

Chapter 6

The New Hollywood

Starting immediately after World War II, the Hollywood studio system entered a period of major transformation, and by the late 1960s a New Hollywood emerged. Some of the influences that remade Hollywood include Americans' postwar flight to the suburbs, the rise of the 1960s counterculture, the resolution of the ongoing antitrust case against the studios, the popularity of foreign films in the United States, and the passing away of the original studio moguls to usher in a new wave of industry leaders. With pressure from all sides, the factory-like studios of Hollywood's Golden Age morphed into multimedia conglom-

erates focused at first on making personal films and later on making auteur-driven blockbusters.

Television

One of the biggest changes to have an impact on Hollywood starting in the 1950s was the widespread adoption of television. Like so many other new technologies, television appeared as a threat to Hollywood before it was recognized as a vital addition to the studio system. Although new media are often feared by Hollywood leaders, they rarely replace old media; new and old media redefine each other.

Starting in the 1910s, for example, going to the movies meant an evening or afternoon of entertainment: a cartoon, a newsreel, a serial, a B movie, and then a big-budget feature. After the advent of television, every item on the film program except the feature film migrated to the small screen. With free news and serials in the living room and a suburban leisure culture on the rise, movie attendance dropped precipitously. At its peak in 1946, Hollywood sold ninety-eight million tickets a week. By 1962 attendance was a quarter of the 1946 height.

The smaller studios like Monogram and Republic, sometimes known as “Poverty Row” studios, immediately saw the value of television. They sold their film libraries to the networks in the early 1950s and went into the made-for-television movie business. But the larger studios refused to license their film libraries, and they put their energy into creating bigger theatrical spectacles that could lure suburbanites off of their sofas and away from their backyards.

In the 1940s, the great French critic André Bazin looked at black and white, two-dimensional, square-framed film and claimed that “cinema has not yet been invented.” For Bazin, film would only realize its potential when it imitated our perception of reality more completely, as color, widescreen, and 3-D processes could. As so often happens, it took competition, in this case from television, to bring new technologies to the screen. And in the 1950s, Hollywood set out on a mission to one-up television and approach the ideal perceptual experience Bazin termed “total cinema.”

Most of these experiments in improving the theatrical experience were short-lived.

There had been promising color film processes as early as the 1910s, for example, but Hollywood used color modestly. At the beginning of the 1950s, only 20 percent of studio films were released in color. Spurred by television, that number rose to 50 percent by the middle of the decade, only to return to below 20 percent once it became clear that television would be a new market for films rather than competition. It was only in the mid-1960s when color televisions created a sufficient aftermarket that studios began to convert completely to color.

Widescreen and 3-D also promised to create a theatrical film experience that would coax movie patrons away from their television sets. Like color, the history of widescreen and 3-D experimentation stretches far back in film history and progressed in fits and starts. For a brief moment in 1952 and 1953 the studios invested heavily in new technological experiments, only to discard 3-D altogether and scale back widescreen plans considerably.

Before the 1950s, films were generally shot in a narrow rectangular format, using the standard film aspect ratio of 1.375 (horizontal) to 1 (vertical), also known as Academy ratio. When televisions were first produced, they used an aspect ratio of 1.33

to 1, just slightly narrower than film. In response, Hollywood toyed with a number of widescreen formats. Cinerama, the boldest entry in the field, used three cameras, three projectors, and a curved screen to create an image that exceeded the range of viewers' peripheral vision. Premiering in 1952, Cinerama returned filmgoers to the fairground with travelogues and films that resembled amusement park rides. In *This Is Cinerama* (1952), a film made to showcase the new format, cameras were placed on boats, planes, and roller-coasters. Audiences were enveloped by the image and immersed in the action.

Some studios continued to make a few Cinerama films each year until 1962. But almost as soon as Cinerama premiered, Hollywood adopted a more moderate widescreen alternative. Rather than re-fitting every theater with new screens and multiple projectors, the studios and exhibitors decided to use a widescreen format called CinemaScope. CinemaScope required only the use of new lenses in cameras and projectors. CinemaScope lenses compress a wide rectangular image onto a strip of 35mm film, only to expand it again when it is projected. This process, known as anamorphosis, is the visual equivalent of compressing a toy spring snake in a jar and watching it expand after the cap is

removed.

