An offer they couldn’t refuse (but probably should have): the ineffectiveness of Italian state subsidies to movie-making

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Public financial support to national movie (film) production is typically conditional on very subjective artistic and socio-cultural criteria and objectives. Yet the question remains as to whether state subsidies actually help films at the box office. This paper shows the public grant regime in Italy did not develop the industry as intended, since in an overwhelming number of cases, production losses exceeded subsidy. The subsidy regime was ineffective and wasteful. Specific institutional and political features characterizing the Italian system are important components in this story. The conclusions will be of interest to all countries making commercial films.

Keywords: Arts and cultural Policy; film; Italy; market failure; movies; subsidies.

Do state subsidies help films at the box office? Italy, along with other European countries, continues to provide public financial support for their film industries, as well as other traditional industries (Aydin, 2007; Brandt and Svendsen, 2009). Bagella and Becchetti (1999, p. 238) set out five criteria for justifying this expenditure, all conditional on ‘works of art’ criteria. Their study uses data drawn from the Italian trade journal *Gazzetta del Cinema*. They investigated the box office returns from 1985 to 1996, during which time they found that once account had been taken of the lower reputations of the talent employed ‘subsidized films do not have a significantly lower performance…in terms of total admissions, daily revenues and prescreen daily admissions’ (p. 246). This finding stands in stark contrast to the findings of the study reported in this paper. For the later period 1995 to 2003, we have evidence that only three of the 135 films in our dataset that received a state subsidy would have covered their production costs in the absence of the subsidy, with a further 14 films having their production costs covered through the subsidy they received, implying that the bulk of films were extremely unprofitable.

The measure of performance used by Bagella and Becchetti is end-of-run box office revenue generated in the Italian market. However, while revenue is an indicator of film popularity, it does not reflect the resources embodied in film production and hence alternative uses to which those resources could be put. Their argument concerning the subsidy seems to boil down to the counterfactual: had more recognized talent been employed in those subsidized films, their box office performance would not have been significantly different from those Italian films that were not subsidized. This does not concord with the findings presented here, since we would expect lesser talent to be paid less than major talent, thus lowering the relative costs of production of subsidized films, meaning that the revenues necessary to cover those costs need not be so high. However, we find that the average revenue performance of subsidized films in relation to costs of production was very poor indeed, questioning the efficacy of the Italian film subsidy regime.

It is shown that the effect of film subsidy between 1995 and 2003 was largely to misallocate resources, demonstrated by the simple fact that Italian film audiences showed very little interest in the resulting films. At the same time the subsidized films seemed to contribute little positively to the prestige of Italian cinema, an avowed intention of the legislation establishing the subsidy regime.

Film subsidies: a brief contextual retrospect
A distinction can be made between direct and indirect subsidies. Currently in Germany,
France and Italy direct subsidy from government agencies is the main source of film financing, directing 201.3, 720.1 and 75.8 million euros respectively to film production in 2012. In the UK (as with the USA), indirect subsidy is the main source of funding in the form of a tax shelter for investors, valued at 222 million euros in 2011 (Lange, 2012). While there is an extensive literature exploring the determinants of box office revenue and film success—see Hadida (2009), and McKenzie (2012)—the role of state subsidies in supporting films at the box office has been given little attention. One of the exceptions to this is the performance comparison of subsidized and unsubsidized Italian films conducted by Bagella and Becchetti (1999). They stressed the need to take account of disparities in the fame and reputation of the cast in such box office comparisons, in order that subsidized unsubsidized film could be compared on an equal basis. Arguably, there could also be an implicit understanding that subsidies are not per se but are used instrumentally to pursue wider political objectives. Yet such an ordering of priorities does not seem to be clearly set out in the Italian and other national contexts.

Emphasising cultural objectives, Bagella and Becchetti identify five reasons for state patronage:

- To broaden cultural options—had films of artistic merit not been made, the artistic scope of future film-making would be reduced.
- To redress the commercial imperative, which puts entertainment before cultural enrichment.
- To foster cultural identity and national prestige.
- To generate positive externalities for the community and businesses tied in to the film industry.
- To compensate the low productivity associated with ‘art’ films.

