

THE NOVA REPUBLICA AND THE CRISIS IN BRAZILIAN CINEMA

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The beginning of the so-called Nova República was inauspicious for both Brazil and Brazilian cinema. The events surrounding the illness and death of President-elect Tancredo Neves and the subsequent inauguration of former government-party leader José Sarney are well-known.¹ Perhaps less known is the fact that one of the first pieces of legislation Sarney signed into law while Acting President during Neves's illness sent shock waves through the national film industry, which was already suffering one of the worst economic crises of its recent history.

The new Law 7300, which had been sponsored by Sarney's son, Federal Deputy José Sarney Filho, altered an existing statute regulating the press and quite simply nationalized the film industry by prohibiting the participation of foreign capital in any cinematographic activity in Brazil.² The measure passed in the Congresso and was signed into law with virtually no discussion or advance warning. Neither Sarney Filho nor his father bothered to ask the film industry's opinion about a measure with such far-reaching potential. Some have speculated that the law was the brainchild of film distributor and publisher Alvaro Pacheco, a close friend of the Sarney family.³ Had the law taken effect, it would have had possibly disastrous effects on the industry that it was designed to protect. But as so often happens in Brazil, the law has not been implemented.

Over the last decade, the government film enterprise, Embrafilme (Empresa Brasileira de Filmes), has coproduced or otherwise financed Brazilian cinema's best films. Today nearly all national production (except hard-core pornography) receives some form of support from Embrafilme. Some 25 percent of Embrafilme's budget derives from taxes on profit remittances paid by foreign (largely American) film distributors, and another 9 percent comes from a tax euphemistically called a "contribution for the development of the film industry," which is paid by all foreign and domestic producers who exhibit their films in Brazil.⁴

If Law 7300 had been regulated and implemented, the U.S. export cartel, the Motion Pictures Export Association, most likely would

have boycotted the Brazilian market.⁵ Embrafilme consequently would have lost a considerable portion of its budget and would have been unable to sustain Brazilian cinema's already anemic levels of production. Exhibition circuits, which depend largely on American films for survival, would have lost additional revenue, and many theaters throughout the country would have been forced to close, thus deepening the current crisis and limiting even further Brazilian cinema's potential for return in the domestic market. Thus it is not surprising that although many film industry professionals shared the nationalist spirit of the new law, few actively supported its implementation.

Law 7300 represented one individual's attempt to deliver Brazilian cinema from the crisis that has gripped the industry since the early 1980s. Analysis of this crisis, its fundamental causes, and the relationship between cinema and the state during the "old republic" of overtly authoritarian regimes is essential in order to understand the situation currently faced by Brazilian cinema in the relatively more liberal political context of the Nova República.⁶

In the late 1970s, it appeared that Brazilian cinema, supported by Embrafilme, would finally take off and achieve an unprecedented level of stability and prosperity. Between 1974 and 1978, the total number of spectators of Brazilian films doubled to more than sixty million, and total income increased by 288 percent, from thirteen million dollars in 1974 to more than thirty-eight million in 1978. Brazilian cinema's share of its own market grew from 15 percent in 1974 to more than 30 percent in 1978.⁷

But despite such success and the continuing production of excellent films like Nelson Pereira dos Santos's *Memórias do Cárcere* (1984) and Ruy Guerra's *Opera do Malandro* (1986), the last seven years have witnessed a downturn that has reversed the economic progress of the previous decade. The number of theaters in the country dropped from thirty-three hundred in 1975 to fifteen hundred in 1984. Attendance figures for Brazilian films dropped from a high in 1978 of sixty million to less than thirty-one million in 1984. The occupancy rate for all theaters fell from 19 percent in 1978 to a mere 12 percent in 1984; and annual attendance per capita dropped from 2.6 times in 1975 to 0.8 in 1983. National film production, in turn, declined from 102 films in 1980 to 84 in 1983. But the decline in the number of films produced is less dramatic than the decline in their quality. Between 1981 and 1985, pornography accounted for an average of 73 percent of total production.⁸

The crisis of Brazilian cinema in the 1980s is obviously part of the national economic crisis in a period when the so-called economic miracle (1967–1973), characterized by high growth rates and relatively low inflation, was replaced by an economic nightmare with a foreign debt of more than one hundred billion dollars and annual inflation rates ex-

ceeding 200 percent. This economic crisis forced the government to impose severe restrictions on imports, causing film production costs to rise dramatically and accentuating what is often called the “dollarization” of the film production process. The cycle of decline is clear: film production costs increased rapidly at a time when the market was shrinking. Moreover, ticket prices have not kept pace with inflation and thus have reduced even further the income of both producers and exhibitors.