The CinemaScope image is still more than double the width of the television image, with an aspect ratio of 2.35 to 1 (or more, depending on the sound system used). Twentieth Century Fox blazed the CinemaScope trail with three films in 1953, *The Robe*, *How to Marry a Millionaire*, and *Beneath the 12-Mile Reef*, and most other studios quickly followed. CinemaScope delivered a big theatrical experience that could not be rivaled by television's small, square box.

Making outsized films was the goal, but eventually, when studios wanted their films adapted to television, widescreen formats posed problems. The films either had to be "letterboxed," shrunk down to fit across the screen, leaving empty black bars above and below, or they had to be "panned and scanned," showing only a part of each shot.

The theatrical version of *Ghostbusters* (1984), for example, features four members of the ghostbuster team, but in the panned and scanned version made for television, Ernie, the African American ghostbuster, gets very little screen time, since it was difficult to fit all four actors in

the narrower frame. Squeezing widescreen films onto small screens became a problem for cell phone users too. Early versions of the iPhone, for example, had aspect ratios of 1.5 to 1, which is adequate for early television and pre-1953 movies. But even the iPhone 5 (released in 2012), with a 1.78 to 1 aspect ratio, fell short of CinemaScope.

Stereoscopic (3-D) film has had many short-lived vogues, but the period from 1952 to 1954 has a special place in the history of 3-D. A cycle of horror and science fiction 3-D films generated widespread enthusiasm both within the industry and among the public. After United Artists distributed the 3-D color adventure film *Bwana Devil* (1952), many studios made moderately budgeted 3-D films, including Columbia's *Man in the Dark* and Warner Bros.' *House of Wax* (both 1953). The latter film featured Vincent Price, who would become a cult horror film star, and it was one of the first films to have a stereophonic soundtrack (stereo sound was another means used to lure audiences away from their televisions, although only the top theaters were equipped stereo sound systems). Like the hula hoop, 3-D became an emblematic 1950s fad, widely memorialized with photos of large movie theaters full of patrons wearing the red-and-blue-tinted 3-D glasses used by some systems.

By the end of 1953, however, it was already clear that films being shot with 3-D cameras, like Alfred Hitchcock's *Dial M for Murder*, would be released in 2-D. Many theories have been proposed to account for 3-D's repeated failure to become an industry standard. The 3-D format may be better suited to avant-garde experimentation than to mainstream entertainment. Producing 3-D films may never become affordable for most filmmakers. Audiences may never adjust to watching 3-D images through uncomfortable eyewear. Another explanation for 3-D's continual rise and fall, however, is that the format has perpetually been used as a short-term means of competing with new small-screen technologies, first television and later home video and cell phones. Hollywood has consistently lost interest in 3-D as soon as the industry learned to stop worrying about, and start loving, new technologies.

As they had with the introduction of sound, Hollywood had a two-pronged approach to television, simultaneously resisting and incorporating the new medium. While the studios made bigger and more spectacular films, they also prepared to sell films to television. First, the studios had to negotiate with the actors, writers, and others who worked on the films, since

television rights were not part of the initial contracts. Once a payment structure was in place for airing films on television, the studios had to negotiate the sale of their extensive libraries. In 1955 RKO sold its library for \$15 million, and then Warner Bros. sold its library for \$21 million, prices that would have been much higher a few years later. The same year, NBC and Twentieth Century Fox launched *Saturday Night at the Movies*, to showcase films on television.

Many of the studios also began to make shows exclusively for television. The talent agency Music Corporation of America (MCA) ran the largest television production company, Revue, and also acquired Universal Studios. Columbia Pictures entered the television production business as early as 1949, making the popular show *Father Knows Best*. In 1954 Disney and ABC struck a deal; ABC invested in Disney's theme park scheme, and Disney began to produce a weekly television series called *Disneyland*, which contained some original content and also promoted Disney films and amusement park. Over the next few years, Disney produced highly popular shows, including *The Mickey Mouse Club* and *Zorro*.

MGM, Twentieth Century Fox, and Warner Bros. all began producing TV shows too,

which like Disney's both offered new content and promoted their films. By 1965, 70 percent of television programming came from Hollywood, and synergies between movies and television became part of the calculus for producing new projects. If television started out as a threat to Hollywood, by the mid-1960s it was just another cog in the studio system's machine.

Hollywood auteurs

Alongside technological developments, Hollywood had to adapt to two Supreme Court decisions that dramatically altered the structure of the studio system. First, the Department of Justice resumed the antitrust case it had been building for decades, and the investigation culminated in the 1948 Paramount decision, in which the court found Hollywood to be acting anticompetitively. Before the decision, the film industry was vertically integrated, and its block booking practices made it difficult for independent producers to break into the market (as discussed in [chapter 2](#)).