For many scholars in the public choice tradition, subsidy allocation is likely to lead to inefficient outcomes, meaning that resources could have been better deployed. Reasons for inefficiency in the subsidy allocation system find their roots in the work of Tullock (1965), Downs (1967), Niskanen (1975), along with public policy commentators such as Coyne and Leeson (2004), Grampp (1986) and Austen-Smith (1994). While the stated objective of public fund allocation lies in the social and cultural policies followed by states and administrations (Grampp, 1989; Pinnock, 2006), the economic rationale behind any increase in a discretionary budget designed to maximize the quantity of services and products offered should be that the deadweight loss involved in subsidized provision is exceeded by the benefits extracted by consumers (Olszewski and Rosenthal, 2004). Needless to say, such guidance is not usually followed. Instead, following Niskanen (1975), biases and inefficiency in budget allocation may be explained by two main elements. First, bureaucrats aim to expand budgets to increase their influence, role and perceived ‘sensation’ of wealth and authority. Accordingly, budget maximization is simply a tool, rather than a goal, and thus working to the detriment of the national public debt. Second, a sort of bilateral monopoly is established between politicians and bureaucrats, giving bureaucrats a status similar to a monopoly organization. Further, once the funds are assigned, politicians do not have specific instruments or information flows to assess the way the budget is then assigned to the subsidized products, making the allocation procedure even more contentious (McKay, 2011).

The main effect of these concerns is that the intrinsic characteristics of bureaucrats provides a driver towards oversized budgets, irrespective of the specific financial need to pursue the objective to which the funds have actually been allocated for (Acemoglu, 2001; Easterly, 2002). Inefficiency in budget allocation procedures can be viewed as being sustained by a lack of political authority and responsiveness serving as the main causes of the budget allocation distortions (Downs, 1967) and also by public organizations having a primary aim to expand rather than to specifically follow the objectives for which they were established (Tullock, 1965). Miller is supportive of this collection of findings, emphasising that allocation inefficiency is strictly related to bureaucratic incompetence and natural inertia. He draws specific attention to the ‘self-interested choices of political actors’ (Miller, 1997, p. 1195).

The above body of work has been influential in policy analysis and discussions and could be deemed to have discernibly and positively affected government action in English-speaking countries well before the year 2000, with the implementation of various new reforms aimed at reducing bureaucratic inefficiency arising from budget allocation (Aucoin, 1991). Arguably, however, the same strength of influence had not yet reached a number of
continental European countries, and Italy in particular. The findings of this study illustrate one high-profile policy context in the recent past, in which even an elementary level of public policy thinking was conspicuously absent.

**Film production subsidies in Italy**

In 1965, the Italian state recognized the film industry as having cultural, economic and social importance. In more recent times, the regulatory framework which has governed the relations between the state and the Italian film industry, along with other performing arts, is based upon D. Lgs. (Council of Order) No. 28, dated 22 January 2004. This law established the FUS (Fondo Unico per lo Spettacolo—Performing Arts Fund) as the exclusive legal institution responsible for financing different artistic and cultural activities, including cinema, music, dance, theatre and drama, and circus arts. Over the years, the proportion of funds allocated by the FUS to the various arts sectors has changed from time to time, with the most recent ministerial decree allocating 47.0% to opera and lyric performance; 18.6% to cinema; 16.1% to theatre; 14.1% to music; 2.5% to dance; and 1.6% to circus arts and travelling shows (M.D., 23 February 2012).

The 1965 law was followed in 1994 by Law No. 153, subsequently amended in 2004/05, in which the distinction was made between films that were of 'nationally produced', establishing different financial regimes for each. According to this law, to be recognized as 'nationally produced', a film must be produced by a company that is legally domiciled, as well as conducting the majority of its business, in Italy. Under the same law, a newly-formed Advisory Committee for Cinema could declare a film to be of 'national cultural interest', if its conception together with screenplay satisfied particular cultural criteria, set down in table 1.

From table 1, it is evident that privilege artistic talent in the form of director, actors, and screenplay is of great importance for a film to be recognized as of 'national cultural interest', with by far the greatest weight (0.7) given to directors.

Once recognized, films of 'national cultural interest' were then referred to the Committee for Cinema Credit, which made decisions upon the loan-worthiness of their producer(s) and the maximum loan to which they were entitled. In financial terms, productions recognized as 'films of national cultural interest' could take advantage of the participation fund (Fondo di Intervento), assisted by the guarantee fund (Fondo di Garanzia). The guarantee fund was established to support the costs of films of 'national cultural interest', and its capital endowment consisted of contributions allocated by the state to the industry. The sum of money not spent by the guarantee fund were added—

