

Building a transnational movie industry

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Abstract

*“The picture goers are Americanized.
They talk America, think America, dream American,
they are temporary American citizens”*
London Daily Express, 1927

This working paper aims at investigating how flows of immaterial capital from Europe to United States allowed the American movie corporations to conquer worldwide markets.

Movie industry represents a meaningful point of view in order to deepen the issue of immaterial flow because of the specific immaterial nature of its product. Making a movie requires material and intellectual capital; intangibles such as knowledge, capabilities, managerial skills, experience, innovation, and artistic creativity, contribute to the creation of the cultural product.

In a globalized world, movies got a more transnational character and Hollywood products were powerful means to export all over the world the “American dream” that had its roots in the hopes of emigrants landed in the New World to find a better life.

The construction of a mass culture and the use of a language, the English one, made tastes and American aspirations shared at a global level. Throughout the XX century US movie industry reached a very strong position in the worldwide market and defined a cultural and economic hegemony thanks to its stars, aesthetic, genres and production models.

During the ‘20s and the ‘30s, actors, directors, scriptwriters and skilled workers from France, Italy, Germany, moved to Hollywood, attracted by more favourable contractual conditions. Hollywood companies were able to acquire hydiosincratic artistic competences that were grafted onto organizational capabilities of the Studios. The final

result was the achievement of a cultural product that was both “American” and universal: American in the production process and in movie subjects, characterization, scenery, surroundings, themes, acting; universal in the sense that the film-script was enriched by symbolic elements specific of the country, where the movie would have been distributed. In this way it was easier to go beyond geographical and cultural borders; to satisfy tastes and desires of different international audiences and to exercise sovereignty over European citizens’ leisure.

The structure of the movie industry in the first decades of XX century

“Cinema is not art. It’s an industry that has changed the idea of art”

André Malraux, French Minister of Culture

From its origin the movie sector is considered one of the most meaningful symbols of modernity. Cinema is a “medium” of artistic expression, of cultural making and social communication; it is able to reflect and to spur collective thinking.

Movies are very precious evidences of the symbolic and cultural heritage of a specific historical and social context. Cinema is a mean of constructing and projecting cultural identity and for this reason it is considered deeply linked to national identity¹ and to the making of immaterial capital.

As a cultural product, the complexity of the movie can be viewed in its two different “souls”: movie is a good but it has also intrinsic cultural meanings.

After the first public projection, commonly known as the one by the Cinematograph Lumière in 1895², movies began to attract large audiences and became part of the program in vaudeville and sometimes theaters as well.

¹ For this topic, see for example Thomas Elsaesser’s discussion on national and European identity in terms of “historical imaginary”, *European cinema: face to face with Hollywood*, Amsterdam University Press, 2005.

² Thinking of the 28 December 1895 as its official date of birth, when there was the first public showing with “cinematograph Lumiere”, the period in which this invention took place has been characterized by deep transformation and innovation in terms of productive, industrial, social and cultural processes: a) the development of visual dimension: from photography to artificial lighting, to figurative arts and literature. Cinema is like an optical instrument through which it was possible to broaden visual sphere; b) the outburst of the metropolis and its change both at an urban and a social structure level; c) the technological transformation of life.

Cinema stood out as a mean able to connect symbolic and social processes, to gather social strains and changes that characterize the modernity of nineteenth century.

The industry was wide open: it took relatively little capital to enter in the sector and thousands of small entrepreneurs were attracted by the possibility of quickly making profits. In the first years of the nineteenth century, the dynamics of movie industry were the same in most of national contexts: producers often came from similar industrial activities, like photography, chemical and electric sectors. In fact, cinema was born first as an instrument of scientific experiments and only afterwards became one of the most popular entertaining phenomena of XX century. The rising attention of heterogeneous city audiences brought about the need to systematize this new experience by institutionalizing its economic structures. In this period it was not certain at all that cinema would have persisted, but in little more than a decade motion picture had developed into an industry of national dimension: the emergence of fixed movie theaters coincided with a huge growth phase in the business; film production increased greatly and distribution developed into a special activity (Bakker).

