

Cultural Policy in a Changing Regime
Characteristics of the Hungarian cultural policy leading
up to the post-communist transition

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Submitted to
Central European University
Department of Political Science

In partial fulfillment of the requirements for the degree of Master of Arts

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Vienna, Austria
(2021)

Abstract

The present thesis work looks at the post-communist transition through the lens of cultural policy. Building on the international context of a global turn towards neoliberal tendencies and marketisation in cultural policy, and the domestic context of concurrent directions argued by Fabry (2019), the present research aims to observe if the creative industries-focused cultural policies in the early 1980s in Hungary manifest characteristics that support the presence of market-oriented objectives. Following the archival research of a key sub-ministerial body within the Ministry of Culture, there is some evidence to suggest that major cultural policy decisions emphasised market-oriented approaches through Hungary's presence in the international structure of film-making and distribution, and through an aim to reconfigure the Ministry's role in domestic production and distribution. Crucially, the potential wider relevance of the present work is its support of the notion that ideas held about the 1989 change of regime and the post-communist transformation deserve to be revisited and questioned further.

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Chapter 1. Introduction

Culture is, of course, a commodity, because it is sold, it is bought. But not as in capitalist countries, since in our country no small part of culture is an indispensable service, and it is not simply market automation that regulates its distribution, but its value and the socialist value system. (Aczél quoted in Csibra, 1981; emphasis added by Csibra)

So goes the somewhat ‘infamous’ (Krausz, 2007) quote by György Aczél, a key figure in the late communist Hungarian cultural policy. The quoting author’s decision to add emphasis to the first part of the statement highlights its unconventional nature in the context of socialist cultural policy, an uneasiness which is not lessened by the second, explanatory part of the statement. The question itself, whether culture really is a commodity, set off a public debate. Beyond the statement’s anachronism in its immediate context of communist cultural policy, what is even more striking is its similarity to a statement made in the same year by Mark Fowler, the Federal Communications Commission Chairman under Reagan in the US (Hesmondhalgh, 2019, p.51-51). Fowler’s statement that ‘television was “just another appliance ... a toaster with pictures”’ (quoted in *ibid.*) has become the epitome of neoliberal cultural policy. Without giving too much relevance to anecdotal quotes, the parallel between the statements prompts the question, is it possible to observe any similarity between the late communist cultural policy of Hungary and the global turn towards neoliberal cultural policies in the early 1980s?

Recent developments in the literature on the late communist Hungarian transition to a post-communist country after 1989 argue that neoliberal tendencies were present before the change of regime. Fabry (2019) maintains that the international turn towards neoliberal

policies could also be observed simultaneously in the Hungarian context by the rising prominence of market-oriented solutions to grapple with the burgeoning economic crisis and by the more and more conscious joining into the world economy. The following thesis work will aim to observe if these tendencies were present in the cultural policy as well. Focusing on cultural policy is supported by two reasons. First, in the international context, the more and more pronounced presence of the ‘creative industries’ and a ‘marketisation [of] the media and communications sectors’ (Hesmondhalgh and Pratt, 2005, p.5) warrant the need to take a closer look at the possible similar developments in the late communist environment. Secondly, studies of different fields within the creative sector in the 1980s in Hungary draw attention to similar outcomes. Varga (2020) detailing the trajectory of the film industry highlights market-oriented and ‘proto-capitalist’ approaches prior to 1989, while Horváth (2015) in the visual arts sector details the steady decline in public funding. This thesis aims to synthesise the analytical approaches of these two studies by focusing on the film industry and the ministerial bodies responsible for the organisation of the sector, instead of observing the actions of the companies, studios and anyone else not in key policy-making positions.

The relevance of the above-detailed tendencies is that their backdrop is the late communist Hungary. Eyal, Szélényi and Townsley (1998) through the lens of the post-communist power elite paint a picture of how the late communist regime was perceived and, most importantly in the context of the present work, how the regime’s behaviour towards markets was understood. The authors highlight that the new post-communist elite wanted to see the population purged of ‘non-market modes of behaviour, such as dependence on government assistance’ (ibid., p.12). From the point of view of the new elite, socialism was understood as a political and economic system, that did not marketise or monetise, that was paternalistic, favoured excessive dependence and involvement in management. Crucially, the

new elite argued that ‘society lived beyond its means under socialism’ (ibid., p.102). Similarly, in terms of its cultural policy, the communist regimes are often understood to be characterised by centralised organisation, extensive support of culture, nationalised property and ideological-propagandistic directives (Vojtiskova and Larencova, 2015; Ilczuk and Wienczorek, 2000). The present thesis aims to take a closer look at those cultural policies that are directed at the creative industries, specifically the film industry, to observe whether there is a contradiction between the assumption that market-oriented practices were not a characteristic of the regimes prior to 1989 and the actuality of the cultural policies.

For this aim, the thesis is centred around the case study of the Filmfőigazgatóság (Film Directorate) and the film industry in the first half of the 1980s. The film industry due to its ideological relevance by reaching a wide audience and its economic relevance both in domestic and international contexts, is a prime example to observe if neoliberal and market-oriented cultural policies materialised before the 1989 change of regime. Consequently, the following research question has been proposed:

What are the prevalent characteristics of the Hungarian cultural policy towards the film industry in the late communist transitory period?

The data necessary to answer the question have been collected through archival research at the National Archives of Hungary. The institution holds a vast amount of documents by the Filmfőigazgatóság, which allowed for a snapshot of the period to be presented here.

Grounding the present research in Fabry’s (2019) observation, that the neoliberal tendencies in Hungary prior to the change of regime can be grouped into two categories, one being a tendency to become receptive to the world economy and the other being a desire to

redefine the state's role in relation to the economy, the surveyed documents were assessed along such lines of inquiry. The gathered data yielded two major instances to support the claim. Firstly, correspondence between the Ministry of Culture and its sub-ministerial body, the Filmfőigazgatóság regarding culture's role in Hungary's international propaganda illustrated two divergent approaches. While the Filmfőigazgatóság emphasised cultural and political aims, the Ministry of Culture consistently favoured economic reasons for the Hungarian film industry's international presence. Secondly, in the domestic context of movie ticket price regulation, the Filmfőigazgatóság again cited ideological and political reasons to keep their right to determine prices, while the Ministry of Culture was in favour of a more market-influenced determination of prices through decentralisation and giving the right to the county-level cinema companies. In the dynamics between the Filmfőigazgatóság and the Ministry of Culture, the Filmfőigazgatóság repeatedly championed cultural policy that emphasised political and ideological aims, while the Ministry of Culture shifted the focus onto economic considerations.

Often the post-communist transition in Central and Eastern Europe is understood to start with the watershed moment of 1989, but as pointed out by more contemporary research in the 'transformatology' literature, tendencies towards neoliberal policies had started already in the 1970s, as part of a global shift (Fabry, 2019). The present research project would aim to observe to what extent was the suggested concurrent orientation present in cultural policy through the case study of the Hungarian film industry between 1980-1985. The focus on one specific aspect of public policy, namely cultural policy, and the institutions responsible for designing and carrying out policy initiatives can actively contribute to our understanding of the Central European regime change. The following chapters will contextualise and detail the above observations and the research project. Chapter 2 will present a literature review that

considers the contexts on an international, a late communist and a Hungarian level. Following that, Chapter 3 will briefly detail the methodological approach of the present thesis work and its potentials and limitations. The case study of the Filmfőigazgatóság and its archival materials from the first half of the 1980s will be discussed in Chapter 4. Finally, Chapter 5 will provide a brief conclusion.