| Table 1. Relative weights given to various criteria used in assessing whether films are of 'national cultural interest'. |
| --- |
| **Ref. code** | **Parameter** | **Threshold value** | **Score** |
| A | Director’s artistic contribution | | |
| A1 | Awards won by the director for direction or best film | 1 | 20 |
| A2 | Contribution of films directed by the applying director to festivals, or nominations as award finalist for direction or best film | 1 | 10 |
| A3 | Number of films directed by the applying director with box office revenues greater than 800,000 euro in the past 10 years | 2 | 10 |
| A4 | Awards won for best acting by main actors of the cast selected by the applying director | 1 | 20 |
| A5 | Nominations for best acting by main actors of the cast selected by the applying director | 1 | 10 |
| B | Screenwriter | | |
| B1 | Awards won by the screenwriter for screenplay | 1 | 15 |
| B2 | Screenwriter’s nominations as finalist in awards for screenplay | 1 | 5 |
| C | Screenplay | | |
| C1 | Screenplay drawn from a work of literature | Yes | 5 |
| C2 | Original screenplays | Yes | 5 |

**Source:** Ministerial decree 27 September 2004, table A.

**Note:** The ‘threshold value’ refers to the minimum number of awards, nominations or other criteria previously received by the artistic talent associated with qualifying films.
through six-month adjustments—to the participation fund, thus serving as a reserve for future financial needs. Through this system the state guaranteed 70% of any finance granted, which producers were not required to pay back. A distinct category of this loan guarantee scheme catered for those films of ‘national cultural interest’ that were the first or second works of Italian directors.

By contrast, ‘national film productions’ were not submitted for assessment to the Advisory Committee for Cinema. Rather, such films were able to benefit from cut-rate credit facilities up to a value of 3,200,000 euro (subsequently raised in 2004 up to a maximum of 5 million euro). However, unlike films of ‘national cultural interest’, ‘national film productions’ could not take shelter under the umbrella of the guarantee fund, meaning that the state did not underwrite the loan and the producer was required to repay any loan in full. Table 2 outlines the different categories of films presently supported by the Italian state and the extent of support given.

Thus, in this study, the label of ‘subsidy’ was given to those loans granted to films of ‘national cultural interest’ and ‘first and second works’, which did not require repaying, while ‘national film productions’, although able to access cut-rate credit facilities, were categorized as non-subsidized films, since state support had to be repaid. Short films were not included in this analysis. Since ‘national cultural interest’ is a much more subjective requirement than ‘national production’, dispute arises about the possible biases and unfair procedures behind the assessment given by the Advisory Committee for Cinema.

Aggregating the data for the nine years 1995 to 2003, 680.1 million euro were assigned to 445 films that took advantage of the guarantee fund—comprising 357 films of ‘national cultural interest’, which were supported by 607.1 million euro in loans; and 88 ‘first and second works’, supported by 73 million euro loans. The 131 ‘national film productions’, which could not draw upon the guarantee fund, obtained loans totalling 136.2 million euro. Thus, during these years, 83.3% of public resources were given to productions that were not bound to make repayments to the state (680.1 million euro out of 816.3 million euro): 74.4% to films of ‘national cultural interest’, and 8.9% to ‘first and second works’. Only 16.7% of these loan facilities went to films that did not have their finances to some extent guaranteed by the state.

### Table 2. Subsidy threshold for Italian film productions following the 2004/2005 reform.

| Category                                      | Maximum percentage on acceptable cost | Maximum acceptable cost (values in euros) |
|-----------------------------------------------|---------------------------------------|-------------------------------------------|
| Nationally produced films                     | 70                                    | 5,000,000                                 |
| Films of national cultural interest           | 50                                    | 5,000,000                                 |
| Subsidized co-produced films                  | As above                              | As above                                  |
| First and second work                         | 90                                    | 1,500,000                                 |
| Short film distinguished by cultural interest  | 100                                   | 40,000                                    |

Notes:
1. Includes production costs, overhead expenses and distribution costs.
2. A co-production is a film produced by an Italian company with a non-Italian company.
3. Corresponds, respectively, to the debut film and the second film directed by a director.
4. According to Italian law, a short film is a production with a running time lower than 75 minutes and receives subsidy in the form of a three-year loan.

Data and analytical approach

Between 1995 and 2003, 914 Italian films were released into the Italian theatrical market (Cinecittà Observatory, 2007). Reliable economic and financial data are only available for films produced up to 2003, with incomplete information for those produced after that year, or with consistent information limited to an extremely restricted number of observations. The extension of the dataset after 2003 could have introduced some persistent biases and hence for the purposes of this analysis it was decided to restrict scrutiny to the nine-year time horizon from 1995 to 2003.

