic opinions on the relationship between monopoly and art house films --in the favor of the latter--, do not surpass his ethical concerns about monopolization in the sector. As an independent director and academic, he is critical of monopolization and he thinks it should be challenged despite his idea that art house films can also benefit from monopolization. Yet, according to him, the struggle against monopolization in distribution is secondary particularly because he believes that the main front of struggle for independent producers is to push the state to provide funds for distribution of art house films.

Other independent actors of the sector are more critical about the monopoly's effects on art house productions. For instance, Ceren Kuş, a movie critique, problematizes MARS Group's opening towards art house by stating that:

They did this because they also want to own them (art house productions). For them, this is also an industry. They think they should own everything. It is more like a strategic step they take. (...) Profitable or not, they are demanding the field which has high cultural capital and where there is noticeable production.

As Ceren Kuş problematizes the ways in which MARS Group takes advantage of art house films in order to make more profits, a mainstream non-state actor, Ezgi Tanış, actually agrees with this idea by stating that "They are concerned with making money. They are trying to attract audiences, trying to be different. So, it is more like a PR strategy."

Sharing the opinion that MARS Group's main motive for screening art house movies is to gain further profits, Anıl Yeşil, a liminal figure in the sector standing at the intersection of categories of mainstream and independent actors, reflects on the costs of MARS Group's profit-driven approach for the art house productions.

Even though MARS does not own the most significant amount of cinema halls, it does hold the 80% of the ticket sales in the sector. But the

art house films which can be screened in their halls are the ones that MARS itself would love to screen. Meaning, not all movies can get into their halls. So, the other ones are not able to find venues for themselves. (...) Even when screening art house movies, MARS prefers the ones which already would sell well. They give them the smallest cinema hall... And it should at least do this. I do not think they lose any money from doing this.

So, his narrative can be contrasted to Emre Güven's in the sense that the former underlines the limits to the benefits art house productions can get from monopolization. The interviews demonstrate that even though MARS Group's drive for profits forces it to open screening venues for art house movies as underlined by Emre Güven and others, Anıl Yeşil argues that not all the movies can get this chance exactly because MARS Group is concerned with raising its profits more than it is with development of art house cinema. As a result, the art house movies which are already likely to attract wide scale audience attention gets screened in the halls of MARS Group while others still need to struggle for finding distribution and exhibition support. This is actually the reason why Emre Güven thinks the struggle against monopolization should be accompanied by a struggle that pushes the state to provide funds for distribution of art house productions.

Overall, the narratives of the mainstream, independent and liminal actors reveal that they all share a concern about monopolization in the sector. While the mainstream actors problematize monopolization because it reduces their profit, the independent actors are more concerned with monopolization's effects on the (in) capacity of art house films to find screening venues. Similarly, they all problematize state policies implemented in this process. While the mainstream actors are critical of the state for letting (and even facilitating) the mergers of MARS in a manner reducing their ability to compete with this monopoly, the independent actors underline importance of state support for distribution of independent films under the conditions of monopolization.

§ 5.4 Approaches to Dominancy of Shopping Malls as Main Screening Venues

A related contemporary phenomenon to the vertical integration and monopolization in the sector is the emergence and dominancy of shopping malls as main screening venues. As discussed in the previous chapter, the last two decades have witnessed proliferation of cinema halls in shopping malls whereby their number has reached 1563 in 2016. According to the narratives of the non-state actors of the sector, there are three main mechanisms that paved the way for the dominancy of shopping malls: MARS Group's control over these halls which reduces other cinema halls' chances of competition in the market; small, independent cinema hall's inability to keep up with digitalization process for which the state does not provide support; and changing consumption culture which drives people to shopping malls as a leisure activity.

As stated above, wide majority of the digitalized cinema halls in shopping malls is run by cinema chains like MARS Group. Because it is also a hegemonic power in the distribution field, the movies distributed by it are channeled to the cinema halls which are also owned by MARS Group itself. This situation reinforces the power of their cinema halls in shopping malls by reducing other independent and smaller cinema hall's capacity to compete in the exhibition field.