Chapter 2. Literature Review

The following literature review will first address key concepts such as cultural policy and the cultural and creative industries. As the surveyed literature refers to both ‘cultural industries’ and ‘creative industries’, the thesis will follow each source’s own usage of the terms, and assume the difference to be that the cultural industries can be considered a sub-set of the creative industries (Throsby, 2008, p.219). Following that, the literature review will sketch out the international backdrop to give full context to the changing Hungarian cultural policy over the period of the post-communist transition. Once the international context is covered, the literature review will turn to the late and post-communist Central and Eastern European context and highlight the differences and potential convergences. Finally, the Hungarian context will be described to facilitate the following analysis of the development of cultural policies impacting the film industry that suitably illustrates the rising dominance of the creative industries. The thesis aims to approach the topic of changing cultural policy from the angle of cultural industries-related policies. This focus has been chosen for two reasons. Firstly, a holistic look at the cultural policy that integrates a detailed look at the identity-forming political intentions of the late communist Hungarian governments using the symbolic assets of culture would not be feasible given the scope of the thesis work. Secondly, the intentional context that saw a rise in policies directed specifically at cultural industries creates an analytical demand to observe to what extent could the Hungarian shifting cultural policy be in synch with the international directions regardless of the supposedly dissimilar political environments.

2.1 International Context

Throsby (2008) highlights how government's and policy-making bodies' conception of the cultural industries determines culture's benefit to the wider economy and consequently influences cultural policies themselves. The six models identified by Throsby (ibid.) categorise different strands of industries in the creative sector and peripheral ones based on different objectives, such as a focus on popular culture in the case of the 'symbolic text model' or an emphasis on creative arts according to the 'concentric circles model'. Regardless of the different models' specificities, the important observation made by Throsby is that the different combinations of the strands of industries lead to different associated economic importances of culture, which in turn will influence the wider cultural policy directives. For example, as Throsby illustrates, if a government or its cultural policy-making body prefers solely economic values, then those industries will be highlighted that are favourable for such aims, on the other hand, if the focus is on 'a government's artistic or cultural objectives' (ibid., p.222), then those industries will be supported that are able to serve that goal. Potts and Cunningham's (2008) approach to modelling the creative industries emphasises culture's economic value and establishes four models based on the creative industries' relationship to the wider economy. While Throsby (2008) highlights how the back and forth between conceptions of cultural industries and their economic impact shapes the policies around them, Potts and Cunningham's (2008) approach suggests an empirical identification of the model best suited to describe the contemporary relationship between the wider economy and creative industries, and consequently choosing the right policy measures. Importantly, the authors (2008) point out that each of the four models (Welfare model - culture is a net drain; Competition model - culture is just another industry; Growth model -

culture is a growth driver; Innovation model - culture facilitates innovation) 'are more appropriate at different times and places' (ibid., p.239).

Furthermore, Throsby's (2008) survey of six types of models of cultural industries supported this project's choice to focus on the film industry for the case study. The models Throsby (ibid., p.219) observed 'derive from alternative approaches to conceptualising the cultural sector, reflecting different political concepts and different emphases on what are regarded as important characteristics of cultural production processes and the things they produce'. The varying determining factors include intellectual property, the industrial potential, cultural value and economic importance. Based on what each model emphasises, the make-up of the core industries are different, yet, as Throsby points out, the film industry appears as a core industry in all models. Consequently, choosing to focus on the film industry allows for the case study to be indicative of the the wider creative industries-focused cultural policies since even in the context of widely differing driving forces, it is a key industry within the sector. Additionally, the film industry's propensity to become the source of considerable revenue makes it a primary focus when considering potentially market-oriented shifts in cultural policy.

While Throsby (2008) highlights that some configurations of the creative industries allow for more focus on the political aims and intentions of a government than others, both Throsby's and Potts and Cunningham's (2008) approaches are centred around cultural or creative industries' relevance for the wider economy. Galloway and Dunlop (2005) maintaining the same theoretical framework as above of addressing the relevance of different definitions of cultural and creative industries, and of the demarcation between the terms to the formation of cultural policy at large, emphasise the political angle. The authors point out that

‘[t]wo factors define the distinctiveness of cultural products, one political/ideological, the other economic. These factors differentiate cultural goods from the wider set of creative industries and have important consequences for public policy towards the cultural industries’ (ibid., p.26). Similarly, Ratiu (2009) highlights two major justificatory trends in determining cultural policy, one being intrinsic and aligns with the ‘Welfare model’ (Potts and Cunningham, 2008), the other being instrumental, that emphasises the ‘socioeconomic impact of the arts [...] as social cohesion, sustainable development, and urban regeneration’ (Ratiu, 2009, p.25). Importantly, Ratiu points out that what instrumental aims a set of cultural policies will pursue is the consequence of how each government understands what role culture and the arts occupy. In the context of the present thesis, Ratiu’s observations have a two-fold relevance. Firstly, the thesis will aim to treat the different possible factors determining the direction of cultural policy, whether politico-cultural and propagandistic aims or economic considerations equally. Cultural policy entails not only the identitarian, ideological and symbolic issues but also just as much the economy-focused concepts of culture. Secondly, the thesis will attempt to tentatively draw a conclusion regarding the late communist Hungarian government’s understanding of culture’s role through their policy initiatives.

Shifts in the ideological context and political aims impact cultural policy. Such shifting can be observed in the international context starting around the early 1980s (Hesmondhalgh and Pratt, 2005). Hesmondhalgh and Pratt (ibid., p.2-3) in tracing the rise of the cultural industries-related policies within the wider cultural policy framework point out, that ‘[t]he rise of the cultural industries was very much bound up with the rise of “mass culture”’ that led to cultural policies aiming to combat this tendency by subsidising arts and strengthening public broadcasting. Nevertheless, this strategy seemed unsustainable by the early 1980s (ibid., p.3). One pivotal shift in cultural policy - used expansively to cover media

and communications - that accelerated the rise of cultural industries was the turn away from state-owned monopolies towards 'marketisation [of] the media and communications sectors (ibid., p.5). Hesmondhalgh and Pratt (ibid.) argue that this shift started 'in the United States in the early 1980s, spread to other advanced industrial states from the late 1980s onwards, hit a series of nations emerging from the authoritarian rule in the early 1990s, and spread across much of the world since then'. The present thesis aims to observe if the rising dominance of the creative industries policies within cultural policy appeared in Hungary as the authors suggest after the 1989 change of regime, or if it is possible to discern similar tendencies leading up to the change of regime. A final point regarding the global neoliberal tendencies and their impact on Hungary pre-1989 concerns not how they manifested in the Hungarian context, but rather how Hungary joined in to the changing global structure of cultural production. As McGuigan (2005, p.231) points out the new international division of cultural labour 'articulates embedded forms of neo-liberal political economy geographically at the point of production'. Such global structure of cultural production entails moving production to locations where labour is cheaper. Observing what role Hungary had in coproductions will be important for this particular reason.

2.2 Late and Post-Communist Context

The following section will survey some literature on cultural policy in the post-communist context around four themes. The texts are assessed as to whether they (1) regard the change of regime as a major break in cultural policy, whether they (2) distinguish between communist and late communist cultural policies and, finally, their discussion of cultural or creative industries will be considered. The texts either present a (3) limited view of cultural policy that does not include the cultural or creative industries or a broader view, yet with differences in

approaches. Once a text focuses on the cultural or creative industries, it will also be observed whether the (4) arrival of the cultural or creative industries is understood strictly as a new phenomenon or if the text establishes a certain continuation between the late communist cultural structures and the post-communist creative industries.