While 914 Italian films were actually produced over this period, the raw data revealed missing entries. Ultimately, the final dataset includes only those film titles whose essential data—costs, box office takings and film producer information—are complete and reliable in financial terms. The truncated dataset thus likely provides a more flattering picture of the subsidy and allocation process than had the full population of data been available: the extremely poor performance of subsidized films can actually be considered a rather conservative view of film subsidy efficiency in Italy. The dataset created comprises cost and revenue information for a sample of 566 films, 135 of which were films of ‘national cultural interest’ and received loans guaranteed by the guarantee...
fund. The data were provided by the Osservatorio di Cinecittà (the operating branch of the Ministry of Cultural Heritage), which serves as the centre for the collection, analysis and diffusion of economic, qualitative and personnel information on the Italian film industry. Cinecittà obtained the data about box office revenues and production cost from the Banca Nazionale del Lavoro.

A measure of profitability is derived by deducting production costs from box office revenues, and the rate of return is obtained by expressing this as a percentage of production costs. Thus, these measures of performance do not contain distribution and promotion costs. Nor do they reflect further downstream revenue flows from DVD rental and sales and television sales. (See Sedgwick and Pokorny [2010] for a methodology for estimating profits using estimates of distribution costs and non-theatrical revenue streams.)

However, given that the focus of this paper is on the relative performance of subsidized films with the purpose of establishing how effective the state subsidy has been, these limitations were not critical. The euro has been in force in countries belonging to the Economic and Monetary Union since 1 January 2002. Accordingly, a large part of the costs and revenues of films included in the initial raw data are expressed in the pre-euro Italian currency unit, the lira. Therefore, all the monetary values of such films were converted into euros, according to the fixed exchange rate of 1,936.27 Italian lire for 1 euro.

Results
Tables 3 and 4 describe the data and set out the main results. Table 3 presents a profitability analysis of the 135 subsidized films, while table 4 does this for the 431 non-subsidized films.

From table 3 it is clear that, although public subsidy attenuates the financial exposure taken by producers, the collective failure of the subsidized films at the box office means that the subsidy fell far short of assuring them positive returns on their investments. For the 135 films of ‘national cultural interest’, the Italian state contributed over 40% of their production costs. These films generated an average revenue of 442,041 euro at the box office, attracting a subsidy twice that of 969,847 euro, while average production costs were over 2,240,000 euro. As indicated earlier, but worth repeating, only three of the 135 films covered their production costs without the subsidy, while another 14 did so as a result of the subsidy.*

The relationship between revenues and subsidy was further examined by simple bivariate OLS regression of revenues on subsidies. The outcome was a statistically significant positive coefficient value for the dependent variable, but with an $R^2$ that is less than 0.1, on top of a highly positively skewed residual plot in which a disproportionate number of films earn revenues less than that predicted by the model, counterbalanced by a relatively small number of films that earn substantially more. Thus, there was no discernible relationship between revenues and subsidy. In contrast, a better fitting model was obtained by simply regressing production costs on subsidy, with a highly significant coefficient value for the dependent variable, as well as an $R^2$ greater than 0.3, and a better behaved distribution of the residual error. Not surprisingly, the size of the subsidy was related to the size of the production budget, although other factors clearly played a part.

Table 4 describes the performance of the 431 non-subsidized films. While on average these films did not generate profits, their performance in the theatrical market was considerably better than the subsidized films generating an average revenue of 1,861,476 euro, while costing 2.6 million euro to make—thus non-subsidized production costs were 16% higher, but revenues over four times higher than the set of films that were subsidized.

Discussion
In the light of the results shown in tables 3 and 4, it would appear that the state subsidy given to the Italian film industry between 1995 and 2003 was neither an efficient nor effective instrument for generating welfare, supporting the view that resources used in the production of films could have been better utilized elsewhere. Had the films of ‘national cultural interest’ not been subsidized, very few of them indeed would have been made, making them, in effect, quasi-commodities. Furthermore, for the bulk of these films the subsidy was not sufficient to cover production costs. Bagella and Becchetti claim that subsidy can be justified ‘provided that we refer to those movies that can be considered a form of art’ (1999, p. 238). Clearly, this is a market failure argument whereby it is contended that if left to itself the market will under-supply films of cultural merit. However, the evidence presented in tables 3 and 4 indicates that so few paying customers

*The three films were: I Cento Passi (2000), Tano Da Morire (1997), Le Affinità Elettive (1996).
went to see films of ‘national cultural interest’—particularly so in 1999 and 2002—as to render virtually empty any argument inferring that they contributed to the general diffusion of cultural welfare. Of the five reasons supporting the subsidy advanced by Bagella and Becchetti, only the fourth—that of generating positive externalities for film production—is not critically weakened by the chronic lack of consumer interest shown in the films being subsidized; although it does have a severe moral hazard dimension, in that producers/directors would have known from recent history that films of ‘national cultural interest’ rarely became films of popular interest.