Many other factors have also contributed to the decline of the Brazilian film industry during the first half of the 1980s. High inflation rates have made film-going a luxury for much of the Brazilian population. In addition, high crime rates in large cities make potential customers think twice about going out at night. Television has also contributed to the crisis: first, by providing Brazilians with inexpensive, yet generally high-quality, entertainment in the comfort and safety of their homes; and second, by not providing the national film industry with an additional source of income. In fact, television has the potential to reach more Brazilians in a single evening than the entire national cinema reaches in a year, but little integration has yet occurred between the two media. In the past few years, the Brazilian government has legally regulated the sale of films on video, but it is estimated that 85 percent of the film copies in circulation are pirated, thus effectively depriving the film industry of another potential source of income, however small.⁹ Moreover, the decreasing number of foreign films available in the domestic market—long a goal of Brazilian filmmakers—has paradoxically deepened the crisis by reducing Embrafilme’s income and hastening the closing of many theaters, especially in the interior of the country.¹⁰

But the film crisis goes beyond mere economic considerations. In many ways, it represents the bankruptcy of the state-supported model of film production that led Brazilian cinema in the mid-1970s to truly remarkable levels of success. The crisis has resulted from a questionable policy that tried to be too many things to too many people, lacked a farsighted vision of the future of Brazilian cinema, and was basically authoritarian in many of its particulars. This policy made viable many important film projects—*Bye, Bye, Brasil* (1980), *Gaijin* (1980), *Pixote* (1980), and *Eles Não Usam Black-Tie* (1981), among many others. But it ultimately failed to reconcile the state’s cultural and sectoral responsibilities in relation to the film industry. This essay will focus on two aspects of state policy toward the industry—its support of the production sector and its generally antagonistic relationship with the exhibition sector—before examining tendencies of state cinematic policy during the Nova República.

The Production Sector

State intervention in the film industry can be traced back to the early 1930s, when Getúlio Vargas implemented the first of a long series of protectionist measures, most in the form of a screen quota for national films, designed to give the industry a modicum of stability for future development. Today the screen quota requires 140 days per year of compulsory exhibition of Brazilian films in all theaters in the country. Since the 1930s and especially since 1964, the state role has evolved from regulator of market forces to active agent and productive force in the industry.

The state began its direct financial support of the film industry in 1966 with the creation of the Instituto Nacional do Cinema (INC). Created by an executive degree of the Castelo Branco regime, the institute resulted from a long struggle that involved most sectors of the film industry.¹¹ The INC administered three major support programs: a program subsidizing all national films exhibited with additional income based on box-office receipts; a program making additional cash awards for "quality" films; and a film-financing program in which the institute administered coproductions between foreign distributors and local producers, using funds withheld from the income tax on distributors. Among the films financed under the coproduction program were Joaquim Pedro de Andrade's *Macunaíma* (1969), Carlos Diegues's *Os Herdeiros* (1968), and Nelson Pereira dos Santos's *Como Era Gostoso o Meu Francês* (1971). The three INC programs were available to all interested filmmakers and thus tended to support the production sector as a whole.

The coproduction program ended in 1969 with the creation of Embrafilme, which was originally intended to promote the distribution of Brazilian films in foreign markets. In 1975 Embrafilme was reorganized and absorbed the executive functions of the now-defunct INC. The Conselho Nacional do Cinema (CONCINE) was created the following year to assume the INC's legislative role.¹² As early as 1970, Embrafilme began to grant low-interest loans to producers for financing film production. Between 1970 and 1979, when the loan program was phased out, Embrafilme financed more than a quarter of the total national film production in this manner. The last film financed under this program was Carlos Diegues's *Bye, Bye, Brasil* (1980).

As initially formulated, decisions to grant production financing were ostensibly made on purely technical grounds, taking into consideration the size of the company, its production history, the number of awards it had won in national and international festivals, and its experience. Although such a policy might seem reasonable for most economic sectors or industries, the film industry is different in that its product

transmits cultural, social, and ideological values, and such “neutrality” in the selection process was viewed as unacceptable by many segments of Brazilian society. For example, *O Estado de São Paulo* editorialized that Embrafilme should not be merely a technical agency but should finance only films of high quality that would contribute to the “moral foundations” of Brazilian society.¹³

Nelson Pereira dos Santos was more direct in speaking of a major contradiction within the state: “We had ‘. . . the Ministry of Education and Culture presents *The Virgin Widow* or *The Woman Who Does* . . . I don’t know what.’ This was a violent contradiction within the moralism of the Brazilian military, with the government financing shit.”¹⁴ Such a contradiction, with the military government producing erotic comedies (*pornochanchadas*), inevitably resulted in the reformulation of Embrafilme’s policy of production financing.

In 1973 Embrafilme created its own nationwide distributor, long a goal of Brazilian producers, and initiated a program of coproduction financing that gradually replaced the loan program. As initially formulated, the enterprise participated in selected film projects by providing up to 30 percent of total production costs and receiving in return a 30 percent share of profits. By extending an advance on distribution of another 30 percent, the state could cover up to 60 percent of a film’s production costs. In the late 1970s, moreover, Embrafilme began providing up to 100 percent of some films’ financing, including Glauber Rocha’s *A Idade da Terra* (1980) and Leon Hirszman’s *Eles Não Usam Black-Tie* (1981).