For millions of people, movies had become a regular and important source of entertainment, despite the admonitions of churchmen, social reformers and theater critics who considered cinema as immoral because its pictures could have corrupted young people.

The industry, in the first '10s experienced a shift from being *technology driven* to *content driven*: this change was marked by the rise of the feature film between 1911 and 1920. During the industry's emergence, entrepreneurs were most focused with gaining exclusive access to technology, solving technical challenges and developing the industry's "technological standard". In this period firms were concentrated on volume and product turnover: movies were undifferentiated products (called "actualities"), audiences were not discriminating and consequently films were sold on a footage basis regardless of quality. The most important thing was the continuous change of the programme in the movie theatres, because the audience wanted always something new.

The production of feature films first begun in Europe and it emerged after a crisis that has affected the sector in 1908: audiences were tired to look at the same one-reel products that lasted between one and fifteen minutes, and based upon just a sequence of images. A feature film meant a multiple-reel narrative, a heavy promoted dramatic film with a length that came closer to that of a theater play, based on a famous story and featuring famous stars. Besides, the feature film had high production costs.

It is important to underline that this change was influenced also by some important technological innovations necessary to improve the quality and the stability of images. Thanks to these improvements in the movie cameras, producers had more chances to extend the length of the reel. But a story was needed. In the new "content era" the

competitive advantage of the firm shifted to the capabilities of building a story, to the definition of a specific narrative plot, to actors and actress that played a defined role and to the specialization of skilled technicians.

Classical epics from Italy, such as *The Fall of Troy*, *The last days of Pompei*, *Cabiria*, *Jerusalem Delivered*, led the way.

Besides, the feature film generated important consequences on the organizational aspect of the sector: to recoup the higher production costs, features had to be exclusive to a geographic area, and so firms were required to develop capabilities in managing relationship and synergy among the value chain (production, distribution and exhibition). Accompanying these changes, a radical development occurred in the evaluation of films: the value of movies began to be predicted upon the basis of supply and demand for certain star, story and trade-name.

When the feature film became the “standard” by 1916, producers and distributors wanted stable outlets and on the other side exhibitors wanted assured supplies. Vertical integration of distribution with exhibition offered outlets for distributors, who could then guarantee play time to the producers that were in a better condition to finance their features.

During the “content period” few large producers arose and subsequent integration of the value chain occurred: Paramount (a distributor) became a producer and built its own theatres; Fox and Loew’s entered production from the exhibition side; Warner and Goldwyn (producers) formed theatre chains and developed their own distribution branches. The control of theatres – above all the central ones in big cities – was indispensable because the bulk of revenues was produced in those “first-run houses”, without which the marketing of first-class movies couldn’t have been successful.

In Europe the value chain remained substantially divided into three autonomous stages and the production one was largely fragmented³. The problem of the coordination between the three different actors of the chain persisted and became more and more problematic because distributors got the most important role as “key players”. Since there was not integration between producers and distributors, the latter could choose to buy on the market the most appreciated movies. And the audience wanted Hollywood productions.

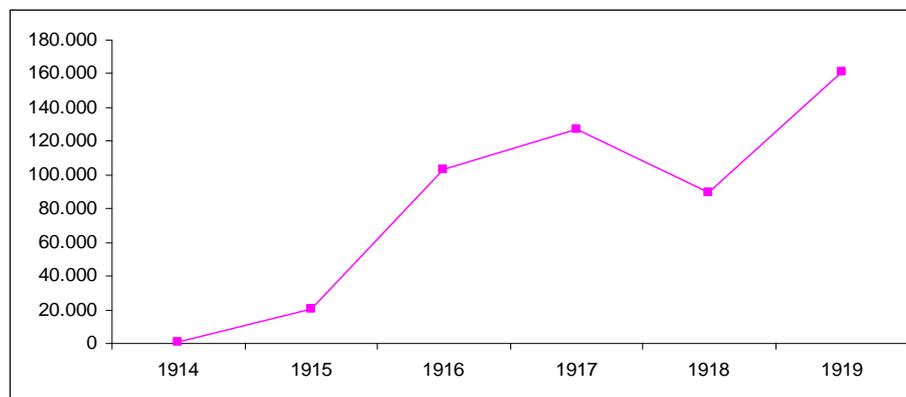
The driving force behind vertical integration in the US was the high level of costs for producing feature movie. The studio system was economically the most rational way to