The results can be readily rationalized in the context of simple public policy thinking. The evidence furnished in this Italian arts context suggests that subsidy allocation process seems better to serve the needs of the bureaucratic bodies involved, rather than the altruistic aims for which the subsidy awarding panels were commissioned. Over the period under study, the influence of the political domination of Silvio Berlusconi and his extensive power on private and public media over the past 17 years has been strong and pervasive. However, this should be set against the role played in Italian cinema and culture by left-wing artists (Gundle, 2000). Accordingly, many opponents to the present system argue that left-wing governments sustained the film industry because it was ideologically sympathetic to the left. Further, it has also been suggested that left-leaning parties would typically highlight cuts made to film industry budgets when right-leaning governments were in office, campaigning on the diminution of ‘national cultural interest’ that such policies entailed. Some have even argued that ‘left-wing welfare has sunk the film industry’ (Mecucci, 2007; Kolker, 2009).

Furthermore, even though the subsidy allocation procedure is based on objective criteria, there is considerable scope for various lobbies to influence the award of prizes and subsidies, and thus skew outcomes. This process of influencing budget allocation is similarly observed within other sectors (such as health and education) and also in other geographical contexts (Mitra, 1999; Marshall, 2012).

Some commentators (for example Gundle and Parkle, 1996) do, however, acknowledge the unavoidability of market failure arguments. In large part this has been linked to the domination of Italian media and cultural industries maintained by Berlusconi and his commercial interests (Downey and Koenig, 2006; Quaglia and Radaelli, 2007). Such fears were exacerbated by his potential to influence these sectors even more profoundly after his entrance into the political arena in 1994 (Hasted, 2008). Consequently, for some scholars, the perceived monopoly of liberal/left experts on film subsidy panels could be justified on the grounds that they could ‘make a stand’ against the ruling political establishment and its closely linked interests in other media outlets, such as the control of the state television network—RAI. That a prime minister who had extensive personal media interests was ultimately responsible for national media policy made the conflict of interest issue particularly acute during Berlusconi’s period of office (Hanretty, 2007). Inevitably, the exercise of such realpolitik may well have caused the use of film subsidy in the service of, for example, broader national cultural and industrial objectives, to be less effective than it otherwise might have been.

With respect to the film industry in Italy, the legislation designed to promote a cinema of cultural integrity through subsidy, resulted in an institutional apparatus that was self-serving, producing films that formed small niche markets that were largely ignored by the cinema-going public at large. Jansen (2005) has produced a similar argument with respect to the subsidization of films in Germany. Much of the blame for this lay in the actual design of the policy. The film business is generally considered to be highly risky in that audiences are attracted by novelty and need to discover whether or not they like a particular film (Teti, 2013). Producer risk is thus born out of consumer risk. Popular cinema works on the basis that producers attempt to generate novel products that audiences pay to see. While audiences are not infrequently disappointed, producers commonly fail to attract sufficient audiences to cover the costs associated with finance, production and distribution. Thus, both producers and consumers incur risk (Sedgwick and Pokorny, 1998). That the producers of ‘films of national cultural’ were not required to take much in the way of risk, meant that they had less incentive to produce films that audiences in sufficient numbers wanted to see. It would appear that the bilateral monopoly that emerged between bureaucrats and politicians oversaw a system in which adverse selection and moral hazard were rife.

**Concluding remarks**

Historically, cinema and audiences have been conjoint concepts—without audiences there
would have been no cinema. However, in the case of Italian cinema, the state subsidy between 1994 and 2003 has seemingly had the effect of separating the two. It has supported a system of provision towards which consumers have been highly indifferent. Essentially subsidy served to move against the historical traditions of cinema. Thus, while it might be claimed by some that subsidy was essential to the very existence of the film industry, the results presented in this paper suggest that the subsidy regime of itself could not assure the development of the industry since production losses exceeded subsidy, even before distribution costs were factored in. The subsidy regime was ineffective and wasteful.