The court ordered Hollywood studios to sell their theaters. At first this seemed like a blow to the industry. The theaters had been used as collateral to secure loans, and they

were a fixed element in the chain of movie production and consumption. But in the end the studios did more than adapt to the antitrust decision. The studios no longer needed to provide theaters with new films every week, and when they had a big film to release, they could distribute it more broadly than before, even to chains that had once belonged to competitors. Studios began to make fewer films each year and bring them to wider audiences. This new model eventually contributed to the rise of the blockbuster culture of the 1970s.

With fewer films coming from the studios, the theater owners began filling the holes in their schedule with more independent films, aiding the growth of an independent and foreign film renaissance and proving that the Supreme Court's antitrust ruling had achieved its goal of expanding the film marketplace.

Five years after the Paramount decision, the Supreme Court decided another landmark film case, *Burstyn v. Wilson* (1952), known as the "Miracle decision" because it involved censorship of Italian director Roberto Rossellini's short film *The Miracle* (1948). In the Miracle decision, the Supreme Court revisited the issue of film censorship, which it had upheld three decades earlier. This time the film industry

graduated from being “a business pure and simple,” as the court had defined it in the 1915 Mutual decision, to being a “a significant medium for the communication of ideas.” Filmmakers finally enjoyed First Amendment protection, and film censorship ended in the United States, except on the grounds of obscenity. Filmmakers gained more latitude to address subjects that had previously been taboo.

These two major legal shifts—brought about by the Paramount decision and the Miracle decision—paved the way for a rise in independent and foreign film exhibition in the 1950s and 1960s. Films by a parade of international directors graced art house marquees: Ingmar Bergman, Luis Buñuel, Federico Fellini, Akira Kurosawa, Satyajit Ray, Agnes Varda, and more. Soft-core porn from Sweden and from American filmmaker Russ Meyer took advantage of filmmakers’ new right to free expression. And American independent and avant-garde film movements found popular audiences.

At first, Hollywood ignored the rise in independent film, which conveniently kept audiences in the habit of going to the movie theater in between studio releases. Instead of competing directly with art house fare, the studios continued to make big-budget spectacles such as *Around the*

World in 80 Days (1956), *Spartacus* (1960), and *Doctor Zhivago* (1963). The sale of films to television provided a boost to studio revenues, insulating Hollywood from the competition offered by the independents.

By the end of the 1960s, however, studio heads realized that they were losing a significant segment of the American film audience, profits were down. The film that finally convinced Hollywood that independent film had become more than a political and artistic niche was *Easy Rider* (1969). Made for a little over \$500,000, the film grossed more than \$60 million. A critical as well as a commercial success, the director-star, Dennis Hopper, won an award at the Cannes film festival, and actor Jack Nicholson, who had only been in low-budget films up until that point, was nominated for an Oscar.

Easy Rider is an encyclopedia of the 1960s counterculture. It follows two motorcycle riders as they travel the country experiencing America's clashing attitudes toward sex, drugs, and politics while rock and roll blares triumphantly on the soundtrack. With its episodic structure, use of unknown actors, explicit sex and drug use, and bold political statements, *Easy Rider* is everything the Hollywood studio system had been designed to avoid. Yet it was a hit.

Clearly out of step with audience demands, Hollywood took two drastic measures. First, the MPAA replaced the failing Production Code with a rating system, and, second, the studios reshuffled the production hierarchy that had reigned since the days of Thomas Ince, now making the director the star.

The Production Code was already showing cracks by the 1950s. Several studio films were released without Production Code Administration seals, and a new PCA regime headed by Geoffrey Sherlock loosened the organization's criteria. In 1961 Eric Johnston announced that the MPAA would consider a rating system, and in 1966 Lyndon Johnson aide Jack Valenti took over from Johnston with the aim of transitioning to a rating system.

In his first year, Valenti instituted a special "Suggested for Mature Audiences" category that was awarded to many studio-made films over the next two years. The first film given the SMA designation, *Who's Afraid of Virginia Woolf?* (1966), featured a slatternly Elizabeth Taylor and was peppered with words like "screw" and "hump." It was a huge financial success and swept the Oscars.

In November 1968 the new rating system took effect. Where the Production Code had been a one-size-fits-all model put in place so that every film could reach the widest possible global audience, the rating system divided films into categories. Each film now targeted a narrower public, but the range of films that could be made greatly increased, and Hollywood could compete with the art houses.