³ In Italy, France and Germany the market, in terms of production, was structured with the co-existence of few big companies (i.e Pathé, Gaumont) – that had been able to understand the structural features of film industry and had afterwards defined a long period strategy – and a lot of small producers, characterized by precariousness and absence of entrepreneurship, with a life cycle of only one year.

provide the “regulated stability of production and the economics of scale required by any major manufacturing operation⁴”. The movie industry was a place where fluctuations in earnings and securities could have been very violent and above all unpredictable and vertical integration was a strategy designed in order to reduce the risk⁵. Even the production phase was subjected to a high level of vertical integration: all the main tasks of filmmaking, such as writing, directing, acting, soundstage operations, musical composition, film editing and so on, were divided into specialized unit, with a very clear definition of roles inside the firm, and were put under one structure of ownership and employment.

The studio system became an effective model of organizing the industry and Hollywood gained the leading edge of the international market⁶.

FIGURE 1 – Kilos of movies from the US to Italy.



Source: our elaboration

Largely due to the tremendous advantage of an early start from 1914 to 1920, American firms conquered an economic and cultural monopoly of the world’s supply of movies. These years were formative both industrially and textually for the global ambitions of Hollywood.

United States corporation began large-scale expansion into European markets, especially into those countries most damaged by war. The “new technology” industries – associated with mass products like automobiles or motion pictures – grew most rapidly and European countries had to define legal methods in order to defend their

⁴ R. Maltby, *Hollywood Cinema*, Blackwell Publishing, 1995, p. 130.

⁵ Transaction cost theory argues that market processes create pressures for the adoption of cost-efficient form. Competition moves entire systems of production toward the organizational arrangements that offer greatest cost efficiency in providing good and services to customers (Williamson, 1985).

⁶ “Hollywood can be best seen as a consequence of the vigorous system of productive organization that evolved out of the disparate collection of branch plants that had drifted into the area in the six or seven years before the 1915”, A. Scott, *On Hollywood: The place, the industry*, Princeton University Press, 2005, p. 21.

markets from the American invasion. In the movie industry, one of the most used strategies for defeating Hollywood imperialism was the introduction of “quota restrictions”. During the WWI a way of controlling and governing information had arisen: “manufacture of consent” and “government management of opinion”.

The movie industry can be considered as a symbol of the internationalization of cultural products and the construction of a mass culture market.

The falling of European movie industries and the loss of the foreign markets – conquered by Hollywood great productions – led to a nationalism and protectionism wave.

American is overwhelming us. I think that in the US a new lighthouse of civilization has arisen. Money that is circulating in the world is American and beyond that, money life and culture are running⁷.

By the 1925 Hollywood products accounted for 95% of British movie revenues and 70% of French one. Towards the end of the silent period, Hollywood was the fourth largest industry in the United States with a product that was seen worldwide.

Thus, European countries tried to repel American hegemony first of all with the definition of an economic defence (De Grazia, 2005): political institutions of these countries thought that the only realistic way to face up US consisted in a cultural protectionism that wasn't synonymous of the survival and vitality of the local movie industry.

The intrusion of Hollywood culture was perceived as painful: in 1908 the movie industry in the States was dominated by the French (who produced 70% of the movies shown in the US), and this led to the complaint that “American children were being poisoned by French values”. During the '20 the same complaint was directed against Hollywood productions. A French government official undoubtedly expressed the sentiments of many other countries and cultures when he said in horror: “American films literally poison the soul of our children, young people, young girls, who are to be turned into the docile slaves of the American multimillionaires, rather than French men and women attached to the moral and intellectual values which have been the grandeur and the glory of our nation”.