An approach in which markets impose a measure of discipline on the support given to the film industry would surely be preferable, i.e. product markets in which exhibitors screen films that audiences actually want to see, and finance markets in which investors (including the state) are attracted to products that have a good prospect of generating positive rates of returns. Specific institutional and contextual elements characterizing the Italian system have got in the way of achieving such an outcome. To some limited extent, by creating a system in which both the state and producers share the revenue stream generated by subsidized films on the basis of their respective contributions to costs, recent reforms of the subsidy regime have begun to address the issues raised in this study. In doing this, the regime now requires the case for subsidies to be much more rigorous from a film production business viewpoint but the existential rationale for the provision of such ‘riskless’ subsidies seems to remain politically unquestioned, at least for the time being.

### Table 3. Profitability analysis of the subsidized films in the Cinecittà dataset, in 1994 euros.

| Year | Subsidized films | Total box office revenues | Mean revenues | Total production cost | Public subsidy | Percentage of costs subsidized | Net production cost | Mean rate of return, excluding subsidy | Mean rate of return, including subsidy |
|------|------------------|--------------------------|---------------|-----------------------|----------------|-------------------------------|--------------------|----------------------------------------|----------------------------------------|
| 1995 | 13               | 5,744,793                | 441,907       | 29,854,799            | 10,711,066     | 35.9%                         | 19,143,733         | -80.8%                                 | -70.0%                                 |
| 1996 | 18               | 6,198,865                | 344,381       | 29,682,059            | 14,352,994     | 48.4%                         | 15,329,065         | -79.1%                                 | -59.6%                                 |
| 1997 | 13               | 5,565,301                | 428,100       | 21,085,495            | 8,934,311      | 42.4%                         | 12,151,184         | -73.6%                                 | -54.2%                                 |
| 1998 | 11               | 9,899,387                | 899,944       | 33,628,855            | 16,071,228     | 47.8%                         | 17,557,027         | -70.6%                                 | -43.6%                                 |
| 1999 | 17               | 3,686,625                | 216,860       | 35,939,660            | 14,905,518     | 41.5%                         | 21,034,142         | -89.7%                                 | -82.5%                                 |
| 2000 | 10               | 5,227,105                | 522,711       | 18,522,111            | 10,859,926     | 58.6%                         | 7,662,185          | -71.8%                                 | -51.8%                                 |
| 2001 | 21               | 9,877,491                | 470,357       | 54,797,227            | 19,668,615     | 35.9%                         | 35,128,612         | -82.0%                                 | -71.9%                                 |
| 2002 | 13               | 1,616,991                | 124,384       | 19,647,866            | 8,996,861      | 45.8%                         | 10,651,005         | -91.8%                                 | -84.8%                                 |
| 2003 | 19               | 10,090,803               | 531,095       | 50,579,694            | 22,549,458     | 44.8%                         | 27,830,236         | -80.0%                                 | -63.7%                                 |

**Total** | **135** | **57,907,361** | **293,537,766** | **127,049,977** | **43.3%** | **166,487,789** | **-80.3%** | **-65.2%**

**Source:** Osservatorio di Cinecittà.

**Note:** Rates of return calculations are exclusive of distribution and promotion costs.

### Table 4. Profitability analysis of the non-subsidized films, in 1994 euros.

| Year | Non-subsidized films | Total box office revenues | Mean revenues | Total production cost | Mean rate of return |
|------|----------------------|--------------------------|---------------|-----------------------|---------------------|
| 1995 | 41                   | 76,655,785               | 1,869,653     | 79,093,699            | -3.1%               |
| 1996 | 38                   | 101,632,814              | 2,674,548     | 99,797,168            | 1.8%                |
| 1997 | 53                   | 147,409,949              | 2,781,320     | 110,955,908           | 32.9%               |
| 1998 | 48                   | 98,137,329               | 2,044,528     | 118,009,493           | -16.8%              |
| 1999 | 58                   | 66,535,406               | 1,147,162     | 168,448,585           | -60.5%              |
| 2000 | 40                   | 59,374,934               | 1,484,373     | 79,982,476            | -23.8%              |
| 2001 | 51                   | 84,087,760               | 1,648,780     | 125,259,164           | -32.9%              |
| 2002 | 55                   | 101,399,175              | 1,842,530     | 206,938,975           | -51.0%              |
| 2003 | 47                   | 74,568,721               | 1,586,569     | 141,187,601           | -47.2%              |

**Total** | **431** | **809,741,873** | **1,129,673,069** | **-28.3%**

**Source:** Osservatorio di Cinecittà.

**Note:** Rates of return calculations are exclusive of distribution and promotion costs.
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