The art house films of the 1950s and 1960s, however, had more than just sex and profanity. They were made in a different mold than the star-studded genre films of the studios. What Bernardo Bertolucci, John Cassavetes, and Akira Kurosawa have in common is that their films bear a strong mark of directorial authorship. In order to bring that authorial stamp to Hollywood films, the studios began either acquiring small production companies or starting their own director-focused subsidiaries. These subsidiaries had creative and financial autonomy, while the studios reserved the right to have the first chance to produce or refuse a new project.



9. Elizabeth Taylor and Richard Burton exchange risqué dialogue in *Who's Afraid of Virginia Woolf ?* (Warner Bros., 1966), the first film to receive the short-lived "Suggested for Mature Audiences" label. Two years later, the Motion Picture Association of America abandoned the Production Code for the rating system.

Raybert (later BBS) Productions, for example, the company that made *Easy Rider*, struck a production deal with Columbia Pictures and went on to make Peter Bogdanovich's classic *The Last Picture Show* (1971) and a series of films starring Jack Nicholson. Similarly, Warner Bros. made a deal with Francis Ford Coppola's San Francisco-based production company American Zoetrope. Coppola proved to have a great eye for finding talented young filmmakers, and he launched the careers of writer-director George Lucas and screenwriter-producer Arny Bernstein,

among others. Less successfully, Paramount's entrance into the field, the aptly named Director's Company, gave larger budgets and lots of creative license to Coppola, Bogdanovich, and William Friedkin, only to see the three distinctive directors produce some of their least commercially successful films.

The term used to describe these directors is "auteur." The auteur theory had been developed by French critics to explain the personal imprint that Golden Age Hollywood directors like John Ford and Howard Hawks were able to place on their films despite their limited creative control in the studio system. By the late 1960s and 1970s, auteurism became shorthand for promoting the director to sell films rather than the genre or actors. And a generation of directors with marketable individual styles emerged, including Coppola, Steven Spielberg, Martin Scorsese, John Milius, Brian DePalma, and Terrence Malick.

They were all white men, and it would take another decade before a wave of women and African American directors began to claim the auteur mantle within Hollywood. During the 1960s and 1970s, however, many of the male auteurs had important women with whom they collaborated. Virtuoso editor Thelma

Schoonmaker frequently worked (and continues to work) with Scorsese and other directors; production designer Polly Platt, who was married to Bogdanovich, worked on Bogdanovich's early films and later with producer James L. Brooks; Marcia Lucas, who was married to George Lucas, edited films with Lucas, Scorsese, and others; and editor Dede Allen collaborated with Arthur Penn, Warren Beatty, and others. All have Academy Award nominations, and all except Platt took home statuettes. One downside to the focus on auteur directors during this period is that there is even less attention paid to the many talented writers, set designers, editors, and others—frequently women—who put their own imprint on films.

This generation of directors is also known as the “film school generation,” since many of them were trained at New York University, the University of Southern California, UCLA, and the American Film Institute. And, indeed, as the studios became leaner, they outsourced much of the training of actors and directors to universities and to director-producer Roger Corman, who is a singular force in the industry. Since the 1950s, Corman (later in association with his wife, Julie Corman) has mined film schools for some of the most talented students, and a short list of his discoveries

includes Scorsese, Coppola, Bogdanovich, Sandra Bullock, James Cameron, Jonathan Demme, Peter Fonda, Ron Howard, John Milius, Jack Nicholson, Nicolas Roeg, John Sayles, William Shatner, and Talia Shire. Corman's alumni often refer to themselves as graduates of "the school of Corman."

The studios also gradually moved away from having long-term contracts with actors, writers, and directors. Talent agencies like MCA, William Morris, and the Creative Artists Agency (CAA) filled the vacuum. They began to put together projects for their clients, which they could then bring to the studios ready to be made.

All of these elements created one of the most exciting and artistically diverse periods in Hollywood's history. And in an intense eleven or twelve years, the New Hollywood auteurs made an inordinate number of American classics, including *Bonnie and Clyde* (1967), *Midnight Cowboy* (1969), *Harold and Maude* (1971), *The Last Picture Show* (1971), *American Graffiti* (1973), *Badlands* (1973), *Chinatown* (1974), *Taxi Driver* (1976), *Days of Heaven* (1978), and *Apocalypse Now* (1979). Many of these films have entered university curricula and the home video canon, and they continue to have an impact on new filmmakers. By the middle of the 1970s,

however, studios were beginning to funnel the creative energies of the New Hollywood auteurs into bigger commercial projects.