In the 1927 the Fascism Government introduced quota legislation to ensure that a minimum proportion of all the movies distributed and exhibited in the country were of Italian origin⁸. The same decision took place in Britain and in France.

⁷ Declaration by Luigi Pirandello, Italian novelist and Nobel Prize in 1934. Interview with Corrado Alvaro, *L'Italia letteraria*, 14 April 1929.

⁸ The consequences of this law were not really effective for the improvement of the Italian movie industry because in that period the demand was about 300 movies per year, and the production system wasn't able

The fear of a cultural conquest by the “Americanization” was so pervasive that in 1931 two French authors wrote an emblematic pamphlet with the title “Le cancer américain”⁹.

The American mass culture was strongly criticized because of the standardization and serialization of cultural products that took also as an extreme consequence to the deterioration of the role of European “intelligentsia”.

In the end, neither rumours nor government laws were able to affect Hollywood’s progressing domination of the world’s culture.

European falling and the “Gold rush” of Hollywood

*“The American Motion Picture is one of our most effective mediums
in informing and entertaining our citizens”*

President Roosevelt

The debate over the falling of national cinema is often couched in terms of Hollywood's domination of the world film market and the (destructive) role it plays in the context of local film industries; in this perspective national cinema is always defined as “against Hollywood” (Crofts). American movies’ popularity in a foreign market limits the appeal of local film products in economic, cultural, and social terms. Due to the higher dimension of the domestic market, American firms were able to recoup the production costs and thus it was possible to export in the foreign countries at a lower price, thinking at making a profit. Thus “the more popular a film was with international audiences, the more profitable it was likely to be”¹⁰.

Hollywood soon became synonymous of a global and transnational cinema¹¹.

TABLE 1 – Number of movies distributed in the Italian market

Year	American movies	Other foreign movies	Italian movies	Total	% of Italian movies
1930	234	127	8	373	2%
1931	171	85	22	269	8%
1932	139	87	23	252	9%
1933	172	101	35	299	12%
1934	172	86	39	288	14%

Source: our elaboration

to satisfy it because in the late '20 the Italian movie firms produced only an average of 25 movies per year.

⁹ Georges Duhamel and Robert Aron.

¹⁰ P. Miskell, *Selling America to the world?*

¹¹ Buscome, Edward. “Film History and the Idea of a National Cinema. *Australian Journal of Screen Theory*. N. 9-10, 1981.

There are different explanations of the global success gained by the American movie industry. In general terms, the popularity of movies emanated from the US, has often been explained in terms of the political economy of the industry. These explanations concentrate upon:

- the theory of the sunk cost;
- the vertically integrated *studio system* as an efficient organization through which it was possible to control all the value chain;
- the emergence of global financing strategies.

Organizational studies have considered Hollywood as an interesting example of how enterprises have been able to upgrade competitive advantage on a global scale, remaining locally based. Hollywood has been for several decades “a conducive environment for innovation, the upgrading of education and research facilities and has managed to attract new financial and human resources from around the world¹²”. Hollywood played the leading role of a centre of collecting the key players of the industry, including actors, directors, scriptwriters, producers, technical consultants both from the US and abroad.

With the rise of feature film the economics of the industry changed in a way that firms needed to seek to distribute their products as “wide” as possible both on national and international markets. The Studios were able to improve efficiency by producing larger volumes, thereby enhancing economies of scale throughout the organization¹³.

Undoubtedly economic dominance has something to do with the analysis of Hollywood Empire (De Grazia), but economic analyses are insufficient without considering the specific cultural and national factors¹⁴. It should be noticed that the movie industry is at once a business and, in the narrow sense of the term, an art.