The coproduction program marked a fundamental redirection of state policy toward the film industry that made the granting of production financing much more selective. If the state decides to coproduce a limited number of films, it must inevitably decide which films it will support. This necessity causes the state to enter into competition with nonfavored sectors of the industry and to become a site of contention for competing groups. The reorientation of state financial assistance to the industry exacerbated conflicting positions among filmmakers.¹⁵ Two conflicts are particularly relevant to the present discussion: cultural versus commercial views on the proper role of the state and independent versus concentrationist views concerning which industrial model the state should support.

On the cultural side are filmmakers who believe that the state should support films based on their cultural importance, with no regard to commercial potential. In Brazilian film circles, this kind of film is known as a *miúra*. Representing the extreme of this position are documentarists like Sílvio Tendler (director of *Os Anos JK* and *Jango*) and some state bureaucrats who would like to see Embrafilme limited to producing only cultural and educational films.¹⁶ On the other side of

this conflict are filmmakers and producers who think that commercial potential should be the only concern of the state enterprise in its attempts to support the industry's development. Pedro Rovai, who is known as a producer and director of pornochanchadas, thinks that Embrafilme should finance production companies, much as the state does in other economic sectors, but not individual film projects. He views the division between cultural and commercial films as a false dichotomy and believes that once a film is projected on-screen, it automatically transmits cultural values.¹⁷ He is correct, of course, but given the extreme distance that separates films like Hirszman's *São Bernardo* (1972) from Mozael Silveira's *Com a Cama na Cabeça* (1973), the dichotomy is a very real one.

The idea that only commercial potential should be considered derives from the notion, oft-repeated by exhibitors, that the public should be the final judge of the value of cultural production. But such a notion does not consider historical distortions in the transmission and reception of cultural goods in a dependent, peripheral context. When film production began in Brazil on a fairly large scale after the turn of the century, the formal uses to which the highly technical cinematic apparatus could be put had already been largely determined. The early domination of the Brazilian market by foreign film industries fostered certain expectations among the audience concerning a film's quality as the foreign film became the standard against which all films would be judged. Although Brazilian films were relatively successful in the domestic market in the first decade of the twentieth century, they were largely unable to attain the production values of foreign films and thus came to be perceived by the Brazilian public as poor in quality and unworthy of support. The massive presence of foreign (largely American) films in the Brazilian market has tended to reinforce audience bias in their favor. This bias creates the dilemma for Brazilian filmmakers of whether to imitate foreign films or to attempt to create new modes of cinematic discourse based on what they perceive as "national" values. The cultural-commercial dichotomy is one expression of this dilemma.¹⁸

Acutely aware of this problem, some directors like Cinema Novo veterans Nelson Pereira dos Santos, Carlos Diegues, and Arnaldo Jabor have attempted to combine the cultural and the commercial by making films that speak to the Brazilian people in culturally relevant terms and are also successful at the box office.¹⁹ Embrafilme meanwhile attempted to please both camps. It set up programs for the production of cultural films and documentaries and financed beginning directors and others like Rocha and Júlio Bressane, whose films have limited commercial appeal, although a majority of its funding has gone to more commercially oriented films.

Out of the cultural-commercial dichotomy has grown the inde-

pendent-concentrationist split. Independent filmmakers have no firm commercial structure and few sources of production financing other than the state, and yet they have contributed decisively to the critical success of Brazilian cinema over the last twenty years. Their production companies often consist of little more than a small office, a desk, and a telephone.²⁰ They normally do not own complete filmmaking equipment, yet they are responsible for much of Brazilian filmmaking. Although they are not opposed to making successful films, they view commercial success as secondary to cultural or social relevance. By financing individual films rather than production companies, Embrafilme has tended to support these independent filmmakers, thus reinforcing an atomized model of production rather than turning to a production model based on large studios, as happened in Mexico.

In the 1970s, the concentrationist group (I use the term *group* very loosely) gained considerable strength and power within Embrafilme. This group is composed of medium-sized production companies that have complete or almost complete filmmaking facilities and fairly large permanent staffs. Unlike the independents, they normally produce several films a year (sometimes directed by independents), often in partnership with private national and foreign investors. These companies have been calling for Embrafilme to adopt a more entrepreneurial attitude that will lead to increased capital accumulation in the industry. To that end, they favor the concentration of Embrafilme's resources in a few films with strong commercial potential. Some of the concentrationist group would even like to see Embrafilme, or at least its profitable sectors, sold to private concerns.²¹

The existence of such tensions, when placed in the context of the traditionally clientelistic nature of the Brazilian state, has resulted in a general lack of direction on Embrafilme's part.²² Because the state's precise role in relation to the film industry has never been defined, Embrafilme has tried to be too many things to too many people, the result being that it has done few things as well as it might have under different circumstances.

Embrafilme has made viable many important film projects and has contributed decisively to Brazilian cinema having become the premier cinema in Latin America. But its policies have not led to the consolidation of Brazilian cinema as a self-sustaining industry.²³ Embrafilme's program of coproductions, which has yielded so many excellent films, has tended instead to make the so-called independent filmmakers dependent on the state for production financing.