Big media

In addition to being restructured in the 1960s, all of the Hollywood studios were either sold to corporate conglomerates or became big media companies themselves. Many of the studios had essentially remained family businesses, with the original founders still at the helm. Larger corporations took advantage of Hollywood's momentary weakness in the 1960s to make takeover bids, integrating the studios with other companies and concentrating ownership across different media industries.

In 1966 the corporate conglomerate Gulf + Western decided to add a movie studio to its clothing, mining, and other assorted businesses. Gulf+Western took over Paramount from the aging Adolph Zukor, in his nineties, and Barney Balaban, in his eighties. The same year, Jack Warner, still head of Warner Bros., sold his studio to Canadian investors, who resold it two years later to Kinney National Services, which owned parking garages and cleaning companies. The new corporate era for

Hollywood raised the risk-averse policies to a new level, and while New Hollywood auteurs made smaller personal films, the studios invented the blockbuster. These two cultures soon converged.

Before 1960, twenty movies had grossed more than \$10 million domestically. By the end of the decade more than eighty films had crossed the \$10 million mark. After that, a dozen or so films brought in the majority of Hollywood's annual profits. The studios moved to an oil-well mentality, in which a few blockbusters could make up for many mistakes. We tend to use the term blockbuster loosely to refer to an expensive production or a runaway success. But in the 1970s Hollywood created a recipe for blockbusters, which were designed not only to sell lots of movie tickets but to take the guesswork out of moviemaking.

Blockbusters, first and foremost, were "presold." They were based on existing works that already had built-in audiences. The 1978 blockbuster *Grease*, for example, adapted the long-running Broadway show of the same name, and it contained several well-known songs. The product had been tested, and the thousands of people who saw the play or wanted to were primed to like the film. In the 1970s, Hollywood developed blockbusters out of presold

properties like *Airport* (1970), *The Godfather* (1972), *The Exorcist* (1973), and *Jaws* (1975).

There was nothing new about using presold properties. Edison adapted plays, novels, and the ultimate presold work, the Bible. But there were other ingredients in the 1970s blockbuster formula. Some were familiar. *Grease* was a genre film—a musical—and it featured popular stars John Travolta and Olivia Newton-John. But it was also a multimedia, crossover property. Travolta was a singer and television star who had just made a successful feature film, *Saturday Night Fever* (1977), and Olivia Newton-John was a pop star. They brought audiences from different media spheres, and the movie was destined to have a tie-in album, sequels, and a television spin-off. After a bestselling soundtrack and a weak sequel, the studio decided to shelve the television spin-off. Blockbusters had to be successful across media and offer profitable opportunities for more than one company in the media conglomerates' portfolios.

As a final ingredient of the recipe, blockbusters had to be “high concept” projects. When executive Barry Diller worked in programming at ABC, he liked to approve shows that could be sold in a single sen-

tence. Steven Spielberg later said, “If a person can tell me the idea in 25 words or less, it’s going to make a pretty good movie. I like ideas, especially movie ideas, that you can hold in your hand.” High-concept projects have to have two elements. First, as Diller and Spielberg suggest, they must be able to be summarized (and marketed) in a phrase: “You can’t be tried twice for the same murder” or “Snakes on a plane.” It is even better if they can be captured in a single image: all of the promotional material for *Grease*, for example, used the image of the film’s title twisted into the shape of a 1950s car.

The second element of a high-concept movie is that it is a combination of previously successful ideas: *Titanic* in the air might describe the 1975 film *The Hindenburg*, and “*Jaws* with claws” was used to sell a 1970s bear-attack film. Presold, high-concept blockbusters took no chances. They were easy to market, and rested on pretested material.

Under the leadership of producer Robert Evans, Paramount became extremely adept at producing blockbusters in the 1970s. With the backing of Gulf+Western, the studio bought Desilu, which had started by producing *I Love Lucy* in the 1950s and grew to become a leading television production company. And with the help

of journalist-turned-producer Peter Bart, Evans bought the rights to some of the most popular plays and novels of the decade, including *The Odd Couple* (1968), *Rosemary's Baby* (1968), *Love Story* (1970), *The Godfather* (1972), and *Chinatown* (1974). These were not only presold properties that came with built in audiences; in many cases, like *Love Story* and *The Godfather*, Paramount bought the rights before the novels were released, and the studio insured that its presold bets were well marketed before they were adapted to film.