After the WWI a lack of investment both on technology and on immaterial capital was registered along European movie industries. In Italy, France, Great Britain the audience preferred American movies because locale producers haven't been able to understand that the sector needed an artistic and aesthetic renewal and so they continued in producing the same old fashioned story of the so called “golden age”. On the other side movie goers had the possibility to see a movie structured on simple but very effective

¹² O. Solvell, I. Zander, “Organization of the dynamic multinational enterprise”, *International Studies of Management and Organization*, Vol. 25, N.1-2, p.19

¹³ Solvell and Zander, *op. cit.*, p.21

¹⁴ Edward Said (*Culture and Imperialism*, 1993) underlined that cultural imperialism preceded and became the moral justification for economic imperialism

elements: classical narrative structure, emotional stories with happy ending, simple plot lines, intense acting, immediacy of story lines, and ingenuity of emotions. The American narrative structure and aesthetic style were the secrets of the successful Hollywood formula.

I asked this question to a lot of people and most of the answers can be summarized in these three words: Situation, Suspense and Climax.

Tito Spagnol, an Italian journalist and scriptwriter that spent some years in Hollywood during the late '20, is speaking about the secrets of a typical successful American movie that was able to create fantasies and dreams for international audiences. According to the author the Studios would have always remained superior to Italian movie firms because of: organizational capabilities (“we are convinced that talent and improvisation are sufficient conditions for producing a movie”); investment in the immaterial capital, above all the scriptwriting (“We haven’t understood the importance of scriptwriting on which in the Studios they are investing a lot of money”); the education of actors and actresses (“Our actors miss some fundamental requirements such as spontaneity and simplicity”).

TABLE 2 – Macro costs in the movie production

	Italy (%)	Germany (%)	US (%)
Macro costs			
Scriptwriting	3,4	3,46	11,77
Director	5,91	4,84	17,64
Actors	16,28	10,72	20,59
Sets	7,39	-	11,77
Film	14,50	11,07	5,88
Licences	-	5,35	5,88

Source: our elaboration

Table n. 2 shows the different level of investments among Italy, Germany and US on the “artistic capital”: in US scriptwriting, director, actors were considered as key elements for building a story that could catch the tastes of the audience.

Hollywood seemed to have understood the importance of investing in the valorisation of the immaterial capital to create a successful product.

It’s extremely interesting to notice that in the late '20, when most of the European countries built barriers to defend their national movie industry, United States both treated to boycott European markets by not distributing American movies¹⁵ and

¹⁵ The high demand of movies in the European countries could have been satisfied only through Hollywood because the local productions weren’t able to furnish a great quantity of movies.

demonstrated “cultural sensibility”. For example, Will Hays, president of the Mppda, decided to organize a trip to Hollywood for the French literary critic Victor Mandelstamm in order to give suggestions to the Hays Office about the cinematographic standards that fit the most with French tastes. The US movie producers hired talented artists and skilled technicians from Germany, thus defining a cultural strategy to defend their economic imperialism: “Hollywood was controlling every single step of development in the German movie industry, ready to hire talents in order to get the American artistic industry universal at all¹⁶”.

The globalization of imaginary?

Why do American films have such a global popular appeal?

The popular appeal of Hollywood's products across the world can be explained as a complex history of interrelations between economics, globalization, nationalism, culture, and popular imagination.

From the beginning American movies had a global and transnational appeal because of the national diversity of their audience. As a great part of the domestic market was made by immigrants, the production strategy was based upon the “homogenizing ability to ignore the social, political, and cultural conflicts and differences that make up a nation to stimulate the pleasure of identifying with an unspecified *American identity*¹⁷”.

It is said that Hollywood began a movement towards transnationalization only after WWII, but we have to note that the domination of the global market was gained after World War I, with the falling of European movie industry. The popularity of Hollywood films abroad has been the first condition of domination, both with economic and cultural strategies: a tighter coordination of the management decisions between the national subsidiaries and U.S. headquarters, the introduction of intense global and local marketing campaigns, and the capability to address local preferences, gaining success with an international audience.

I decide to write after having attended the exhibition of an American masterpiece “The Great Parade” in which it was possible to find all the great memories of WWI. As the audience began frenetically clapping and cried and exalted, I lost my heart thinking at how

¹⁶ V. De Grazia, *The Irresistible empire*, p. 331.