Furthermore, underlining that MARS Group owns more than half of the digitalized cinema halls in Turkey, Emrah Metin, a cinema writer and director of short movies, draws attention to larger capacity of this monopoly for completing digitalization process in its halls in comparison to other smaller cinema halls. Because as a large capital-owner, MARS Group can afford digitalization, 88% of cinema halls in shopping malls are digitalized, whereas this rate is only 51% for independent cinema halls. Problematizing this unequal situation, Emrah Metin also draws attention to the state's role in emergence of this disparity:

The state policies harmed the small, independent cinema halls seriously. (...) In addition to not lending any support for their digitalization process, it introduced something called "copy rate," and this was collected by taxing the producers. And paying this was much easier for

cinema chains. All the IMAX in the country are owned by MARS, for instance. I do not know if there is such thing exists in other countries.

Similarly, Ceren Kuş problematizes disparities between big chains' and small cinema hall owners' capacity to compensate costs imposed by market or the state in the absence of state funds for the latter. Along these lines she states that:

All around the world, the independent halls are closing down and being replaced by chains of shopping malls. It is cost efficient: If they have 10 movies screened in 10 halls, and one of them attracts less audience, it is possible to compensate the costs with the others. It is about being a chain, it is more profitable than boutique halls. (...) But *Emek*, the cinema hall, for instance was important. It is the oldest cinema hall in the republican history, it has a historical significance. It should be protected by the state, but it was left to the hands of a manager. As a ministry, you should have taken it under your protection (...) The single movie who does not attract audience crashes *Emek* but it does no harm to chains.

Another mechanism that facilitated the dominance of cinema halls in shopping malls is the changing culture of consumption as a result of neo-liberal policies in Turkey. Reflecting on this transition, Anıl Yeşil a liminal figure in the sector standing at the intersection of categories of mainstream and independent actors, states that:

Why do people prefer going to cinema halls in shopping malls instead of local and smaller ones? The answer is so simple. The Justice and Development Party government took a decision to confine people into the shopping malls. You know, they also attempted to carry pharmacies into shopping malls just like in the US. Everyone; the grocery stores, butchers, dry cleaners, greengrocers, stationers, they are all influenced by this policy. How would cinema could stay out of this process? Now, people go to the shopping malls in order to spend time. (...) Even when they will go to a restaurant, they pick the one in a shopping mall. So, the declining number of local cinema halls might sometimes

be about the neighborhood, or people, or a terrorist attack... But the main reason is the culture of shopping mall that took hold in Turkey.

Ezgi Tanış, a mainstream non-state actor, also reflects on the emergence of a culture of shopping mall in Turkey by stating that:

Now, the other smaller enterprises are also closing down. Because our cinema habit is shifting with a culture of consumption, a culture of shopping mall. In the US, in Europe there are still unique cinema halls. In the past, people used to get out of home just for the sake of going to see a movie. Now, we go to a shopping mall, eat in a McDonalds, buy some clothes in ZARA, buy socks in Penti, and once you are there you also go see a movie.

Overall, the rising culture of consumption coming together with monopolization in a neo-liberal market reinforces the dominance of cinema halls in shopping malls and reduces small cinema halls' chances of survival. Along these lines, Anıl Yeşil states that:

Even the audiences of independent movies are now preferring seeing films in these cinema halls in the malls. I would also go. Why not? With a better projection, more comfortable seats, a closer location to my apartment... Why not? Everybody does this.