Under the leadership of super agent-turned-studio boss Lew Wasserman, MCA also mastered the blockbuster. Wasserman turned his talent agency into a fully integrated media company, with music, television, and film divisions. In fact, it became so big that the Department of Justice later broke it up on antitrust grounds.

MCA's film studio, Universal, may have cracked the blockbuster formula when it produced Steven Spielberg's *Jaws* in 1975. The talent agency International Creative Management (ICM), one of the agencies created out of the breakup of MCA, first packaged *Jaws*. ICM represented bestselling author Peter Benchley, who had written the novel and screenplay for *Jaws*, as well as up-and-coming director Steven Spielberg.

ICM sold the movie rights to Universal before the book was published, so Universal could help market its presold property. And the studio created the perfect high-concept marketing campaign for the film. It was a shark-attack movie, a tried and true drive-in genre, only made with a big budget. The poster of a shark peering up at a woman swimming became ubiquitous, and Universal invested in a saturation television advertising campaign. The real innovation in *Jaws* marketing, however, was the decision to release it during the summer, which had traditionally been a time for independents, and to open it in four hundred theaters, “opening wide” in industry parlance, rather than rolling it out slowly. The opening of *Jaws* was an event, as so many subsequent summer blockbusters would be.

Very quickly the auteurs who made personal films in the 1960s and early 1970s became blockbuster directors. Lucas started the *Star Wars* franchise in 1977; Spielberg followed *Jaws* with *Close Encounters of the Third Kind* (1977), *Raiders of the Lost Ark* (1981), and *E.T. the Extra Terrestrial* (1982). These blockbusters reimagined the Hollywood genres that the auteurs had grown up with, and they provided the new multimedia corporate studios with franchises and “tent poles,” ideas

that could expand beyond film and into television, print, music, and video games. Hollywood mastered the blockbuster so thoroughly that many of these projects continue to exist, producing new sequels, prequels, reboots, reimaginings, games, and fan creations every year. In some cases, the blockbusters of the 1970s and 1980s have risen to the level of new American and even global myths.

Chapter 7

Home video and Indiewood

Just when the studios get comfortable, it seems, new technologies upset the status quo. Hollywood is always in a state of transition. In the 1970s and 1980s home video took Hollywood by surprise, and the industry spent the better part of a decade adjusting to the changes wrought by the new medium. But in the end, just like many previous technological revolutions, home video opened up new aesthetic possibilities for filmmakers, gave viewers more options, and increased Hollywood's profits. By 1986 video rentals surpassed theatrical box office returns, and by the end of the 1980s video rental stores in the United

States outnumbered movie theaters four to one. Sony's early Betamax advertisement, "Watch whatever whenever," announced the new motto for the industry, although it would take Hollywood some time to adjust to the new reality.

Home video

Hollywood should not have been surprised by the VCR. Bringing moving images to the home and putting the power of recording in the hands of consumers was a long time coming. Edison (it always goes back to Edison) developed a projecting home Kinetoscope in the 1890s but only sold a handful. The French company Pathé began selling an amateur 9.5mm movie camera, the "baby," in 1922. In the 1940s and 1950s, engineers developed electronic videotape processes, one of which was funded by television crooner Bing Crosby's production company. Crosby hoped to develop videotape so that he wouldn't have to do two identical live television performances, one for the East Coast and one for the West Coast.

By the 1950s and 1960s commercial videotape machines were being used by most television companies, and video cameras began to show up on film sets in 1960

when comic actor-director Jerry Lewis started using a video camera next to his film camera in order to have an immediate look at actors' performances, a device which came to be called a "video assist." In the early 1970s, MCA/Universal collaborated with a consortium of technology companies to develop a laser disc playback system called Discovision, which eventually hit the market in 1978, a few years after the first VCRs.

Although Hollywood experimented with videotape and laser discs, Sony released the first consumer VCR, the Betamax, in 1975. Technology manufacturer JVC released a competing format, VHS (Video Home System), shortly thereafter. Betamax had a higher-quality image, but VHS won the format war. VHS tapes reached the goal of holding an entire feature film before the shorter Betamax tapes, and JVC licensed the VHS format widely to technology and content companies, while Sony exerted tight control over the proprietary Betamax format.