Communist cultural policies are often invoked as a condition contrasted to which the post-1989 cultural policy shifts manifest as a drastic change. Ilczuk and Wieczerek (2000, p.63) in the Polish context argue that the ‘transition from state monopoly to a free market’ created the necessary conditions for the development of cultural industries, and that the cultural policies needed to address these new aspects of the cultural sphere. Similarly, Jakobson, Rudnik and Toepler (2018, p.299) argue that the break in cultural policy left ‘the former Soviet Bloc countries [with] no established blueprints’. Vojtiskova and Lorancova (2015) also argue that after 1989 post-communist countries needed to come up with entirely new cultural policy, influenced by neoliberal ideas, privatisation and decentralisation, but also faced with the difficulties of maintaining the cultural scene mostly through market forces. Furthermore, not only did the majority of the surveyed literature seem to depict a major break in cultural policy following 1989 but also avoid distinguishing between different possible stages of cultural policy within the communist era. The majority of the literature consulted treat the pre-1989 cultural policy as homogeneous, characterised by centralised cultural life, nationalised property and state subsidies (Vojtiskova and Larencova, 2015) and by a cultural sphere ‘subjected to the constraints of the planned economy’ (Ilczuk and Wienczorek, 2000, p.53). While Jakobson, Rudnik and Toepler (2018) identify different nuanced directions in the post-Soviet cultural policy of Russia, such as liberal tendencies in the 1990s that shifted to ones more accepting of state intervention later, their description of Soviet cultural policy centres around Stalinist cultural policies.

However, some works approach the shift in a more nuanced way and identify contingencies, that carried over from communist cultural policies to the post-communist ones and, as such, paint a picture in which the change of regime brings less drastic change to the cultural sphere. In the Romanian context, Becut (2016) illustrates the relevance of the late communist cultural infrastructure to the development of the post-communist creative industries. The author points out that the cultural infrastructures that enabled ‘production, distribution and cultural consumption’ (ibid., p.66) did not only play a key role in the communist era to disseminate culture and ‘educat[e] in the spirit of the socialist doctrines’ but also kickstarted the creative industries in the post-communist era. Industries such as ‘radio and television stations, cinema and written culture’ (ibid.) and their key positions in the cultural infrastructure led to considerable support that strengthened them. Similarly, Turcus (2020, p.361) also identifies such ‘mass channels for disseminating ideological content’ as a source of contingency rather than change in the transitory period. The author points out that these cultural institutions seized by the intellectual elite allowed for their survival and consolidation. Furthermore, Turcus highlights the often contradictory and turbulent nature of the transition, where remnants of Communism, such as ‘state planning, monopoly, the centralized economy’ combined with an ‘uncritical adoption of neoliberal economic and political tenets’ (ibid., p.354-355) and a trust in the free market simultaneously shaped the cultural policy.

Apart from Jakobson, Rudnik and Toepler’s (2018) account of the ‘evolution of Russian cultural policy’ from the late Soviet era to the present, which maintains a narrow focus, the surveyed literature include policies aimed at the cultural or creative industries as part of the general cultural policy of the newly democratising countries. However, their

understanding of what is covered by the cultural or creative industries varies considerably. While Vojtiskova and Lorencova (2015) focus on theatre and public funding in the Czech context, Becut (2016) observes the link between Romania's creative sector and its urban environment. Nevertheless, those surveyed articles that mention cultural or creative industries all date the arrival of such industries post-1989. Becut (ibid.) puts the arrival of the concept itself to the Central and Eastern European space in the early 2000s, yet it is important to ask whether the arrival of the term signifies the start of the type of policies associated with the creative industries influenced by an economy-focused understanding of culture, or is it possible that such policies existed beforehand as well? As the surveyed literature suggests, such policies, at the latest, started to appear in the early 1990s. However, it is well worth considering if such policies that focused on certain sectors within the cultural sphere and their beneficial effect on the wider economy, were also present prior to the change of regime.

2.3 Hungarian Context

The third part of the literature review observes the issue of shifting cultural policies in Hungary pre-1989 through the example of the film industry (Varga, 2020) and the Art Fund (Horváth, 2015) and concludes by establishing a possible link between the international and the domestic developments of the creative industries using Fabry's (2019) theorisation of neoliberal shifts in Central and Eastern Europe before the change of regime. Varga (2020) in his account of the development of the film industry in Hungary during the post-communist transitory period argues that changes in the film industry between different regimes should be understood as the dynamics of different shifts in the key elements that defined cultural production. Varga identifies three key elements based on Kornai's work: 'the exclusivity of state film production, direct political control and bureaucratic coordination' (ibid., p.366).

Crucially, Varga argues that '[t]he beginning and end of the system are marked by the appearance and disappearance of these attributes' (ibid.), consequently, shifts are gradual and not sudden breaking points. Regarding the three key elements, Varga emphasises the end of exclusivity of state funding as one of the most important shifts in the post-communist transitory context. While the end of censorship is impactful, in the Hungarian context, where censorship was characterised by leniency, it is not the most significant. Varga also highlights the porosity of 1989 instead of being a watershed moment in cultural production by pointing out that film production in the early 1980s was more market-oriented than in the early 1990s. The author argues that such ebb and flow characterises the post-communist transitory period in film production. The author also points out that film studios reacted to the relative decrease in their subsidies connected to rising inflation by adopting market-oriented strategies. These market-oriented strategies entailed Western co-productions, Hollywood films shot in Hungary, and a 'boom in popular filmmaking' (ibid., p.372).

Yet, Varga points out that this trend turned around for the second half of the 1980s. Varga argues, that the changes ending the state monopoly in film production also maintained a status quo, that excluded both commercial and radical arthouse filmmaking. Further changes arrived with the appearance of new production companies and their relatively different interests. Varga points out that a crucial debate that shaped funding strategies was concerned with whether funding should be studio-based or project-based. The newly established Motion Picture Foundation's decision to grant support based on 'package plans' (ibid., p.378) solidified studios at the expense of newcomers and maintained the status quo. Varga highlights that while state monopoly and censorship were gone, the structure of studios remained. Yet, the smaller production companies could benefit from the wider creative industries that include advertisement and service jobs. As Varga points out, the real turning

point would be the switch to project-based productions in the 1990s. While Varga's account of the changing film industry in the late and post-communist era focuses on the empirical visibility of 'trends and dynamics of the transformation' (ibid., p.369), the present thesis aims to observe the role ministerial bodies and their policy initiatives impacting the film industry played in the transitory period.

While Varga focuses on how changes manifested in the industry itself, Horváth (2015) centres his account of the Art Fund, a major state organisation in the visual art, literature and music, around the back and forth between different ministries and state organisations. Horváth's comprehensive look at the origin, development and demise of the Art Fund details the policy decisions impacting the fund as well as the intricate relationship between the Fund and the Ministries of Culture and Finance. Even though Horváth traces the Art Fund's history spanning through decades, it is important to pay closer attention to the period leading up to 1989. The author suggests that the 1970s presented relatively uneventful years for the Art Fund. The changes were gradual and small on a year to year basis. In general, on the one hand, the Art Fund could rely on certain companies, such as the Képzőművészeti Kiadó (Visual Art Publishing House), to bring in money through its monopoly in postcard sale, on the other, its expenses steadily rose due to the recent restructuring that resulted in more payment obligations, and to the inflation effectively shrinking its budget. Yet, Horváth also points out that while the Fund was less and less able to support artists in a form of patronage, a general interest in purchasing artworks rose.