Although the state has claimed that the goal of its policy is to make the cinema more competitive in the Brazilian market, the screen quota and various forms of state financial assistance have in fact suspended the rules of the marketplace for national films. Brazilian films

no longer compete against foreign films in the domestic market. Rather, they compete against each other in the reserve market. Because Embrafilme is the major, if not the sole, source for production financing, it too has become a marketplace where filmmakers compete against each other for the right to make films, thus exacerbating tensions within the industry and creating a situation where the play of influences is often more important than the talent of the filmmaker or producer.

Embrafilme's coproduction program improved the technical quality of Brazilian cinema, but in doing so, it inflated production costs to levels far above the market potential for return. At the same time, the enterprise has done little to improve and strengthen the industry's infrastructure. Embrafilme, along with the INC and CONCINE, has placed heavy demands on the exhibition sector that have contributed to a sharp decline in the number of theaters in operation.

The Exhibition Sector

Of the factors contributing to the crisis faced by Brazilian cinema in the 1980s, none has been more decisive than the traditionally antagonistic relationship between the exhibition sector and the state-supported production sector. This antagonism goes back to the beginnings of Brazilian cinema. In the early 1900s, producers and exhibitors were normally one and the same. But the eventual development of independent distributors drove a wedge between producers and exhibitors, and the exhibition sector began to function almost exclusively for the benefit of foreign cinema. In the 1930s, exhibition groups fought legislation initiating a timid screen quota for Brazilian short films, just as they have fought every attempt to expand the quota, by arguing free trade and open markets in opposition to state intervention and manipulation of the rules of the marketplace.

Without a screen quota and other protectionist measures, Brazilian cinema would likely not exist or would exist only on the most crass commercial basis. At the same time, state policy toward the film industry has clearly led to a loss of profits and is at least partially responsible for the current decline of the exhibition sector, which is pernicious for the Brazilian film industry as a whole. It is thus a difficult question to address, for both sides are obviously correct in their arguments.

The relationship between the state and the exhibition sector has deteriorated steadily over the last decade. In 1974 *O Estado de São Paulo* ran an article with the headline "The Great Duel of National Cinema," which likened the conflict between exhibitors and state-supported producers to a Western movie, with the producer as hero, the exhibitor as villain, and the state as sheriff.²⁴ By 1980 this "duel" had become a "war" fought largely in the courts, as exhibition groups, sometimes in

conjunction with distributors, continually filed suit and frequently obtained at least temporary injunctions against various aspects of state policy.²⁵ In 1985 the screen quota for national films was virtually ignored because of an injunction deriving from a suit filed by exhibition and distribution groups alleging that no legally binding definition exists of what is a "Brazilian film." In March 1986, President Sarney temporarily halted such legal action, at least regarding the issue of a binding definition, by signing a decree defining what is a Brazilian film.²⁶

The "war" was fought not only in the courts but also in the theaters. Argentine film researcher Jorge Schnitman suggests that "historically, whenever exhibitors were forced to exhibit a large number of national films, they attempted to produce their own."²⁷ As early as 1971, exhibition groups began to band together to form production companies with the expressed intention of making films to meet the requirements of the compulsory exhibition law.²⁸ The result was the rash of poor-quality pornochanchadas that began to flood the reserve market in 1972-73, which left even less room for more cultural and more serious films. In the 1980s, such production became even more pernicious as the soft-core pornochanchadas were replaced by hard-core pornography. Table 1 indicates the astonishingly high percentage of pornographic films after 1980 as well as the nonexistence of independent sources of financing for film production and the almost total dependence of the production sector on either exhibitors (that is, pornography) or the state.

TABLE 1 *Brazilian Film Production, 1978-1984*

<i>Year</i>	<i>Total</i>	<i>Pornographic</i>	<i>Embrafilme</i>	<i>Others</i>	<i>Pornographic (%)</i>
1978	100	15	13	72	15
1979	93	7	16	70	18
1980	103	32	18	53	31
1981	80	63	16	1	79
1982	85	59	22	4	69
1983	84	62	18	4	74
1984	90	64	22	4	71

Source: Embrafilme, *Jornal da Tela*, Special Edition, "Proposta para uma Política Nacional do Cinema," March 1986, p. 3.

Rather than attempt to detail the merits of exhibitors' arguments, this essay will summarize legislation regarding the exhibition sector, thus acknowledging the truism that there can be no strong film industry without a strong exhibition sector and without substantial coopera-

tion between production and exhibition sectors. Brazilian cinematic legislation requires exhibitors to comply with a number of stipulations: exhibitors must show national films at least 140 days per year; they must pay a minimum of 50 percent of net income for those films; they must make payment within fifteen days of exhibition; they must show a national short subject as part of each program of foreign films; they must purchase standardized tickets and box-office recording sheets from Embrafilme at inflated prices; and they must exhibit national films as long as the average of total spectators for two weeks or more equals 60 percent of the previous year's weekly average. In return, the exhibitors have received virtually nothing from the state.²⁹ The combined impact of all these requirements has caused a decline in income, which has led to the closing of many theaters, especially in the interior, and has contributed to the current crisis in Brazilian cinema.