In addition to reasons of dominance of cinema halls in shopping malls, the interviewees also reflect on the consequences of this phenomenon for the culture around cinema in Turkey. Along these lines, Eren Atabey problematizes the ways in which audiences' move to the shopping malls harmed the sense of collectivity:

Actually, we see how important it is for movies to be watched collectively. We are losing our spaces of doing this. When you get out of a shopping mall, you are not getting out to somewhere that you can talk. There is a spatial difference between the streets and the shopping mall. In the latter, you are surrounded with shops from where you may never be able to afford buying anything (...) We are losing these venues of collective engagement; the state should be protecting them.

Similarly, in addition to drawing attention to the ways in which the spatial organization of the shopping malls reduces the likelihood of public engagement before and after watching a movie, the independent non-state actors of the sector also refer to negative impact of dominance of cinema halls in shopping malls for the art house productions. According to them, because the cinema chains are more likely to screen movies that they think can bring profit, they are less likely to provide spaces for art house films. Along these lines, Güneş Aksoy, a staff of a company which distributes independent films, states that:

When we wanted to show independent films in these large cinema halls, they were hesitant. They did not want to give their halls to us because they can screen movies that can bring more profit, or they can show a movie that is distributed by MARS itself. They already have a guaranteed amount of audiences. The demand for art house is already low, so they did not want to take this risk initially.

On the other hand, even though smaller, independent halls keep screening art house movies, they are less likely to attract attention of the audiences under the conditions of rising culture of shopping malls. Or, these halls may also prefer screening mainstream movies for the sake of attracting more audience. As a remedy to this situation, the administrators of the distribution company of independent films, recently made agreements with certain cinema halls in shopping malls so that the audiences there can also meet with independent productions. In explaining this decision, Güneş Aksoy, states that:

We are already strong in cinema halls on the streets. But we cannot ignore that the audiences are also looking for a certain level of comfort. Particularly the elder audiences. (...) Some of these elder audiences are actually coming from the culture of art house cinema.

According to Güneş Aksoy, these halls' owners desire to satisfy this elder generation of customers was the reason why some of them eventually agreed in screening art house movies.

In sum, the non-state actors of the sector share the idea that emergence of a culture of shopping malls, monopolization around MARS group who runs

the majority of cinema halls in shopping malls, and boutique halls' inability to keep up with digitalization without state support are the main reasons for dominance of cinema halls in shopping malls. On the other hand, the independent actors of the sector are more concerned about the consequences of this process than their mainstream counterparts. In terms of consequences, they problematize art house films' limited access to these halls and the spatial organization of shopping malls that reduce the likelihood of public engagement before and after movie screenings.

§ 5.5 Approaches to Mobilization and Political Organization of Non-state Actors of the Sector

All the problems and criticisms addressed above also give rise to mobilization of non-state actors of the sector to find solutions. Among these are unionization, organization of diverse festivals to popularize art house films, boycotts, initiation of forums that would support independent directors and producers, mobilization around professional associations and so on. While majority of those who get involved in such forms of political mobilization are independent and liminal non-state actors, these actors themselves draw attention to the limitations of existing forms of political organization in the sector.

For instance, as implied above, one main problem the independent actors address about the professional associations is that these institutions' lack of transparency. In order to explain this issue, Emrah Metin gives the example of attempts to mobilize against the ban on the documentary *Bakur*:

We came together, discussed, and believed that we will have some gains. The professional associations read a statement as part of this mobilization. 13 of them declared that they will protest censorship and negotiate with the ministry. But nothing happened afterwards. We suggested initiating a forum to discuss these matters. They said no. We were all there in Atlas Movie Theater. It was really crowded; it was a historical moment. But they said no, we should leave. (...) Their main area of action is based on negotiating with the ministry. They do closed meetings, their area is bureaucratic.

According to Emrah Metin this bureaucratic structure and lack of disparity inherent to the professional associations also discourages the non-state actors who benevolently try to take part in the political action in order to solve the problems in the sector. For instance, he tells, in this case of protesting the censorship on Bakur, some of the directors have withdrawn their movies from screening. And when the professional associations did not correspond to the expectation of participants of the campaign, the latter got disappointed and became less motivated for taking similar actions.