However, Horváth (ibid.) argues that the next decade brought serious problems for the Art Fund, mostly as a consequence of the Hungarian government's economic decisions. Horváth identifies the most imminent problem for the Art Fund as two-fold. First, the

intention to reform the economy brought with it the realisation of the Állami Tervbizottság (State Planning Committee), which had the authority to survey the plans of the ministries and their Funds, such as the Art Fund under the Ministry of Culture. Secondly, the escalating loan crisis by 1980 prompted the Tervbizottság to consider reforming the budget, including the Ministry of Culture and the Art Fund. Horváth points out that while the Art Fund aimed to stress its relevance and culture's potential to the wider economy, the budgets of 1981 and 1982 impacted more and more the organisation's state funding. Crucially, further reforms in 1983 allowed the Ministries of Culture and Finance to determine what percentage of its revenues the Art Fund can keep. Horváth points out that the Art Fund's account 'by the end of 1986 was, in actuality, emptied out' (ibid., p.313.). Horváth's depiction of the policy decisions that aimed to shrink the Art Fund's financial support, and to shift from a system where the government supported the arts to a structure that prioritised the cultural industries' capacity to pay taxes, seems to illustrate a change from the Welfare model to the Competition model identified by Potts and Cunningham (2008). While in the first model culture and the creative industries are understood as a net drain on the wider economy, the second model treats them as an equal of other industries with the same policy approaches. Such an approach can be observed in the Ministry of Finance's attempts to rein in the Art Fund's 'excessive funding' (Horváth, 2015, p.325) of culture, end the Fund's responsibility for pensions and social security by requiring artists to paying into the general social security system.

The wider political economy context to Varga's (2020) and Horváth's (2015) observations is given by Fabry (2019). Fabry argues that Hungary's development in terms of its political economy cannot be divorced from the wider international frame of neoliberal tendencies springing up in the mid-1970s. Crucially, Fabry suggests that the Soviet-style state capitalist countries of Central and Eastern Europe responded to the crises brought about by

rising debts and stagnation by turning to neoliberal ideas roughly a decade before the 1989 change of regime. Two such waves of reforms might be identified, the first in response to ‘the global economic crisis of the early 1970s’ (ibid., p.47) where, the East resolved to ‘[import] advanced machinery and technology from the West’ (ibid., p.48) relying on Western loans. But this approach exacerbated the problem and by the early 1980s, the problems manifested as ‘deepening stagnation and indebtedness’ (ibid., p.49). The responding second wave of reforms saw the solution in ‘open[ing] up the economy to the exigencies of the world market, while simultaneously seeking to reconfigure the role of the state in the economy’ (ibid., p.50-51). The development in the cultural and creative industries and the associated cultural policies need to be assessed in this context.

Fabry’s Marxist approach to understanding the transformation in the Central and Eastern European region highlights two key considerations that have importance to the present thesis. First, Fabry argues that the ‘Soviet-style state capitalism’ was not confined to the Soviet bloc, but also appeared in varying forms in ‘the capitalist world economy in the period of state monopoly/finance capitalism (1873-1929/1945) and in the subsequent period of state capitalism proper (1945-1973)’ (ibid., p.26). Understanding the similarities in policies questions the dominance of the dichotomy set between the Soviet and Western spheres. It would also suggest, in the context of this thesis work, that there are grounds for paying attention to the creative industries prior to 1989 and their trajectories in Hungary against the backdrop of the international developments in the sector. Secondly, the Marxist approach, Fabry argues, pays attention to the dynamics of a society and observes what sections of it had it in their interest to ‘switch from a state-led capitalism to a more free market capitalism’ (ibid., p.27). The relevance of that has already been hinted at above by Becut

(2016), Turcus (2020) and Varga (2020), who all point out that certain segments of the cultural sphere benefited from the transition.

A defining character of the post-communist cultural policies, as pointed out by Jakobson, Rudnik and Toepler (2018) in the Russian context, as well as by Vojtiskova and Lorencova (2015) in the Czech context, is the need for it to be invented anew. However, as Varga's (2020) account of the shifts in the Hungarian film industry, and Horváth's (2015) observations regarding the dwindling support for the Art Fund illustrate, the new direction of the post-communist Hungarian cultural policy is not so dissimilar to the late communist cultural policy of pushing cultural institutions to find their financial support through market-based solutions. Horváth's argument that the real problems related to the Art Fund's financial support started in the 1970s and were linked to the international context supports Fabry's (2019) observation, and suggests that any study focusing on the transitory post-communist cultural policy need to consider the decade leading up to the change of regime as well.

Chapter 3. Methodology

The present thesis work collected the necessary data to explore the characteristics of the creative industries-focused cultural policy through archival means. Qualitative data collection and analysis methods have been chosen as these have been deemed most suitable to allow for a description of the processes and approaches impacting the observed policy initiatives. As Frisch et al. (2012, p.11) point out, archival materials ‘[provide] a look “behind the curtain” of political processes’. The authors also stress the importance of describing complex political processes before aiming to understand behaviours and outcomes. The present thesis work has been written in the spirit of that observation and aims to emphasise the relevance of detailing how ministerial bodies negotiated the direction of the cultural policies. Furthermore, besides particularities of the research topic, such as the observed time frame, which is the first half of the 1980s, the dominance of archival research in the literature on the topic also supported the methodological choice. Horváth’s (2015) detailed look at the Ministry of Culture and its management of the Art Fund extensively informed the present work’s methodological approach. Horváth’s use of the archival material held by the National Archives of Hungary provided the necessary guidance.

As detailed in the previous chapter, the focus on the film industry has been chosen for its overarching relevance in varying conceptions of the creative industries and for its potential importance to the wider economy. The Filmfőigazgatóság has been chosen as a case study due to its mediating position between the Ministry of Culture and the film industry itself. The archival materials clearly depicted the Filmfőigazgatóság as having to continuously weigh and represent different interests. Consequently, the Filmfőigazgatóság proved to be a useful focus

as their documents often described opinions and objectives of the industry as well as of the Ministry of Culture. The time frame of the observed period has been determined as 1981-1985 to coincide with shifts in the international context of cultural policy and the second wave of reforms responding to the global economic crisis (Fabry, 2019).

Based on Fabry's (2019) work two preliminary topics were chosen to aid in determining which items should be requested out of the vast amount of archival materials on the Filmfőigazgatóság. On the one hand, international presence and connection, and on the other, internal organisation, were the issues guiding the selection process. The following items have been surveyed in the years 1981, 1982, 1984, 1985:

- Licensing the production, programming and foreign premiers of films
- Sectoral economic development concepts, long- and medium-term development prescriptions, analyses, norms
- Documents of meetings of intergovernmental, interdepartmental committees
- Principles of foreign policy and cultural policy, professional guidelines, concepts
- International cooperation work plans, contracts

Furthermore, from the archival material from the Ministry of Culture, documents titled 'Sectoral price political coordination, tasks of price authority' 1984, 1985 were also consulted.

The coding of the collected material was guided by the two directions of international presence and domestic restructuring. In the context of the international presence, the topics of 'production', 'distribution' and 'international connections' proved to be relevant. Regarding the state's intention to reconfigure its role, significant documents grouped around topics such as 'ticket prices', 'revenue-driven considerations', 'funding', 'inter-company/structural

issues’, and ‘domestics distribution’. The following chapter addresses the findings organised around the two key directions.

Even though, archival research has been deemed the most appropriate to collect the necessary data to answer the research question, the approach does contain internal limitations. Frisch et al. (2012) list several potential problems archival research might face. The authors point out that while it is possible that documents with a political nature in archives are sanitised, it is less common than expected due to the associated costs in resources, manpower and time to go through vast amounts of documents in order to sanitise them. Nevertheless, it is needed to be considered in the case of documents preserved from the Communist regime. An even more reasonable concern is that ‘political papers do not reflect verbal transactions’ (ibid., p.19). Besides missing certain aspects of policy negotiations between the Ministry of Culture and Filmfőigazgatóság due to their verbal nature, human error might also impact the availability and quality of data. Throughout the data gathering process certain documents referred to other documents that were nowhere to be found. While studying the missing documents would have been beneficial, their absence did not prevent the collection of useful data.