The Nova República

It is frequently said that the effect of Brazilian state policy toward the film industry has been to “socializar os prejuízos e privatizar os lucros” (to socialize losses and privatize profits).³⁰ Partly in response to this effect, a number of changes were made in state cinematic policy even before the beginning of the Nova República. For example, under the directorship of Roberto Parreira from 1982 to 1985, Embrafilme almost ceased coproducing films and limited its financial participation to an advance on distribution, which tended to shift the financial burden and risk from the state to the producer.³¹ But this change in policy did little to alter the fundamental crisis in Brazilian cinema.

By the beginning of the Nova República, it had become evident that the old model of state-supported cinematic production was obsolete and that the relationship between cinema and the state needed redefining and restructuring. The urgent need for restructuring was highlighted in early 1986 by a series of articles published in the *Folha de São Paulo*. The articles focused on the management of Embrafilme, thus making the enterprise once again the object of severe public criticism and debate.³² In an editorial titled “Cine catástrofe,” the newspaper referred to Embrafilme’s activities as a “moral, economic, and artistic disaster.” Many film industry professionals recognized the need for re-evaluating the relationship between cinema and the state. For example, Cinema Novo veteran Carlos Diegues (*Bye, Bye, Brasil*) referred to Embrafilme as a “cultural Medicaid system that treats cancer with band-aids.” Carlos Augusto Calil, who directed Embrafilme from 1985 to 1987, asserted that the state could no longer attempt to act as a substitute for private enterprise and that the existing model of state-supported cinematic production was simply no longer viable.³³

In response to the crisis of the film industry, on 31 July 1985, Sarney's second Minister of Culture, Aluísio Pimenta, established a commission to study the situation and make recommendations. The Sarney-Pimenta Commission, as it came to be known, was composed of film professionals from all sectors of the industry.³⁴ The commission issued its report, *Propostas para uma Política Nacional do Cinema*, in March 1986.³⁵

The report begins by reviewing the history of Brazilian cinema leading to the current situation and the factors contributing to the crisis. It recommends twenty-three emergency measures, some of which had already been taken prior to the report's publication (such as establishing a legal definition of "Brazilian film"). The recommended emergency measures were designed to make Embrafilme and CONCINE more flexible and efficient by redefining functions and shifting operational and personnel costs entirely to the Ministério da Cultura. This financial restructuring would allow Embrafilme to use its current budgetary resources, which derive from the film industry, for reinvesting in the industry; the restructuring would also provide CONCINE with the funds necessary to fulfill its stipulated duties, including the enforcement of cinematographic legislation.

One of the report's most important recommendations calls on President Sarney to restructure Embrafilme by separating its cultural and commercial activities. The report recommended creating a mixed-ownership distributor (Embrafilme Distribuidora S.A.) that would house all of the firm's commercial activities while transferring its other sectors into a public enterprise (Embrafilme) that would report directly to the Ministro da Cultura. This measure would help define the state's precise relationship to the film industry. In the past, some 15 percent of Embrafilme's capital has been designated for nonprofit cultural activities, creating what many view as a financial burden on an enterprise designed to engage in entrepreneurial activities in support of the national industry *qua* industry.

At the same time, these recommendations would effectively decentralize some cinematic activity by opening lines of credit with the Banco do Brasil and the Banco Nacional de Desenvolvimento. This approach would provide alternative sources of financing and allow private concerns to undertake their own projects of film production, equipment replacement, or theatrical expansion and renovation.

The report also calls for greater control of pornographic films, not through direct censorship but through restricting their exhibition to specially designated theaters, denying them the benefits of cinematic legislation (such as the screen quota), and increasing tenfold their tax obligation to Embrafilme. The report also proposes decreasing import taxes on equipment used in film production and exhibition and increas-

ing taxes—specifically a tax known as the “contribution to the development of the film industry”—on films and serials, as well as extending the tax to *telenovelas* produced by and for television.

The recommendation to begin taxing *telenovelas* stems from the historical lack of integration between the two media as well as their unequal degree of success. The lack of integration is evident in the scant presence of national films on the country’s television screens. In 1980 only 2 percent of all feature films shown on Brazilian television were Brazilian. In an attempt to compete with foreign films in the television market, Embrafilme signed contracts in 1977 for the production of nineteen pilots for television series. But none of the projects was even shown on television, much less transformed into regular series. Rather than buy series from film producers, TV Globo, Brazil’s strongest network, began producing its own series, such as *Plantão de Polícia* and *Carga Pesada*. During the last decade, a number of film industry professionals have called for a screen quota for Brazilian films to be shown on all television networks. Given the economic strength and political power of the television industry, however, it seems unlikely that the government will go along with film industry recommendations in this area.³⁶

The Sarney-Pimenta Commission report also calls for greater control of service costs related to cinematic production (such as equipment rentals and laboratory work). The report argues that these fiscal measures would control production costs and increase Embrafilme’s budget, thus augmenting the funds available for investments in the industry. In short, the report calls for streamlining the state cinematic apparatus to make it more responsive to the needs of the film industry and to make the industry more self-sustaining and less dependent on the state.