¹⁷ Semati and Sotirin state that “a disregard for national identity is accomplished through identifications with a specific (American) national identity”, Semati, M. Mehdi and Patty J. Sotirin. “Hollywood's transnational appeal: hegemony and democratic potential?”. *Journal of Popular Film and Television*, Winter 1999, pp. 1-10.

the others have been able to produce such a great movie and how Italians have never thought to exalt our excellence [...]’¹⁸.

Being international has always been one aspect of cinema: images were considered as universal and comprehensible by everyone¹⁹: “film is the first international language²⁰”. When Hollywood occupied the “entertainment life” of a global audience, and universalism became synonymous of Americanism, the relationship between cinema and national identity became deeper and deeper.

Movies were one of the most powerful means for the “peaceful conquest” of the world as suggested by President Wilson:

America should undertake the fight for conquering the world with peaceful means²¹.

When Hollywood started its foreign campaign, one of the immediate effects was the erosion of national film industries and the emergence of a global cinematic culture industry dominated by the spectacular productions of the *Studios*. Hollywood was able to create a global product, through which they colonized local markets, audiences, and industries: there were aspects of Hollywood trope (its aesthetic) that had – and still have nowadays – global appeal, and mythical, symbolic and ideological effects that represent the major reason for explaining the success of American movies in capturing global audiences.

Some authors argue that Hollywood has built “an aesthetic and a technological advanced product that strikes a cord with diverse audiences”. Additionally: “Hollywood’s version of American culture has become a global ensemble of aesthetic, economic, social, ideological and political points based on a sense of equivalence”.

According to Victoria De Grazia, the US have been able to become an “Irresistible Empire” as they wanted to conquer the world with pacific means: they captured market shares on a global basis thanks to the construction of a “democratised consumer culture, casting audiences across the world as potential equal consumers²²”. The study by

¹⁸ The author of this fragment is a young man that is writing to Mussolini complaining about the fact that American movies had conquered Italian audience. In the late '20 the Fascim ha launched a campaign for the “Renewal of Italian movie industry” (*La rinascita cinematografica italiana*); lot of young people, exalted by Mussolini, sent to him letters with movie scripts written by their own, hoping to actively contribute to the Fascism revolution. The letter is preserved in the Central State Archive (Rome).

¹⁹ The notion of film as universal is formulated from the beginning of the movie history and it is possible to find traces of this discourse in film industrial discussions, in popular press and in early film theory.

²⁰ According to Béla Balazs, the film was universal because it revealed the physiognomic origino f the spoken language.

²¹ The sentence was pronounced by President Wilson during the Congress of Salesmen, 10 July 1916. Congressional Record, 64° Congr., 1st sess., pp. 1480-82, cited in De Grazia (

²² M. Semati, P. Sotory, *op. cit.*

Moretti indicates that the best explanation for the global influence of American talkies is “in the diversity of the output”. A position that is similar to that of Scott Olson who argues that “Hollywood films are internationally popular because of a variety of features”.

They satisfy “world-wide audiences of vastly different cultural, religious and political persuasions” and by self-regulating the industry it was possible to “shape the content of films to make them saleable in as many markets as possible²³”.

Hollywood represented the “American dream” as universal, and this international Americanization can be defined in terms of an “historical process by which the American experience was transformed into a universal model of business society based on advanced technology and promising formal equality and unlimited mass consumption²⁴”.

But since sound came as the new technological wave, the appeal of movies was diminished because of the existence of a “burden of foreignness²⁵” and this changed the situation of unconditioned American monopoly.

Before the talkies, international markets were in complete control of American producers, due in part to the impetus lent by the war conditions. The initial popularity of American talkies had a character of a short-term boom; the sound represents a turning point because the Studios discovered that their new productions were rejected in foreign-language markets and even where people spoke a strong English dialect.

Hollywood’s multinational enterprises (Warners, RKO, Fox, Paramount, Loew’s Columbia, United Artists, Universal) began to export talkies at the end of 1928. At that time in Europe there were few theatres wired for sound: by the end of 1929 only 18% of European theatres could exhibit sound movies, while in US nearly half of the cinemas could²⁶.

