

Subsidies have no effect on Spanish cinema productivity

December 20 2010



Subsidies have no effect on Spanish cinema productivity. Credit: SINC

Awards have an impact on Spanish movie productivity, since they increase internal and external distribution demand, but subsidies have no effect whatsoever on the productivity of the Spanish film industry. This is the conclusion of researchers at the University of Granada (UGR), who have studied the production of films in Spain.

"Awards increase the amount of films produced by increasing productivity. In other words film industry workers and companies are more productive and efficient. However, we did not detect that subsidies had any such effect on productivity", Henry Aray, co-author of the study and a researcher at the UGR, tells SINC.

The researcher says that the results published in the journal *Applied*

Economics Letters show that "where there are subsidies, these should be like awards – in other words, companies should compete to win subsidies, which would also create another yardstick to be reached by people starting out in the film industry".

The data show that, with the same capital and workforce, production is higher when there are more awards, while subsidies have no effect, either positive or negative, on productivity "when seen as efficiency".

Subsidies can have a positive effect on recruitment. In other words, more money coming from subsidies leads to more employment. "But we were interested in measuring their effect on the productivity and efficiency of the film industry", says Aray.

To study this, the researchers began with the information published annually by Spain's Ministry of Culture (MCU) on film production, subsidies, awards, the number of companies working in film production, and the number of employees in the sector from 2002 to 2007.

Aside from the regional figures from the MCU database, the researchers also used the leisure and culture price index from the Consumer Price Index (IPC) of the National Statistics Institute (INE).

"We estimated cinematographic production according to capital and labour factors, in other words the resources that companies use to make a feature film, and we included the variables of subsidies and awards", describes Aray.

95% of Spanish movie production is concentrated in seven autonomous regions

Using these data, the experts looked at the autonomous regions that produce movies every year. "We only chose those regions so that the

sample would be standardised. Andalusia, Catalonia, Galicia, Madrid, Navarre, the Basque Country and Valencia together represent more than 95% of the entire country's film production", the researcher explains.

More information: Betty Agnani, Henry Aray "Subsidies and awards in movie production", *Applied Economics Letters*, 17 (15): 1509-1511, 2010. doi: 19.1080/13504850903035865

Provided by FECYT - Spanish Foundation for Science and Technology

Citation: Subsidies have no effect on Spanish cinema productivity (2010, December 20)
retrieved 17 July 2024 from <https://phys.org/news/2010-12-subsidies-effect-spanish-cinema-productivity.html>

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