In addition to recommending emergency measures, the report also summarizes five-year goals for strengthening all industry sectors. For the exhibition sector, the report advocates several goals: improving the comfort and projection quality of existing theaters; financing the opening of five hundred new facilities; developing more extensive parallel circuits in suburban areas, universities, and other cultural and educational institutions; and creating mobile projection units to take films to isolated rural areas. The goals set for the production sector are to double current production levels, to occupy at least 50 percent of the national market, and to initiate production for television.

In November 1986, a joint working group of Embrafilme and the Banco Nacional de Desenvolvimento (BNDES) released a report titled *Cinema Brasileiro: Diagnóstico e Política para o Setor*. Recognizing the in-viability of the current model, this report calls for restructuring cinema-state relations to make state participation complementary to and sup-

portive of private initiative. According to this plan, the state would assume full responsibility for all noncommercial cinematic activities, including enforcement of legislation, support for cultural films, and incentives for creating private distributors. Embrafilme's distribution sector would be transformed into a joint-venture capital enterprise with responsibility for domestic and foreign distribution as well as commercial production with private companies. Its activities would be primarily entrepreneurial in nature. State banks like the Banco do Brasil and the BNDES would open lines of credit for financing film production and improving other infrastructure such as theaters and laboratories. The goals of the working group's recommendations are to support capital accumulation and promote eventual autonomy of the private sector.³⁷

Although the situation remains in flux and the outcome unknown, the response of the Sarney administration and Celso Furtado's Ministério da Cultura has apparently fallen short of the most optimistic expectations.³⁸ Because of what was perceived as Furtado's lack of support for the recommendations of the Sarney-Pimenta Commission and the Embrafilme-BNDES Working Group, Embrafilme's Director-General Carlos Augusto Calil and Administrative Director Eduardo Escorel submitted their resignations in December 1986.³⁹ To replace Calil, Sarney nominated the Ministério da Cultura's secretary of sociocultural activities, Fernando Ghignone. According to published reports, Ghignone's assignment (if the Congresso approves) is to dismember Embrafilme by selling its distribution sector to private concerns and transforming the remainder into a foundation, supposedly along the lines of the defunct Instituto Nacional do Cinema.⁴⁰

Should these measures ultimately be put into effect, their implications would be immense. They would represent an almost total reversal of state cinematic policy over the last fifteen years, with the state attempting to extract itself from the situation it helped create and trying to shift the financial burden of film production back to the private sector, where many believe it naturally belongs. In this sense, these proposed changes form part of a general trend toward *privatização* in the Brazilian economy.

Many others think, however, that the Ministério da Cultura misread or ignored the diagnosis and recommendations of the Sarney-Pimenta Commission and the Embrafilme-BNDES Working Group. Both reports propose measures that would strengthen the film industry as a means of making it eventually less dependent on the state. Eduardo Escorel sees the ministry's proposal as simply reinforcing paternalistic relationships between the state and the industry and offering nothing to alleviate the crisis situation or Embrafilme's operational impasse. The proposal seems to be based on the supposition that film production is not a viable industrial activity and that public-sector investments

should be made with no hope of return (*a fundo perdido*). In such a situation, Escorel suggests, criteria for selection will be made on political, not commercial or entrepreneurial, grounds.⁴¹ The market would thus cease to be an important factor, and the commercial viability of Brazilian cinema would decrease even further.

In sum, Brazilian state policy toward the film industry is currently undergoing a necessary and long overdue revision. It is impossible to predict precisely what the shape of that policy and its eventual effects will be. What is clear, however, is that a policy that does not move decisively toward reversing the cycle of decline, strengthening the industry's infrastructure, and stimulating accumulation in the private sector will be doomed to failure. The alternative, as Escorel suggests, would reinforce the industry's dependence on the state and the further decline of Brazilian cinema as a whole. Thus what is ultimately at stake in the current restructuring of the state cinematic apparatus is the future of Brazilian cinema itself.