The proprietary-versus-open-format wars have been repeated many times, recently with Apple's (mostly) closed IOS mobile operating system and Google's (more) open Android operating system. Open systems have tended to win out over closed systems

in the past, but, despite Karl Marx's adage, history does not always repeat itself. It remains to be seen which mobile platform will triumph, or if they can coexist.

VHS may have prevailed in the format war, but Sony, as the first manufacturer to release a home video machine, had the privilege of being sued by the Hollywood studios. More specifically, MCA's Lew Wasserman, who controlled Universal studios and MCA's large television production arm, filed a lawsuit against Sony. Wasserman asked every Hollywood studio to join the suit, but only Disney took him up on the offer. Disney not only had a large investment in television production, but the studio's executives worried about the impact VCRs might have on its unique business model. Disney owns a library of classic children's films and television shows, which the studio releases anew for each generation. If consumers started taping Disney shows and owning Disney movies, how would the company survive?

The case went to the Supreme Court, where the justices took the unusual step of hearing oral arguments twice. After the arguments, we now know from internal correspondence, the majority sided with the studios, favoring the argument that consumers could not tape television shows

without the permission of the producers. But during deliberations, Justice Sandra Day O'Connor changed her mind and tipped the scales in favor of Sony. She saved the VCR's record button and fast-forward button (which allowed viewers to skip commercials) by a single vote.

This truly groundbreaking decision found "time shifting," recording a television show to watch it at another time, to be fair use (i.e., it did not infringe the rights of the copyright holder). Even making a temporary copy of an entire show, the decision stated, was protected by copyright law. All the evidence in the case suggested that people with VCRs watched more television. The court also listed examples of socially valuable uses of home video. VCR owners might record a presidential speech or simultaneous news programs for later viewing. Because VCRs had valuable legal uses, the court decided, Sony could not be held liable when users found illegal uses for the machines. The Sony Betamax decision changed the environment for home media innovation, and it made possible the creation of technologies from the iPhone to YouTube.

But Lew Wasserman did not give up easily. With support from MCA/Universal and other studios, the Motion Picture Associ-

ation of America (MPAA) began lobbying Congress for an alternative solution to the problems VCRs created for Hollywood. The MPAA asked for movie and television producers to receive royalties from the sale of VCRs and blank tapes. Such a royalty would have acknowledged that unwanted copying took place, but at least the studios would benefit from it indirectly. Congress said no.

The MPAA also asked that the copyright first-sale doctrine not apply to videotapes. The first-sale doctrine permits consumers to rent, sell, or give away copies of media that they own. Used bookstores, for example, sell books without the permission of the publishers. The first-sale doctrine posed a problem for video sales, because once rental stores bought tapes from the studios, they were free to rent them repeatedly, collecting all of the rental fees. And the studios could not realize the full profits from films that found success in the video market. Congress again said no and refused to exempt videotapes from first-sale protections.

Hollywood responded first by trying to create what the industry calls a “sell through” market, cutting out the rental stores and selling tapes directly to consumers. Films with cult followings like the *Star Trek* fran-

chise found fans who wanted to purchase movies to watch multiple times. And the occasional blockbuster, especially if it appealed to children, sold well when it was priced for families. Steven Spielberg's *E.T. the Extra Terrestrial* (1982) became one of the biggest sell-through success stories. With cassettes priced at \$25, one in five US households owned a copy of *E.T.*

Most tapes, however, were priced at \$65 or more, which discouraged personal ownership and required small video stores to be selective in the videos that they purchased. Even the biggest rental chain, Blockbuster Video, could not afford enough copies to satisfy the initial demand. In 1997, Sumner Redstone, CEO of Viacom, the media conglomerate that owned both Paramount and Blockbuster, brokered a deal for the studios to provide rental chains with licensed (as opposed to owned) copies. The stores would get as many copies as they needed, and the rental chain and movie distributor would share the profits from the rentals. Finally, Hollywood had found a system for profiting from successful video rentals.

To maximize sales from theatrical and home viewing, the studios further developed their system of "release windows." They first released films to movie theaters,

then for television broadcast, and finally for home video rental. Studios have continued to experiment with these windows in subsequent decades, with some movies even being released “day and date” (i.e., simultaneously in theaters and on home video). Readjusting or giving up release windows has been one of the most difficult transitions for Hollywood studios in the digital marketplace.