Another prominent factor that prevents non-state actors of the sector from mobilizing effectively is the financial pressures on the shoulders of directors and producers. In explaining this problem, S.A gives the example of the boycott of Antalya Film Forum and how this mobilization has been dissolved eventually:

Antalya Film Forum was an institution that supports young directors, independent cinema (...) It repealed the documentary section first, and then it repealed the national cinema section. And people thought this was too much and decided to boycott the forum. But, despite this, many directors have applied to this fund. They said, "I am boycotting the festival but there is no other chance for me to make my movie, so I have to apply to the fund." This is a small sector, so these divisions started turning into personal rivalries. (...) They say I want to make my movie and for that I need this award, so I have to apply. But they do not see that we would like to organize so that everyone can make their movies. Otherwise you will not be able to make movies in 3 or 5 years either. But yes, we cannot mobilize because everybody wants to protect their own interests.

While independent directors' and producers' reliance on funds for survival sometimes keeps them from taking part in boycotts and protests, strong pressures coming from the state also reduces film festivals' chances to serve as alternative venues for independent films. Along these lines Ceren Kuş states that:

The horrible failure of festivals in the last five years! What you call a film festival is a space where the movies who should not be left to the

hands of large companies are brought together. It is a space where the movies consumed by a smaller group of audience are protected. But festivals such as if and Antalya did not look after these movies. They just acted as if they are the victims (of censorship) and tried to complete the festivals without any controversies. (...) Because they were profit oriented and tried to get along with the government, they all lost.

Ceren Kuş's statements are indicative of the strong pressures the state imposes on the film festivals, which are also mentioned in the section on censorship above.

All these suggest that even though non-state actors' criticisms about the state's relationship to cinema sector and the market conditions pave the way for their political mobilization, such mobilizations remain weak in providing solutions to the problems they have. This seems to be particularly the case in the last two decades when government pressure has accelerated and monopolization in the neo-liberalizing cinema sector has put independent directors and producers in difficult positions. In addition to destroying the venues for political mobilization, these two factors divide the oppositional non-state actors among each other either because of the intimidation from the pressures of the state or because of the competition of survival in a free market economy.

Along these lines, majority of the independent and liminal non-state actors refer to governmental pressures and/or market influences while explaining the problems they observe in professional associations. The mainstream non-state actors, on the other hand, talk more about the weaknesses of professional associations themselves, and problematize what they call disorder in these organizations rather than governmental pressures or market influences. Ezgi Tanış, a mainstream non-state actor, compares the unions in Turkey with the ones in the European Union countries and argues that, in comparison to their counterparts in Europe, the unions in Turkey remain weak in enforcing protectionist measures.

I cannot work in Europe. Europe doesn't hire me because I don't have a European Union passport, you know? It says, "you cannot work on the production side, I have a union." Co-production is required for me

to be able to work in Europe. (...) Our system is not like this; anyone can do whatever they want.

Ezgi Tanış complains about the deficiency of the professional associations in mobilizing for regulation in the sector. Actually, the main concern of Ezgi Tanış about the disorder in the sector can be seen more openly in the following sentences.

Actually, I'm a laborer too. I have my own self-employment voucher, I give my own tax. You wouldn't believe the taxes paid in the self-employment voucher, you would cry. Back then, I did not have an office I was making films on my own and giving 40% of my earnings to the state because I had a self-employment voucher. However, if only there was a professional organization, and everyone had a definition... This is why I joined the union. But unfortunately, we have a culture of complaining and repentance.

Other mainstream non-state actors, who approach the sector as a profit-oriented industry, share similar complaints about mobilization and organization in the sector because it does not respond to their market expectations. So, while the independent non-state actors problematize absence of strong associations by pointing at the state policies and neo-liberal market conditions that hinder mobilization in the sector, mainstream non-state actors think about mobilization as a yet another tool for sustaining productive and profitable environment in the sector.