A further decision in the research design needs to be addressed, that is the choice of solely collecting data through archival means and omitting the possibilities of expert interviews with figures in the Ministry of Culture or the Filmfőigazgatóság at the time. While Eyal, Szelényi and Townsley (1998, p.8) point out the relevance of the ‘dialectical interaction’ between institutions and their personnel to social change, the archival approach inevitably puts the emphasis on institutions instead of personnel in understanding social change. While expert interviews could provide invaluable data to understand how personnel affects policies

and social changes, such an approach would not answer the main research question focusing on the characteristics of the policies themselves. Nevertheless, further research in the topic could benefit from a more varied methodological approach that includes interviews as well.

Finally, it would be amiss to overlook the external limitations impacting the research project. Time constraints coupled with the scaled down archival access due to Covid safety measures limited the scope of the research. As the archival approach entails some level of trial and error in requesting documents, it is time-consuming. Further research with more resources could explore additional documents on the Filmfőigazgatóság, as only those documents have been surveyed that suggested the most potential, as well as other sub-ministerial bodies of the Ministry of Culture responsible for the management of different strands of the creative industries. A network of such exhaustive studies could further enlighten our understanding of the late communist cultural policy and the post-communist change of regime itself.

Chapter 4. Findings and Discussion

The following chapter will detail the case study, present the findings and draw the major conclusions. First, the key sub-ministerial body and the structure of the film industry will be observed. Following that, a contemporary's report will be analysed to further detail the case study. The third, and major part of the chapter will present and analyse the data from the National Archives of Hungary. All translations of the quotes originally in Hungarian are mine, and, unless otherwise stated, are from the National Archives of Hungary.

4.1 Description of the Role and Position of the Filmfőigazgatóság

The Filmfőigazgatóság (Film Directorate) has been chosen as a case study due to its central role in supervising film production and its position between political powers and the representatives of the film industry. Amid 'nationalisation in the late forties, monolithic centralisation in the fifties, then decentralisation in the sixties' (Varga, 2008, p.4) that characterised Hungarian film production during the mid-20th century, the Filmfőigazgatóság was created in 1955 by the unification of the different governmental bodies that separately dealt with production and distribution. The Filmfőigazgatóság emerged as a singular governing body within the Ministry of Culture and remained relevant (albeit modified occasionally (Keresztényi, 2015)) until the 1989 change of regime. As Varga (ibid., p.11-12) points out, film's ability to accessibly reach a wide audience made it a prime medium for propaganda and education and, as such, a key area of the cultural policies of the Stalinist totalitarian systems.

Until the early 1960s, the Filmfőigazgatóság as a governmental body had both a strategic and an operative function (ibid.). Strategically, the Filmfőigazgatóság green-lighted the topics in general that films could address, while on a more hands-on, functional level, the body had to sign off on issues ranging from scripts through budgets to casting (ibid.). An important outcome of the formation of the Filmfőigazgatóság was the relatively streamlined bureaucracy, since, as Varga points out, the number of monitoring bodies was reduced. Consequently, the production itself increased. Following the turbulent late 1950s, which also saw a considerable wave of censorship, and following a brief attempt at a restructuring of the film industry, that was abandoned; as part of a compromising milder shift, the Filmfőigazgatóság for a while was only responsible for the large-scale strategic organisation of the industry.

The position the Filmfőigazgatóság occupied also required them to compile reports on the state of the film industry. Both Varga (ibid.) and Keresztényi (2015) highlight the 1961 report by the Filmfőigazgatóság that identified problems connected to authors, the structure and the leadership within the industry. A suggestion of the report was to separate the artistic and the production aspects of filmmaking, as well as the creation of working groups (ibid.). As Keresztényi details, changes came about following the suggestions in three stages. Starting with the creation of three working groups, followed by the addition of a fourth one, and the personal changes at the heads of working groups as well as key bodies. The third stage entailed the ‘separation of economic and artistic activity’ (ibid., p.101). A further detail illuminating the position of the Filmfőigazgatóság is that in cases of disagreement within working groups about scripts, for example, the artists could appeal to the Filmfőigazgatóság for a final decision. Keresztényi’s account of the changes that happened to the Filmfőigazgatóság over the late 1960s and early 1970s details how the ministerial body was

first broken up, then reincorporated into one again. The emerging Filmfőigazgatóság was also given the task of overseeing the related companies' economic, politico-cultural and technical development (ibid., p.106).

The articles used to describe the role and position of the Filmfőigazgatóság signal the relevance of studies that focus on this ministerial body. Neither Varga's nor Keresztényi's work centres around the Filmfőigazgatóság and its possible impact on the restructuring of the industry oscillating between centralisation and decentralisation. Furthermore, with neither a monograph, nor even a single article that is solely devoted to the Filmfőigazgatóság, the topic itself can be considered relatively under-researched and as such a potential direction for future research, given its strategic role and mediating position between political bodies and the industry, especially, as mentioned in the previous chapter, there is a vast reserve of archival materials on the ministerial body.

4.2 Industry Insider's Experience with the Filmfőigazgatóság

While the above articles mentioned the Filmfőigazgatóság in an academic context, Szekfü's 2018 non-academic article titled 'Filmek és forintok. Szakmai kordokumentum 1981-ből' [Films and Forints. Ethnography of the profession from 1981] presents the author's comments and thoughts regarding a report project done by him in 1981 and touches on the structure of the film industry. As such, the text is considered a primary source and treated accordingly. Szekfü's 1981 report looks at the financial state of the studios, yet, in his comments, two important topics appear that can aid a deeper understanding of the possible neoliberal tendencies in the creative industries-focused cultural policies. On the one hand, Szekfü sketches out the somewhat opposing interests around the film industry's trust

structure, on the other, draws attention to how the flow of people from one department to another could shape the outcome.

As Keresztényi (2015) details, structural changes in the cultural sphere in the late 1960s were simultaneously impacted by political and ideological demands and economic needs. A consequence has been the differentiation between those strands of cultural industries that are able to produce profit, and those that are not, but are expected, at least, to aim to lower their need for state funding (ibid., p.97-98). The film industry, belonging to the first category, also saw attempts at creating a trust structure for the companies responsible for production and distribution. But, by the first half of the 1970s, the trust structure was abandoned in theory, as Szekfü's retelling suggests, and that move itself presented space for the reconsideration of what structure would work in practice and theory. The following quote illustrates the shift

‘Simó drew my attention to the fact that the trust-type activity in the film industry will cease. The matter of the fact that there has been no film trust since 1972, but the Filmfőigazgatóság has operated in a trust-like manner, transferring funds from one company to another before tax, so without affecting the state budget. In this way, money was basically pumped from Hungarofilm and the Film Laboratory to support feature film production.’ (Szekfü, 2018, p.40)

As Szekfü's further comments suggest the Ministries of Culture and Finance had somewhat differing opinions regarding the trust structure:

‘Although the Ministry of Culture wants to dissolve the trust, it wants to preserve the management of the trust at certain points, so this kind of money transfers and transfers between companies. They, the finance [Ministry], on the other hand, say they don't want to give a penny less of state support, but they definitely want to see clearly which companies are spending what kind of expenses and gaining what kind of profits, and therefore they do not

agree to that. So they want to see the trust really broken up if it is being broken up, and then there really shouldn't be any of these transfers on the down-low.' (Szekfü, 2018, p.43)

Both in the chronological shifts of, first, establishing the trust structure, then, forgoing it, and in the opposing objectives of the two ministries, it is possible to discern the move from one type of understanding of the model of creative industries to another as identified by Potts and Cunningham (2008). In this context, the Ministry of Culture itself seems to be a proponent of the 'Welfare model' that acknowledges that segments of the cultural sector are a net drain, and culture overall needs not only state support, but also the ability to freely reallocate funds within the sector. The Ministry of Finance's stand resembles the 'Competition model'-influenced understanding of the cultural industries, that sees culture just like any other sector of the economy, with the same demands for profit and consequences for losses.