As the synchronisation technology was still too primitive, and language conversion difficulties arose, the Studios planned different strategies. The practices used could be divided in several categories: original version with subtitles; dubbing; multiple language versions²⁷; post-synchronization of voice-over commentary in documentaries; international versions; original versions with national inserts; silent versions of sound

²³ R. Vasey, *The world according to Hollywood. 1918-1939*.

²⁴ V. De Grazia, “Mass culture and Sovereignty: The American challenge to European cinemas 1920-1960”, *Journal of Modern history*, vol.61 n.1 (March, 1989), pp.53-87.

²⁵ P. Miskell, op. cit. p. 743.

²⁶ D. Gomery, “Economic struggle and Hollywood imperialism: Europe converts to sound”, *Yale French Studies*, No.60, Yale University Press, p.82.

²⁷ The multiple language version film was the simultaneous remaking of the same title in a variety of language versions.

films. The talkies were often exhibited in somehow adapted versions and the American-English language was to be heard much less often than the usual statistics suggest. Why America-English and American culture were considered disturbing elements?

The “talkie revolution” opened lot of debates about the real nature of sound movies. As almost of the early talking pictures exhibited in Europe were American, it seemed that Hollywood’s role in the introduction of the sound system was “more than coincidental and fostered particular resistance”. During the silent era the movie was perceived as something universal, because images were intelligible by almost every people. With the coming of sound, the movie from a “culturally neutral” product became something American and the “Hollywood language” was considered as an instrument of power and authority. In European countries the sound was considered pregnant of cultural meaning and was linked to the American culture and to its processes of exporting modernity. In French and British film history it is often quoted that the audience had violent reactions to American talkies: spectators hissed to the movies or they shouted “Speak French!” or “Speak English!”. Even if these stories could have been exaggerated by contemporaries, it’s quite clear how the spoken language represented a metaphor of all the cultural and social heritage of a specific country. Besides, it’s important to consider the context of the late ‘20s, during which in some European countries political and economic life was marked by nationalism and autarchy.

Dubbing had technological limitations and caused adverse audience reactions. But the problem was not only a technological one: the most important thing for the audience was cultural affinity. The difficult comprehension of language was not strong enough to prevail over attachment of national audiences to the specific iconography and narrative conventions typical to their own popular culture²⁸.

Thus Studios invested in the production of different foreign language versions of the same feature films: American companies opened branches for delocalizing production in the European countries, where the same sets and wardrobes were used for different crews.

The multiple-version method gave impetus to an intercultural and cosmopolitan movement of directors, actors and skilled workers (set designers, sound technicians, photography directors) coming from European countries. Thus, the cinematographic sets in Paris, Berlin, London and Rome became places of collecting different knowledges and capabilities from different personalities of the movie world. Multiple

²⁸ P. Szczepanik, “Hollywood in disguise: Practises of exhibition and reception of American, German and Czech Films in Prague in the Early 1930s”. *“The Glow in their Eyes.” Global perspectives on film cultures, film exhibition and cinemagoing. International Conference, Ghent, 14-16 December 2007*

versions were dictated by economic, commercial, linguistic and cultural reasons but soon became a mirror of processes of the national, transnational and European identity construction.

Another technique consisted in choosing unemployed filmmakers and winners of photogenic contest to hire them directly in Hollywood where they could have shot parallel versions of the movie: this kind of production was a cheaper version of the English language film; it had a lower budget and was often directed by B-series American directors.

The dominance of the market and the capability to satisfy the different tastes of the varied audience was an imperative for Hollywood Studios. For example, the introduction of the sound system generated some difficulties in the US with the Italo-American audience that was used to consume Italian and regional cultural products (movies, vaudevilles) and hadn't got familiarity with English accent. In order not to lose this large piece of emigrants as consumers, the Studios began to put Italian actors in the Spanish versions of Hollywood movies, by planning to overwork these versions both in the South – where the Italian emigrants community was large – and in the North, imagining that if Italians had been able to easily speak Spanish, thus Italian audience could have easier understood.