§ 5.6 Conclusion

Even though there are discrepancies between the approaches of the interviewees, they all problematize the ways in which the state is involved in the sector in one way or another. While independent non-state actors criticize the state for not being supportive to the art-side of the cinema, mainstream non-state actors complain that the state does not help constitute market conditions that are sustainable and profitable. Despite these differences, in the narratives of

both independent and mainstream non-state actors, we can observe a common concern about lack of state involvement in the sector. According to all, the state has been remaining inactive (except its censorship policies) in the sector both before and after the implementation of neo-liberal policies.

Two main forms of state intervention that are mentioned in the interviews are the implementation of the Law no.5224 on Evaluation, Classification and Support of Cinema Films which was enacted in 2004; and the judicial decisions on mergers of MARS and its vertical integration and monopolization. The decisions of the judiciary are interpreted as an opening of the cinema sector to free market economy. Along these lines, the interviewees share the opinion that the state's decisions paved the way for monopolization, which is criticized by all independent and mainstream interviewees.

On the other hand, the enactment of the fund by the Law no. 5224 is described as the only positive act of the state especially by independent non-state actors. Yet, for instance Emre Güven thinks that the state took this positive step not to initiate a structural change but only because of and thanks to the personal opinions of and initiatives of Erkan Mumcu, who was the Minister of Culture and Tourism of the time:

Thanks to Erkan Mumcu... Erkan Mumcu is a person who loves cinema, writes a script or something. The law is Erkan Mumcu's desire, his dream. He made the law, it's just that simple. Otherwise, do you think they (the state actors) care about preparing such a law with the support of the people from the sector? This was a chance for us.

Emre Güven underlines the decisive impact of Erkan Mumcu for implementation of the law with reference to absence of any forms of endeavor to improve the law afterwards. When Mumcu left the Ministry of Culture and Tourism, legal progress in this field has also stopped. So, some of the independent actors of the sector think that the only positive act of the state for the cinema sector was a result of a personal initiative but not of coherent policymaking by the state.

Finally, it should be mentioned that on January 2019, after the interviews for this research has been completed, some amendments have been made to the Law no.5224 on Evaluation, Classification and Support of Cinema Films.

Since the amendment of the law took place after the completion of this research, it could not be analysed in this study. However, these legal changes were discussed and consequently done as a result of “crisis of popcorn”⁶, which is given name to protesting of production companies to the regulations on ticket prices made by the owners of the cinema halls chains, and Ezgi Tanış makes the same point in the interview:

The painful side is that, people are paying 57 TL for a ticket. The filmmaker gets 5 TL of that money. The money a filmmaker earns from a ticket ranges between 5-6 TL. It says (movie theater chain) "my normal ticket is 20 TL, but I get this price (57 TL) because I have a seat and a popcorn gift." But your movie playing inside. These are the places where the state should intervene.

Ezgi Tanış refers exactly to the point which initiated the debates for the enactment of amendments. The mainstream production companies requested a state regulation for the ticket prices because cinema hall chains make unfair profit from the lack of regulation on ticket prices. The process that paved the way for the amendments and the amendments themselves deserve further scholarly attention. However, for now, it can easily be seen that the mainstream non-state actors called for state regulations that are in line with their profit-oriented approach. As a result of their pressure, the production companies take what they wanted, and ticket prices were regulated by the state through the amendments of the law.

Overall, even when the state has intervened in the sector by the Law no. 5224 this intervention represented a continuity in terms of the arbitrariness of state intervention to the sector. According to the non-state actors of the sector the arbitrariness of the state policies and lack of state intervention beyond censorship and taxation have been central to marginalization of independent producers, distributors and directors who are left to the hands of harsh market conditions; emergence of vertical integration and monopolization; and per-

6 Onur Erem, “Sinema yasası: Neden tartışılıyor, yeni yasa çözüm olacak mı?,” *BBC*, February 1, 2019, <https://www.bbc.com/turkce/haberler-turkiye-46925169>.

petuation of the hegemony of foreign capital against the development of national cinema. However, it should not be forgotten that the absence of the interviews with the MARS group and the state is the limitation of this chapter.