While the trust structure and the ministries' differing approaches to it might represent a shift in the dynamics between economy and culture on the larger scale, Szekfü's document also allows for the observation on the level of personnel and position changes within the Filmfőigazgatóság. While identifying the right people to interview, Szekfü was recommended to contact Csontos, the Economic Deputy Director-General for the Filmfőigazgatóság. Szekfü finds it important to detail the circumstances of Csontos' position as such

'Mrs Csontos is relatively fresh in the profession, has been there for a year and a half or two perhaps, having previously worked in other financial fields, and is here as a deputy [for the head of the Filmfőigazgatóság], but [...] in the new line-up, [the head of the Filmfőigazgatóság] has no deputy director but the Ministry of Culture has a general economics department, and she became deputy head of the film affairs department there. [...]

Mrs Csontos said a lot of interesting things. The economic approach of the whole film profession was interesting, partly because it was economic, partly because it was foreign to film. So a person from outside looks at this profession with fresh eyes, has no particular problems or prejudices, is not

bound by the traditions that have developed, but begins to see what is really going on here. Of course, some unrealistic things follow, but at the same time, there are plenty of fresh insights.’ (Szekfü, 2018, p.40)

While the above quote is ultimately Szekfü’s assessment of Csontos’ position, it nevertheless hints at a structural intention that economic concerns and opportunities should be addressed by those who are versed in economics and not in the film industry as such. A further comment by Szekfü demonstrates what different answers can be given to certain problems whether one comes from economics or the film industry. Regarding the fate of the obsolete and low-quality cinemas that played 16 mm films, mostly in the rural parts of the country, Szekfü notes that in his discussion with Csontos, this issue only came up as something that is not necessary to be maintained. While, on a second occasion talking to someone else within the Filmfőigazgatóság, Szekfü’s interviewee points out that

‘... in a lot of places there is no other institution anymore, let alone a cultural institution, there is no other institution at all in small villages like these cinemas.’ (Szekfü, 2018, p.41)

Szekfü himself makes the point that approaching culture from an economic point of view would overlook this argument and enable depriving small communities of their last communal spaces.

4.3 The Hungarian Film Industry’s International Presence

Having summarised the role and position of the Filmfőigazgatóság, aided by the comments of a contemporary, the following section of this chapter will present and analyse the data found through the archival research process. The data will be contextualised according to two major themes based on Fabry’s identification of how neoliberal tendencies appeared in policy shifts.

On the one hand, the film industry's economic alignment with the world market will be considered, on the other, the state's attempt to reconfigure its role in aspects of the economy relevant to the film industry will be observed. Crucially, the major pivotal moments that illustrate the policy shifts the present thesis aims to observe, are, in the first case, the inter-departmental discussion on the role of cultural propaganda in the international context, and, in the second case, the process of determining the price of a movie ticket. Interestingly, in both these instances, the Filmfőigazgatóság's position was a resistance both towards an economically driven international presence of the Hungarian film industry, and the decentralisation of determining movie ticket prices, again for the reason of higher profit. Consequently, it seems that the Filmfőigazgatóság, the key ministerial body between the film industry and the wider Ministry of Culture occupied a position that did not welcome the market-oriented shifts in cultural policy.

The surveyed documents paint a complex picture of the possible ulterior motives present in the relationship of the Hungarian film industry to the world market. Before considering the different strategies in distribution and production internationally, and addressing the key moment that illustrates the different policy objectives, the overall cultural and economic reasonings will be observed. Unsurprisingly, given the nature of the communist foreign and cultural policy, considerable attention was paid to raise the reputation of the Hungarian and socialist film-making internationally. While less frequently, but still steadily present were reasonings that relied on considerations to oppose the dominance of US film-making. The Filmfőigazgatóság, for example, argued for the re-enrolment of Hungary in 1985 into the Federation of European Film Directors, after exiting the group the year before due to financial reasons, by pointing out that FERA is

‘the only international organisation, fighting against the monopoly position of the American film industry, that champions the indisputable artistic value of the European film’.

The innumerable bilateral agreements aiming to serve educational and cultural purposes further provide instances where it is possible to discern the existence of different reasoning for differing levels of agreements. In the surveyed documents, international cooperations - to be understood widely as organising cultural events such as film showings - included detailed agreements with nearby socialist countries, such as Poland, Bulgaria and the Soviet Union, a Hungarian Film Week organised by the British Film Institute in London with the Filmfőigazgatóság and Hungarofilm compiling the list of films that were to be shown, further film weeks in Algeria, Los Angeles and Nicaragua, just to name a few. In the cases of Vietnam and Ethiopia, it is beneficial to take a closer look at the Filmfőigazgatóság's correspondence with the Ministry of Culture regarding the nature of the cooperation between the two sides. The Filmfőigazgatóság, in response to the Vietnamese recommendations, noted that

‘the objectives in their suggested draft are extremely maximalist. Not even in the case of socialist countries that are geographically close, we usually agree to such a degree of commitment.’

The Filmfőigazgatóság's suggestions for the 1981-1985 period mainly contain film exchange, the opportunity for educational exchange, and two possible trips by a Hungarian crew to Vietnam to shoot in a documentary or popular science topic. In the case of the Vietnamese cooperation, the archival materials did not give any more reasons for the reduced commitments, while in the case of the Hungarian-Ethiopian cooperation, considerations were more readily admitted in the documents. Correspondence between the Department of

International Relations (NKF) and the Filmfőigazgatóság in 1984 shows the NKF stressing that

‘as part of the relationship between the two countries, it is not apposite to establish a film cooperation’

In their response, the Filmfőigazgatóság pointed out that their soviet partners in Moscow, in fact, expect stronger relations with developing countries, and that a Hungarian-Ethiopian cooperation would be welcome. NKF’s expounding answer suggests that not only financial considerations play a role in the reduced cooperation, but also that they see educational exchange instead of cultural cooperation as more productive in contributing to developing countries’ socialist development.

While the Vietnamese and Ethiopian low-level cooperation agreements subtly suggest that the lack of possible substantial economic gains is a determining factor, two reports from the Filmfőigazgatóság suggest that the strong possibility of profit is a prominent consideration. A 1981 memorandum by the Filmfőigazgatóság tentatively notes that Bacsó’s *The Witness*’ participation in the Cannes film festival

‘[n]aturally, might lead to journalistic or commercial interest, but there is no immediate pressure to sell; offers can be evaluated later.’

The 1982 Oscar win for best foreign film by *Mephisto* led to a much more forceful language regarding the financial opportunities in the Filmfőigazgatóság’s report. The report listing the countries where the distribution rights had already been sold stresses, that

‘[t]he foreign currency revenue from Mephisto's foreign sales received by the Hungarian participants has already exceeded \$ 500,000. Contracts for the sale of the film ensure further high shares of foreign cinema, television and video revenues, so, based on the success, additional foreign currency revenues can be expected.’

A later report carried out by the Ministry of Culture on Hungarofilm, the company responsible for domestic distribution of foreign films and international distribution of Hungarian films, highlights that by the end of 1983 Mephisto's royalties exceeded its costs. The same report also points out that since 1978, revenue from exporting films increased by 47.5% by 1984. Nevertheless, generally, the Filmfőigazgatóság's language emphasises the cultural importance of the Hungarian film industry's integration into the international creative industry of film-making. Yet, as the above examples aimed to illustrate potential economic considerations became more and more pronounced. In the surveyed documents more attention was given to the structure and opportunities of distribution over the production aspect. However, as Varga points out (2020) and supported by the repeatedly detailed discussion of several French-Hungarian co-productions, the Hungarian film industry had a part in the international structure of film-making. It is important to consider that the integration into the global structure of film-making is influenced by the global neoliberal tendency, where Hungary's role in the global division of cultural labour (McGuigan, 2005) was in part to ensure cheaper labour.