Another strategy adopted by American majors was the “cross-fertilization”: they imported actors, actress and skilled technicians in order to make “American artistic industry universal at all²⁹”. The German studio Ufa agreed to open the door for German talents to immigrate to the United States, where the artistic capital was paid more than in Europe: the director Michael Curtiz (*Casablanca*) and the Swedish star Greta Garbo can be considered meaningful examples.

The German director Ernst Lubitsch came to Hollywood – where he gained a phenomenal success – from his native Berlin in 1922 at the request of Mary Pickford, an Academy Award winning star and co-founder of the United Artists.

This “artistic flooding” continued over the following two decades. Paramount had a wide range of German newcomers who migrated to Hollywood, including the studios' chief film scenographer, Hans Dreier, his associate Ernst Fegte, the cinematographer Theodore Sparkuh, the scenarist Hans Kraly with his Austrian colleague Billy Wilder, and such artists as Pola Negri, Emil Jannings, Marlene Dietrich and the Austrian director Josef Von Spielberg.

²⁹ W.Hays, cited in “*Film Europe*” and “*Film America*”. *Cinema, Commerce and Cultural Exchange, 1920-1939*, Higson, Andrew and Richard Maltby, University of Exeter Press, Exeter 1999, p.5.

This cross-fertilization of personnel allowed the blending of genres and plots that were easily recognized if not exclusively American, at least as “international”.

It’s also important to consider the fact that from 1933 exiled artists from Austria and Germany poured into Hollywood: this community of exiles included artists, writers, poets, composers who began to work in the movie industry chiefly as a mean of survival. Some of them became important film directors or movie stars and they left a great impact on Hollywood filmmaking.

In this way the American movie business developed a smart way to overcome intercultural difficulties, to “cultivate audiences” and to expand worldwide, not only through economic, financial and organizational capabilities but even with the conquest of the cultural domain.

Cultural transnationalism, flexible production, the cross-border movement of people and ideas were used in order to solve the problem of “cultural bias”, thereby creating new commercial possibilities for global entertainment.

As De Grazia pointed out, like other global business, Hollywood has been able to hybridize product “in the name of revenues”. According to the author, when the American State had sought, during the XX century, to “align imagery with exercise of power – particularly in time of emergency and war – the *American imagery machine* had moved from discursive construction to ideological use, exercising exceptional power”.

Conclusion

Why culture matters?

By the middle of 1920 and towards the end of the silent period, American movie had become the dominant force in the international market.

It is widely understood that Hollywood defined the characteristic of film as a mass art, provided stylistic and generic models for popular film-making, dictated the terms under which local European film-makers tried to define a national cinema. However, American film producers remained bewitched by the possibilities of getting the European artistic capital in order to build a transnational movie industry. The complexity of Hollywood’s hegemony can be fully understood by taking into consideration the flow of immaterial capital and the regular transatlantic crossing of film artists. Hollywood dominance was indeed by no means assured: American movie producers had to face negotiations among different interest groups and policies and they

had to design a “culturally malleable” product in order to adapt their offer to the specific national contexts.

Producing a movie requires different factors: some of them haven't got a “cultural value” (i.e financial or technological capital), others have a strong cultural value.

Among the latter, it is possible to distinguish between those one that refer to *processes* and those are related to the *content*. Processes mean organizational capabilities and the structure of the value chain; American companies were able to design a very efficient scheme for film production by establishing the “Studio System”.

On the other hand, factors regarding the *content* correspond to the distinctive set of cultural, creative and symbolic capital. Scenario, film style, aesthetic, scenography, directors, actors were acquired also abroad by American producers as hydiosyncratic artistic competences and were grafted onto organizational capabilities of the Studios, thus shaping Hollywood capital, style and technique with a transnational appeal.

Flows of immaterial capital crossed the ocean from Europe towards Hollywood, while flows of movies, that embodied *that* immaterial capital, come to Europe, strengthening the economic and cultural dominance of American movie production and creating a transnational imaginary.

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