Concluding Remarks

This thesis has examined the relationship between the state and cinema sector in order to understand the role of the state in the cinema sector in neoliberal Turkey. Firstly, the cinema industries of France, the US and India have been analysed from a comparative perspective with a focus on the attitudes of the states towards the cinema sector in their respective countries. These examples have brought forward three different ways in which the states relate to the cinema industry. In the example of the US, it was observed that the state supports the profit-oriented cinema industry to enhance its commercialization. In France, on the other hand, the state implements protectionist measures and supportive mechanisms in order to protect the national cinema against the domination of foreign profit-oriented cinema sectors. Furthermore, the French state attempts to protect the national cinema not only from foreign pressures but also from the domination of national profit-oriented cinema. Lastly, the example of India holds a middle ground in between these two examples whereby the Indian state supports the commercialization of the industry while it also attempts to protect national cinema industry from the hegemony of profit-oriented cinema by implementing interventionist and supportive policies.

What is common in these three different state attitudes is the benevolent intervention of the states to protect and support the sector; either in the form of commercializing the industry and/or protecting the sector from the profit-

oriented influences. This commonality is crucial for interpreting the position of the state vis-à-vis the cinema sector in Turkey. Along these lines, drawing from the convergences and divergences among the cases of the US, France and India, the second and third chapters have revealed that the attitude of the state in Turkey does not correspond with the approaches of the three states analysed. In these chapters, I have demonstrated that until the 1980s, the state has been involved in the cinema sector only on the basis of censorship and taxation. There was not any regulation or intervention of the state that would facilitate the growth of the industry as a profit-oriented sector much in contrast to US and India particularly.

After transition to neoliberal policies and opening of the country to the foreign capital by the state in the 1980s, the cinema sector has also been opened to the foreign capital by the way of some legislations that I have addressed above. During this period, the state has started implementing policies in line with the free market economy ideology and the cinema sector also has also been influenced from these policies since there were not any protective measures regulating the sector. Particularly the amendment of the Decree No. 32 on The Protection of The Value of Turkish Currency Law in 1989 has been a crucial judicial step that opened the cinema industry to the domination of foreign capital. Since this day, the sector has been increasingly left to the free market economy conditions by the state which approaches the sector just like it does to other industries in not providing state investment and prerogatives. So, it is seen that, the state has not been taking any measures to protect national cinema sector against the domination of the foreign profit-oriented cinema sectors and/or to support the art cinema different than French state.

The processes which informed the vertical and horizontal integrations of the MARS Group is the most obvious example of the approach of the state to the cinema sector in Turkey. While the state has not taken any action to prevent the concentration in the sector, these integrations have step by step paved the way for the monopolization in the industry. Even formal objections which are carried to the courts by diverse non-state actors to prevent the monopolization of the MARS Group have not been evaluated by the state. All these indicate that the Turkish state does not have a tendency to provide conditions for development of the cinema industry. Even though competition is seen a

vital need in the market according to the neoliberal ideology itself, Turkish state has contributed to destruction of conditions of competition and emergence of monopolies by the laws and regulations it has enacted. As a result of this state approach, today, there is a foreign capitalized monopolization in the cinema industry of neoliberal Turkey.

All these suggest that Turkish state does not consider the cinema industry as a national profit-oriented industry which should be supported and protected in order to develop. Nor, it supports it to develop as an art form. Particularly by the implementation of neo-liberal policies the sector has been left to the free market economy conditions with the absence of economic and cultural policies specifically for cinema sector and both the profit-oriented and art cinema have been troubling to survive under the conditions of monopolization.