NOTES

1. For a detailed account of the events surrounding Neves's illness and death, see Antônio Brito, with Luis Cláudio Cunha, *Assim Morreu Tancredo* (Porto Alegre: L & PM, 1985). For an overview of the first year of the Nova República, see *Nova República: Um Balanço*, organized by Flávio Koutzii (Porto Alegre: L & PM, 1986); and also William C. Smith, "The 'New Republic' and Brazilian Politics: Democratization or Elite Conciliation from Above?," paper presented at the meetings of the Latin American Studies Association, Boston, 23–25 Oct. 1986.
2. On Law 7300, see "A Nacionalização do Cinema," *Jornal do Brasil*, 29 Mar. 1985; "Em Cartaz, o Nacional," *Isto É*, 3 Apr. 1985, p. 55; and "Nas Malhas da Lei," *Isto É*, 10 Apr. 1985, pp. 50–53.
3. See Sérgio Augusto, "Idéias e Intenções da Lei 7.300," *Folha da Tarde*, 5 Apr. 1985.
4. Randal Johnson, *State Policy toward the Film Industry in Brazil*, Technical Papers Series, no. 36, Office for Public Sector Studies, Institute of Latin American Studies, University of Texas at Austin, 1982; and Alcino Teixeira de Mello, *Legislação do Cinema Brasileiro*, 2 vols. (Rio de Janeiro: Embrafilme, 1978), 1:53–58.
5. Local film laboratories claimed that American distributors in fact began a "lockout" shortly after the measure was approved, sending drastically fewer internegatives to copy in Brazil. See "Sem Trabalho, Líder Pode Fechar as Portas," *Jornal do Brasil*, 12 May 1985. For a thorough discussion of retaliatory measures by the U.S. film industry in other contexts, see Thomas H. Guback, *The International Film Industry: Western Europe and America since 1945* (Bloomington: Indiana University Press, 1969).
6. Much of the following discussion is taken from Randal Johnson, *The Film Industry in Brazil: Culture and the State* (Pittsburgh: University of Pittsburgh Press, 1987), especially chapters 6 and 7.
7. "Lei Básica do Cinema Brasileiro," *Filme Cultura* 33 (May 1979):114–16.
8. "Proposta para uma Política Nacional do Cinema," *Jornal da Tela*, special edition (Mar. 1986).
9. Sérgio Matos, *The Impact of the 1964 Revolution on Brazilian Television* (San Antonio, Tex.: V. Klingensmith, 1982); Sérgio Caparelli, *Televisão e Capitalismo no Brasil* (Porto Alegre: L & PM, 1982).
10. "Distribuidora de Filmes e 100 Cinemas Fecham em MG," *O Estado de São Paulo*, 10 Aug. 1984; and "Majors Closing Some Brazilian Offices: Input Volume Reduced," *Variety*, 8 Aug. 1984, pp. 6, 24.

11. See Johnson, *The Film Industry in Brazil*, especially chapter 5.
12. The texts of the decree-laws that founded and subsequently reorganized Embrafilme and founded CONCINE are reproduced in Mello, *Legislação*, 1:11–29, 53–58.
13. “Em Pauta o Cinema Nacional,” *O Estado de São Paulo*, 28 Jan. 1972.
14. See Randal Johnson, “Toward a Popular Cinema: An Interview with Nelson Pereira dos Santos,” *Studies in Latin American Popular Culture* 1 (1982):226.
15. Jean-Claude Bernardet, “Cinema e Estado,” *Folha de São Paulo (Folhetim)*, 4 Sept. 1983. See also José Mário Ortiz Ramos, *Cinema, Estado, e Lutas Culturais* (Rio de Janeiro: Paz e Terra, 1983), especially chapter 4.
16. Sílvio Tendler, “Cinema e Estado: Em Defesa do Miúra,” M.A. thesis, Pontifícia Universidade Católica, Rio de Janeiro, 1982.
17. Jean-Claude Bernardet, *Cinema Brasileiro: Propostas para uma História* (Rio de Janeiro: Paz e Terra, 1979), 57.
18. See Johnson, *The Film Industry in Brazil*, 19–23, 33–34.
19. The internationally acclaimed Cinema Novo movement arose in the early 1960s with the expressed intention of contributing, through cinema, to the process of social transformation. The most important films of its initial phase are Nelson Pereira dos Santos’s *Vidas Secas* (1963), Ruy Guerra’s *Os Fuzis* (1964), and Glauber Rocha’s *Deus e o Diabo na Terra do Sol* (1964). For a discussion of this movement, see Randal Johnson, *Cinema Novo x 5: Masters of Contemporary Brazilian Film* (Austin: University of Texas Press, 1984).
20. In an extensive interview granted following the release of his internationally acclaimed *Pixote*, director Héctor Babenco described his production company in the following manner: “My office is disgraceful. I have a typewriter that I’m still paying for and two telephone lines. . . . I don’t have anything, not even a lease. . . . ‘HB Filmes!’ In fact, it’s just me, an office, and a secretary. When I’m sick, HB is sick; when I’m broke, HB is broke. . . .” See *Cinema 5* (Spring 1980):15. This periodical has been published sporadically by the Fundação Cinemateca Brasileira. An English translation of this interview was published in *Studies in Latin American Popular Culture* 7 (1988):241–51.
21. See, for example, comments by Luiz Carlos Barreto and others in “Para os Cineastas, a Solução É Privatizar,” *Folha de São Paulo*, 12 Sept. 1984.
22. Social scientists like Fernando Henrique Cardoso have argued that “corporate regime types” have coexisted with Brazil’s dependent capitalist state at least since the 1930s. Within this framework, the state and its regimes structure society and social organizations along corporative lines. Individuals participate in the political and social process through state-approved and state-regulated organizations that have varying degrees of autonomy from the central government. With these organizations, as with the rest of civil society, the state maintains patron-client relationships. Hence comes the term *clientelistic*. See Fernando Henrique Cardoso, “On the Characterization of Authoritarian Regimes in Latin America,” in *The New Authoritarianism in Latin America*, edited by David Collier (Princeton, N.J.: Princeton University Press, 1979), 33–57. In the same volume see Julio Cotler, “State and Regime: Comparative Notes on the Southern Cone and ‘Enclave’ Societies,” 255–82. See also Riordan Roett, *Brazil: Politics in a Patrimonial Society* (Boston: Allyn and Bacon, 1972); Howard J. Wiarda, *Corporatism and National Development in Latin America* (Boulder, Colo.: Westview, 1981); and *Authoritarianism and Corporatism in Latin America*, edited by James M. Malloy (Pittsburgh: University of Pittsburgh Press, 1977).
23. Between 1974 and 1985, Embrafilme coproduced 194 feature films. For a complete listing, see Johnson, *The Film Industry in Brazil*, Appendix E, 213–20.
24. “O Grande Duelo do Cinema Nacional,” *O Estado de São Paulo*, 13 Jan. 1974.
25. “A Guerra do Cinema,” *Jornal da Tarde*, 26 June 1980.
26. See “Decreto de Sarney Determina o Que É o Filme Brasileiro,” *Folha de São Paulo*, 25 Mar. 1986. This definition specifies that a Brazilian film must meet the following requirements: be produced by a company in which Brazilians or foreigners who have resided in Brazil for more than three years control a majority of capital; be in Portuguese unless another language is essential to its plot; be directed by a Brazilian or a foreigner who has resided in the country for at least three years; have a tech-