While the above examples only contextually, taken together point towards a tendency, the following instance as a distinct point of contention between the Ministry of Culture and the Filmfőigazgatóság encapsulates the cultural versus economic considerations debate in the creative sector. The Director-General of the Filmfőigazgatóság in his September 1985 commentary on the Department of Agitation and Propaganda's foreign propaganda directives

emphatically focuses on cultural products' ability to effectively message a favourable picture of Hungary. The author stresses that

‘[t]he most important substantive question is the presentation of the human and social essence of socialism. [...] The arts need to be given a much bigger role in our propaganda. Since our opponents accuse us of being totalitarian, inhuman, self-aggrandising, unable to admit our mistakes, we must bring the image of Hungary to the world with *authentic*, convincing works’ (emphasis in original).

As the September 1985 commentary repeatedly emphasises cultural objectives and their ability to raise Hungary's reputation for ideological reasons, the November 1985 memorandum sent to the above-mentioned Csontos, the Economic Deputy Director-General for the Filmfőigazgatóság, by Kőhalmi, the Director-General of the Filmfőigazgatóság, again needed to argue for the same approach. Even though the revised document that Kőhalmi is responding to was not among the surveyed documents, his impassioned reasoning depicts the opposing opinions. The Director-General sums up his disagreement as such

‘out of the complex and multi-faceted processes, within which we *must* understand and aid the mutually reinforcing *interplay* and *joint* development of cultural propaganda and economic processes, the document draft only covers one of the aspects, that of the economic values, and the substantive functions of our Ministry [of Culture] - the cultural values - are explicitly pushed into the background’ (emphasis in original).

The disagreement between the Director-General and the Economic Deputy Director-General highlights a tentative shift in cultural policy. The Director-General's firm stance for emphasising the cultural values of the creative industries, such as the film industry suggests an approach that sees economic objectives in Hungary's integration into the global cultural production and distribution systems as secondary. His response also suggests that not everyone shared the same view, and that within the Ministry of Culture, a considerable

segment of voices in important economic positions aimed to shift the emphasis onto financial and commercial aspects instead of the primarily cultural considerations when it came to the issue of Hungary's foreign propaganda.

4.5 Cinema Ticket Prices and the State's Role in Their Regulation

Focusing on the second aspect of neoliberal shift suggested by Fabry, within the film industry, the discussion around the cinema ticket prices gives an example where an attempt 'to reconfigure the role of the state in the economy' (Fabry, 2019, p.50-51) can be observed. In the surveyed documents the topic of cinema ticket prices appeared consistently either in relation to specific films and determining the suitable price category or as a major issue between the Ministry and the Filmfőigazgatóság discussing if the right to determine these prices should be reassigned to a different level in the ministerial structure.

The individual cases illustrate how the Filmfőigazgatóság had the right to determine prices and how they utilised that right. In the case of the rock opera, *Stephen, the King*, the Filmfőigazgatóság sent out a letter to all the county and capital cinema companies that set out a price that was double the standard price would have been. An earlier correspondence between the Motion Picture Distribution Company and the Filmfőigazgatóság details the reasons for the raised prices

'[as] we can count on increased public interest, [...] we intend to make an individual copy of the film available to all cinema companies. The use of the increased price is supported by the high cost of copying and the potentially high public interest.'

The Motion Picture Distribution Company also suggested that 1/6 of the ticket revenue should be paid in as cultural contribution by the companies and that no discounted ticket should be available during the raised ticket price period. Yet, in the final letter to the cinema companies, the Filmfőigazgatóság determined that no contribution need to be paid off the ticket revenue and that senior ticket discount should be available. The Filmfőigazgatóság's revision of the distribution company's recommendations suggests, on the one hand, their aim in keeping culture accessible, on the other, their position as the final authority on cinema ticket prices.

While in the case of *Stephen, the King*, both the distribution company and the Filmfőigazgatóság agreed on the need for higher prices, in the case of *The Music of Life* [*Az élet muzsikája*] determining the ticket prices led to contention between the director of the film and the Filmfőigazgatóság. Within the programme political categories, category A collected films whose artistic and ideological value allowed for subsidised ticket prices, while category C represented those films where a higher share of the cost of production needed to be borne by the audience, meaning higher ticket prices and cultural contribution obligations (Záhonyi-Ábel, 2007, p.15-16). According to a March 1985 letter, *The Music of Life*'s director expected the film to be category A, stressing that the film's possible associations through its ticket prices with the wider category of entertainment films might negatively impact its success. The Filmfőigazgatóság's response sternly defends their decision to place the film in category C, arguing that,

'[w]e consider it justifiable, that the film's profit should pay back through cultural contribution some of its high costs. This should prove that it is worth supporting films of high quality from the cultural fund.'

The programme political categorisation of prices provided space for both subsidising tickets and for recouping expenses. How category C itself has been used in both cases suggests a market-oriented approach, where those films that are expected to be popular are also expected to be bringing in more money through higher ticket prices and the obligation for cultural contribution to be paid. Nevertheless, while these instances can be seen as market-oriented, they still firmly illustrate the Filmfőigazgatóság's definite role in defining ticket prices. The following paragraphs will observe the dispute between the Ministry of Culture and the Filmfőigazgatóság regarding the right to ticket price regulation.

Several of the surveyed documents dating from the first half of 1985 discussed the Filmfőigazgatóság's and the Ministry of Culture's Economic Department's approaches to restructuring the process that determines the price of a movie ticket. A paragraph from the 1985 'Guidelines for price policies in the VII. five-year planning period' succinctly sums up the direction culture and cultural policy was to take in the context of the overall economy:

'In the case of non-productive infrastructure, besides cultural policy, social and economic aspects, the need for a cost-effective solutions must also be taken into account in the provision of services. In some areas, *the commodity nature of services needs to be strengthened.*' (emphasis mine)

The Filmfőigazgatóság in their response to Csontos' request for commentary on how to adjust the department's framework to the new legislation regarding price control repeatedly express concerns over the reallocation of the right to determine the price to the county level cinema companies instead of the Filmfőigazgatóság itself. In one of their more forceful rejoinder they stress the necessity of not treating the film industry just like any other industry:

‘[w]e agree with the cessation of textual references to the price determination capacities of the authorities, however, in the field of film production, we consider it necessary to specify the minimum-maximum indication of prices to protect the interests of the directors and creators, as well as for politico-cultural reasons. We also consider it necessary for the head of the Filmfőigazgatóság to maintain the right of legal approval, according to which, in justified cases, the company may deviate from the announced direction.’

The relevance of the Filmfőigazgatóság’s response is three-fold. Firstly, their opposition suggests, that at least, the Economic Department of the Ministry of Culture was in favour of freer price control. Secondly, the Filmfőigazgatóság valued cultural reasons and creatives’ rights conservation over economic gains in the film industry. Thirdly, their opposition highlights the different understandings the Ministry of Culture and the Filmfőigazgatóság had of their roles in the economy of the creative industries. The Filmfőigazgatóság explicitly voiced their view of their role as such:

‘By delegating the right to determine the ticket prices for certain successful films to the county level cinema companies we would [...] unintentionally impel the companies to favour the distribution of the commercially successful films, thus pushing the distribution of culturally and politically important films into the background.’

In the context of Fabry’s observation, the above-detailed correspondence between the Filmfőigazgatóság and the Economic Department of the Ministry of Culture suggests that, the Ministry of Culture intended to reconfigure its role in the economy of the creative industries, yet its sub-ministerial body, the Filmfőigazgatóság opposed this tendency.

4.6 Discussion

What the above glimpses at the vast archival material on the Filmfőigazgatóság held by the National Archives of Hungary indicate is that it is a fruitful endeavour to reassess cultural policy developments in the context suggested by Fabry (2019), who argues that Hungary as a late communist country was not immune to the global neoliberal tendencies. Certain recurring topics and patterns in the surveyed documents support Fabry's theorisation and also further details the development of late communist Hungarian cultural policy.

