

## Editorial

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The capitals of Central, Eastern and South-Eastern Europe have transformed into a discounted backlot for Hollywood. From Budapest to Prague, governments engage in a bidding war to subsidize foreign productions, rebranding these handouts as high-yield investments. After a shoot, production companies file audited invoices for approved local costs, and the government pays back a fixed share in cash. These so-called tax rebate schemes, reaching 30 and sometimes 40 percent of local expenditure, essentially function as refunds to producers. Politicians and film commissioners present them as masterstrokes of economic planning. They point to the bustling sets of *Game of Thrones* (shot in Croatia) or *Dune* (shot in Hungary) as evidence of industrial triumph. When Hungary increased its rebate rate from 25% to 30%, a news release on the website of the country's National Film Institute [explained](#) that it “provides significant contribution to the development of the Hungarian film industry and to the country's GDP.”

Such narratives rely in part on reports from consultancies such as Olsberg SPI and IDEA Consult, who help clients, the governments implementing the rebate schemes, “make the case” for subsidies, as Olsberg proudly [reports](#) on its website. The reports traffic in optimism and multipliers. If a grip buys a sandwich, a chain reaction of prosperity that ripples through the national economy is assumed. In the EU's own views indirect and induced effects are borrowed from [prior work](#) and then carried forward as a reasonable proxy for wider economic gains. From there, the consensus that survives into press releases and, more often than not, into policymaking, [reads](#) as follows: “almost all of the incentive structures provide a greater return to the government in tax revenues than they cost to operate.” Observations such as that [sparse data](#) “can make it difficult to quantify the return on investment,” are at best empty disclaimers and at worst implicit calls to justify more spending on research, which consultancies are eager to collect, but unlikely to channel into the acquisition of more reliable data.

Meanwhile academic researchers have looked at the impact of tax rebate schemes and, unsurprisingly, found very little evidence for the prosperity they are purported to induce. Patrick Button, in a [study](#) on U.S. state film incentives,

builds a detailed dataset that links incentive adoption to filming-location and labor-market data. He finds “no meaningful effect on feature films, and employment, wages, and establishments in the film industry and in related industries.” Dan Rickman and Hongbo Wang, also [looking at the U.S.](#), first read through the existing research on film incentives and then rebuild the analysis from scratch for a few cases by comparing places that adopted incentives with ones that did not, to see whether anything truly changed after the subsidies began. They write that “the common assumption by economic impact studies that state and film production would not occur without the incentives has spurred interest in the academic literature.” Once that assumption is dropped, the payoffs shrink. Gains appear mainly in measures of production activity, while effects on employment, earnings, and longer-term industry development are weak, unstable, or missing. [Studies](#) on similar schemes in Rhode Island found returns of pennies on the dollar, in the best-case scenario. In a rare study that looks at the European context as well, Patrick Messerlin and Jimmyn Parc [describe](#) subsidies ostensibly aimed at local culture as a “a myth” that obscures the fact that the main beneficiaries are American studios.

By these accounts, then, the story is rather different. Big foreign productions flood into the country, pulling camera crews, electricians, editors, and line producers away from domestic projects that cannot match the pay. Local films stall or shrink because the people who might make them are booked on service work for studios whose profits remain elsewhere. When the shoot wraps, the production leaves and the local industry is thinner than before, having lost months of labor to work that builds résumés but not sustainable institutions. In this version of events, the state just rents out its workforce at a discount, while domestic cinema competes for what remains. In a reportage on the tax rebate schemes for Greece, Ilias Nikolaidis [writes](#) that the scheme “creates serious difficulties for Greek productions, especially smaller ones,” because they cannot compete for the same labor pool.

Cash rebates are symptoms of a consensus between governments and global capital: states promise growth, then write checks to firms that already control global distribution, pricing power as well as the political ties to steer laws and regulations. Pseudo-technocratic studies provide policymakers with the authoritative language of economics, which legitimizes pushing forward but defies common sense. In reality, governments compete over who can offer the better discount. The winners are the studios and the consultancies certifying the story; the costs disperse through higher fiscal pressure ([Greece](#) recently accumulated months-long arrears on promised cash rebates and briefly suspended payments altogether), and a local productive base pushed into subcontracted service work. The government sheds its democratic accountability to administrate over a territory for extraction. If Europe wants film culture rather than film servicing, it should stop writing blank rebates and support local initiatives that stay put when the trucks roll out.

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Anastasia Eleftheriou traces back the artistic-scientific notions explored in Ildikó Enyedi's [Silent Friend](#) to Goethe. Natalia Ashurovskaya lauds David Borenstein and Pavel Talankin for documenting authoritarianism in the everyday in their [Mr. Nobody Against Putin](#). Mariya Nikiforova recounts the retrospective on [visual artist Dóra Maurer's filmography](#) at this year's Fracto Film Festival. Antonis Lagarias reviews Radu Jude's urban elegy [Kontinental '25](#), and Valentyn Vasyanovych's [To the Victory!](#) set after the end of Russia's war on Ukraine. Finally, Jack Page saw Laila Pakalniņa's [Scarecrows](#) about wildlife wranglers at the Riga International Airport.

We hope you enjoy our reads.  
Konstanty Kuzma & Moritz Pfeifer  
Editors

*Note: Due to delays in our publication schedule, this issue was published in the month of December 2025.*