- nical crew that is at least two-thirds Brazilian; and be developed, mixed, and reproduced in Brazilian laboratories. Also qualifying as Brazilian are films made under existing international coproduction agreements.
27. Jorge Schnitman, *Film Industries in Latin America: Dependency and Development* (Norwood, N.J.: Ablex, 1984), p. 67, n. 1.
 28. "Exibidores contra Baixo Nível de Filmes" and "Exibidores Fundam Produtora," *Projeção* 30, no. 136 (Sept. 1971):3, 8; also "A Vida do Duque de Caxias Interpretada por Charlton Heston: O Que Você Acha da Idéia?," *Jornal da Tarde*, 15 July 1971.
 29. Brazilian cinematic legislation has been compiled by Mello in *Legislação*.
 30. See, for example, Susana Schild, "Embrafilme, Um Modelo Falido," *Jornal do Brasil*, 23 Mar. 1986.
 31. "Embrafilme Shifts to Prebuy Policy," *Variety*, 21 Mar. 1984, p. 49.
 32. See the following articles in the *Folha de São Paulo*: "L. C. Barreto Diz Que É Credor da Embrafilme," 17 Mar. 1986; Renata Rangel, "Co-Produção Aumenta Déficit da Embrafilme," 18 Mar. 1986; "Nova Declaração de Massaini," 18 Mar. 1986; "Cineastas Pediram o Fim da Correção," 19 Mar. 1986; Carlos Diegues, "De Quem É Mesmo o Dinheiro da Embra," 20 Mar. 1986; "Calil Investe no Cultural e Comercial," 21 Mar. 1986; Sérgio Santeiro, "O Modelo Cinematográfico Opressor," 21 Mar. 1986; "Furtado Quer Mudar Embrafilme," 22 Mar. 1986; "Embrafilme Responde à Reportagem da *Folha*," 23 Mar. 1986; Luiz Gonzaga Assis de Luca, "Embrafilme, O Consumidor É Quem Paga," 23 Mar. 1986; "Decreto de Sarney Determina o que É o Filme Brasileiro," 25 Mar. 1986; and Sérgio Toledo and Roberto Gervitz, "Embrafilme É um Antídoto," 30 Mar. 1986.
 33. Diegues's remark was made in an interview with the *Jornal do Brasil*, 23 Feb. 1985, and Calil's in an interview with that same paper, 23 Mar. 1985.
 34. Members of the commission were Roberto D'Ustra Vaz of the Grupo Valladares, distributor Alvaro Pacheco, Hermann Penna of the Associação Paulista de Cineastas, Leon Hirszman of the Associação Brasileira de Cineastas, producer Luiz Carlos Barreto, Antônio Francisco Campos of the Federação Nacional dos Exibidores, Ana Thereza Meireles and Edson de Oliveira Nunes of the presidential Secretaria de Planejamento (SEPLAN), CONCINE president Gustavo Dahl, and Embrafilme head Carlos Augusto Calil.
 35. See note 8.
 36. See Johnson, *The Film Industry in Brazil*, 173–76.
 37. This information was summarized from the Embrafilme report entitled "Cinema Brasileiro: Diagnóstico e Política para o Setor," Rio de Janeiro, 1986.
 38. For an overview of Furtado's agenda for the Ministério da Cultura, see Joan Dassin, "Cultural Policy and Practice in Nova República," *LARR* 24, no. 1 (1988):115–23.
 39. Telephone interview with Eduardo Escorel, 7 Feb. 1987.
 40. "Ghignone Assume a Embrafilme," *Folha de São Paulo*, 24 Dec. 1986.
 41. *Ibid.*