The Hungarian film industry's relationship to the global film production and distribution in the early 1980s, on the one hand, was influenced by the internal demand for rising profits, and, on the other, by the external demand to outsource aspects of cultural production to cheaper labour markets (Varga, 2020; McGuigan, 2005). In the surveyed documents, both in the case of co-productions with Western countries, such as the French-Hungarian projects, and in the case of distribution (of foreign film domestically and domestic films abroad) economic potentials were considered. Even in the context of cultural cooperation, those cooperations that would have been costly for Hungary and mostly beneficial for the other cooperating parties were limited to symbolic cultural exchange. Particular documents clearly juxtaposed the Ministry of Culture's priorities regarding the Hungarian film industry's international presence with that of the Filmfőigazgatóság. The Filmfőigazgatóság's repeated advocacy for the politico-cultural relevance of Hungary's international presence suggests that the Ministry of Culture emphasised the economic processes and gains over the cultural ones.

Besides integration into the international film industry, the present thesis also aimed to observe whether the Ministry of Culture or the Filmfőigazgatóság attempted to reconfigure its role vis-à-vis the economy and, more specifically, the economy of the creative industries. The correspondence regarding the right to determine movie ticket prices between the Ministry of Culture's Economic Department and the Filmfőigazgatóság clearly illustrated the different approaches. The Ministry of Culture's financially minded approach aimed to further decentralise the process of price determination and thus require the cinema companies to aim for more profit. However, the Filmfőigazgatóság argued to keep the right for politico-cultural reasons, such as better ability to support ideologically important or artistically relevant films over commercially successful ones.

Taking together the specific detailed instances, certain trajectories can be observed in the behaviour of the Ministry of Culture and the Filmfőigazgatóság over the studied period of time. Firstly, the Ministry of Culture's approach to the connection between culture and the economy seemed to shift from the 'Welfare model' to the 'Competition model' (Potts and Cunningham, 2008) over the period. While in 1981 regarding the definite dismantling of the trust structure, the Ministry still maintained a view that allowed for the creative sector to be understood as unlike other industries. However, later decisions (decentralisation of movie ticket price determination) indicate a view that emphasises the creative sector's equal status to other industries. Secondly, the Filmfőigazgatóság consistently seemed to be walking a tightrope between justifying its relevance and the financial potentials of the film industry (highlighting the economic benefits of Hungarian films international acknowledgement - report on Mephisto's Oscar win) and maintaining that politico-cultural objectives should determine the direction of cultural policy instead of economic considerations. The Filmfőigazgatóság's comments and reports repeatedly suggested that their position was to

negotiate the Ministry of Culture's demands and champion a moderate stance towards more economically focused cultural policy initiatives.

While this thesis only surveyed a fraction of the available vast amount of archival material, it is possible, based on the findings, to support the argument that some neoliberal tendencies can be observed in the development of cultural policy as well prior to 1989. Prioritising economic concerns over the explicit socialist politico-cultural aims suggests such a tendency. A further finding of the present thesis is that the Filmfőigazgatóság, as a sub-ministerial body was consistently reluctant to favour economic reasons to shape cultural policy over the ideological and political reasons. Meanwhile, the umbrella organisation, the Ministry of Culture, and especially, its Economic Department advocated for economic concerns to determine the direction of cultural policy.

Chapter 5. Conclusion

The present thesis work aimed to observe what direction the creative industries-focused cultural policies took in the early 1980s. Through the case study of the film industry and the sub-ministerial body of the Filmfőigazgatóság that mediated between the Ministry of Culture and the industry at large, the present thesis work argues that it is possible to discern tendencies in the creative industries-focused cultural policies that suggest a market-oriented neoliberal direction.

At the core of the present research project has been the tension between how socialist and communist cultural policy is understood and the actualities of cultural policy initiatives of the decades leading up to the 1989 change of regime. Besides the centralised cultural life, nationalised property and state subsidies (Vojtiskova and Larencova, 2015), certain market-oriented directives can be observed as well. The backdrop of this tension is, on the one hand, the international context, a global turn towards neoliberal tendencies in cultural policy, a rising dominance of creative industries-focused cultural policies and ‘marketisation of the media and communication sectors’ (Hesmondhalgh and Pratt, 2005, p.5). On the other, the tension is also contextualised by Fabry’s (2019) observation that in response to the global economic crises in the 1970s and 1980s, late communist Hungary also demonstrated neoliberal policies by opening up to the world market and intending to restructure the state’s role in relation to the economy. Furthermore, the relevance of implementing Fabry’s findings into a cultural policy context have been supported by works by Varga (2020) and Horváth (2015). The authors, respectively in the film industry and in the visual art sector, demonstrate how market-focused considerations impacted the cultural policy decisions.

In an attempt to answer the question, what characteristics late communist Hungarian cultural policy had towards the film industry, the present thesis work, prompted by Fabry's findings, identified two guiding considerations. Firstly, the economic concerns became more and more relevant in defining cultural policy regarding Hungary's international presence. Those bilateral cooperations between countries that implied more costs for Hungary and were mostly advantageous for the other participating country, were consistently scaled down to symbolic cooperations. Yet, those international cooperations, such as the French-Hungarian coproductions that could lead to financial gains were supported and encouraged. The disagreement between the Ministry of Culture and the Filmfőigazgatóság regarding Hungary's international presence came to the forefront when discussing Hungary's international propaganda. The documents explicitly detail the different understandings, with the Filmfőigazgatóság arguing for politico-cultural objectives, while the Ministry of Culture favouring economic benefits.

Secondly, an attempt to allow for more decentralised management of the cultural sector can be observed in the 1984-1985 discussion around the right to determine movie ticket prices. The Ministry of Culture's desire to permit county-level cinema companies to determine movie ticket prices, thus allowing for more competition and better prices, was met by fierce opposition from the Filmfőigazgatóság, who argued the decision would lead to the overproduction of commercially successful films over ideologically and politically important ones. The detailed instances support Fabry's (2019) observations and concur with Varga's (2020) and Horváth's (2015) findings. Furthermore, the present study also sketched out different trajectories ministries and sub-ministerial bodies can take in a transitory period. Decision and initiatives by the Ministry of Culture over the observed period of time show

them shifting from a Welfare model-influenced understanding of the connection between culture and economy to the Competition model-influenced (Potts and Cunningham, 2008) one. Meanwhile, the Filmfőigazgatóság can be seen reluctant to follow the Ministry of Culture's cultural policy directives more and more shaped by economic concerns.

One observation based on the findings is that culture increasingly became a commodity for the Ministry of Culture, while the Filmfőigazgatóság resisted prioritising economic aims over ideological and political ones. While the 1981 quote by Aczél argues that cultural products' distribution is not only influenced by the market, but also by the socialist value system, the divergent directions in cultural policy by the Ministry of Culture and the Filmfőigazgatóság suggest otherwise. The Ministry of Culture more and more readily employed reasons based on economic concerns to direct its cultural policy, and less and less inclined to prioritise ideological and political aims. As the guidelines for price policies suggest, instead of an 'indispensable service', more often than not, cultural product's commodity aspect needed to be emphasised.

The present study can hint at some relevance from a political science point of view in a wider context than the extremely narrow focus of the creative-industries focused cultural policy of late communist Hungary. Along with the key literature surveyed, the present study aims to highlight the importance of continuously reassessing previously held ideas about past social, political and cultural structures. The post-communist transition, in terms of policy shifts, might be rewardingly recontextualised as a slower change, characterised by fluctuation and porosity instead of a watershed moment in 1989. Expanding such a focus onto other sectors within the creative industries, and further into other industries as well as other countries in the Central and Eastern European region might lead to exciting new studies.

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