The most important exception to this approach of the state in Turkey has been the enactment of The Law no.5224 on Evaluation, Classification and Support of Cinema Films in 2004. This legislation is the first law that specifically targets the cinema sector, apart from judicial regulations on the censorship and the taxation. The most crucial feature this law is the establishment of The Cinema Support Fund of the Ministry of Culture and Tourism. On the other hand, enactment of this law does not necessarily mean beginning of coherent policy-making processes particularly because the law has not been developed properly for supporting and protecting the industry and also because the existing content of the law has not been implemented influentially for the development of the sector. The previous analysis also revealed that even the fund, which was created by this law to provide support to the industry, has been used as a censorship mechanism by the state which deprives some films of the funds on the grounds their contents are not in line with the dominant state ideology. Furthermore, the historical analysis above has revealed that the enactment of the law was a result of personal interests of Erkan Mumcu, who was Minister of the Culture and Tourism at that period, but not systematic policy-making process. In the light of these, this thesis has demonstrated that there is an incoherent policy-making process of the state for the cinema sector and it drew attention to the absence of economic or cultural policies targeting the industry.

While all these findings have been derived from examination of legal regulations and statistical information about the cinema industry, they have also been supported by the narratives of the non-state actors of the sector, which were presented in the fourth chapter that gives voice to the opinions and concerns of non-state actors of the cinema industry. In the interviews, mainstream, liminal and independent non-state actors have emphasized the arbitrariness of the state policies and drew attention to lack of state intervention apart from censorship and taxation. According to interviewees, it is the state actions, which leave the cinema industry to the market conditions, that cause vertical integration, monopolization and finally domination of foreign capital. All of the non-state actors involved in this research come to agree that the national cinema sector in Turkey cannot be up and running because of lack of state support and/or the arbitrariness of state policies targeting the sector.

One recent development which has taken place after the research for this thesis has been completed is the enactment of the Law no.5224 on Evaluation, Classification and Support of Cinema Films in 2019. Why and how this law has been legislated and whether or not it represents a shift in the state policies targeting the cinema sector can be subject of further studies. Similarly, some recent alternatives developed by the independent non-state actors of the sector deserve further scholarly attention. Among these alternatives is *Başka Sinema*, which has emerged as a result of a cooperation between a foundation and a private enterprise. It tries to create an alternative distribution channel for independent productions and also seeks to revive independent cinema halls located in the streets through collaborating with them.¹ Another alternative institution that can be subject of further studies is the *New Film Fund* which has been established by Anadolu Kültür and by the supports of the Open Society Foundation, Atlas Post Production, U.S. Embassy Ankara and French Embassy. This fund has emerged as an alternative to the state support and it aims to support independent film production at the development, production or post-production stages.² The effectiveness and sustainability of

1 “Başka Sinema Hakkında,” Başka Sinema, accessed March 10, 2019, <http://www.baskasinema.com/hakkinda/>.

2 “About,” New Film Fund, accessed March 10, 2019, <http://www.yenifilm-fonu.org/en/hakkinda>.

such alternative initiatives in neoliberal Turkey deserves further scholarly attention.

Throughout these chapters, lack of interventions and regulations are not expressed as a passiveness of the state. On the contrary, some arbitrary interventions pave the way for penetration of the free market economy into the cinema sector as is seen in the previous chapters. It can even be said that arbitrary interventions of the state actually turned into a policy for the cinema sector. In this study, the effects of the state interventions to the cinema sector are expressed with specific examples like its legal decisions about the merger of the Mars Group; however, the turning of this seeming absence and passiveness of the state into a policy can be the subject for further studies with in-depth analysis.

Finally, censorship after the 1980s can be studied differently from the period before 1980s in further studies. As emphasized in this thesis, today the fund system is used in some cases as a censorship mechanism. Similarly, enforcement of the state to the festivals has emerged as a new way for the control of the cinema production and censorship in the recent years. The relation between the state and cinema sector after the 1980s can be also searched on the basis of such censorship mechanisms.

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