Home video was more than just a new distribution outlet; it changed film production too. Films out of place in the theatrical blockbuster culture found success on home video. Music films, for example, did well on video, because viewers watched them more than once. *Flashdance* (1983), *Michael Jackson’s Thriller* (1983), *Purple Rain* (1984), and *Footloose* (1984) were all part of a music-film cycle that took advantage of the video market. As consumers calculated whether to go to the theater or wait for the video, blockbusters got bigger, while more intimate films did well on video. In 1989 the blockbusters *Batman*, *Indiana Jones and the Last Crusade*, and *Lethal Weapon II* were the top-grossing theatrical releases. But the light caper film *A Fish Called Wanda* was the top rental that year.

It would be difficult to quantify all of the

different ways that home video infused Hollywood with cash and creative outlets. Studios and independent producers began funding films through advance sales of domestic and international video rights, and in 1986 *Platoon* became the first Oscar-winning film funded with the presale of video rights.

Ironically, one of the companies that led the resistance to home video, Disney, may have benefited most. Disney released a few of its smaller films to home video early on, but it kept its classics like *Snow White* (1937), *Fantasia* (1940), and *Dumbo* (1941) locked in the studio's vaults. The 1983 theatrical rerelease of *Pinocchio* (1940) set off a clash at the top levels of Disney's management. Newly appointed CEO Michael Eisner wanted to release *Pinocchio* and other Disney films on video; the new head of the Disney's movie studio, Jeffrey Katzenberg, worried about the effect on future theatrical rereleases. Eisner won and twenty-one classic Disney films appeared in video stores. The profits rolled in and funded the next wave of Disney classics, including *The Little Mermaid* (1989), *Beauty and the Beast* (1991), *Aladdin* (1992), and *The Lion King* (1994). And these new films, in turn, helped Disney acquire the television networks ABC and ESPN and grow into a major international media company.

While Hollywood studios learned to thrive in the home video economy, the fantasy of the playback-only disc remained alive. MCA released Discovision shortly after the introduction of the VCR, and laserdiscs remained a high-quality niche market for cinephiles and collectors. But the digital video disc (aka digital versatile disc, or DVD) offered a new opportunity. The president of Warner Bros. home video, Warren Lieberfarb, saw the potential of the DVD early on, and he convinced the other studios to adopt the new format.

With DVDs, Hollywood attempted to avoid all of the pitfalls it had encountered when VHS tapes were introduced. Released in 1995, DVDs were at first available for playback only, although eventually recordable DVDs became widely available as well. DVDs carried high-quality video and could hold large amounts of compressed video, allowing studios to add extra features that enticed viewers to buy and rent them. New markets arose for unrated versions of films, director's cuts, and DVD extras about the making of feature films or additional scenes. DVDs also allowed multiple audio tracks for dubbing and commentary. DVDs were priced to be sold directly to consumers, encouraging the building of home libraries and consolidating distribution in

the studios.

Finally, DVDs contained copy-protection software that prevents easy duplication. VHS tapes used a form of copy protection as well, but in 1998 it became illegal to bypass the copy protection on DVDs. Although ineffective as a tool for preventing piracy, copy protection allowed Hollywood studios greater control over which DVD players are compatible with studio movies on disc, and it allowed the studios to create versions of movies that can be played only in certain geographic regions, offering region-based price discrimination. DVDs could be sold at one price in the United States and at another in eastern Europe, for example.

DVDs enhanced viewers' relationship to movies and television series. Home libraries encouraged repeated viewing, and DVD extras enticed viewers to learn more about production histories and the events that inspired the movies or shows. Fans, scholars, and educators enjoyed access to high quality copies for research, teaching, and the creation of fan artwork.

Fan communities had existed since the early days of the studio system, but DVDs and digital editing software gave fans new

tools for creating works that parodied, criticized, and further explored Hollywood media. With the introduction of internet video sharing platforms in the mid-2000s, fans found outlets for displaying and commenting on each others' work as well. DVDs may have seemed like an incremental change from VHS tapes, but the higher quality, cheaper prices, and digital formats allowed DVDs to change the culture of movie consumption.

Digital technology and the internet expanded the home video market even further. In the 1980s, most VHS tape players sat on top of televisions with 12:00 a.m. blinking on the device's clock. Consumers found VCRs complicated to set up and program. But digital video recorders (DVRs) incorporated hard drives and computer interfaces, creating sophisticated and more intuitive video recording devices. DVRs could be programmed to record favorite shows, entire seasons of show, or specific genres. They supported binge watching (viewing entire television seasons or series of movie sequels in a short period of time). DVRs became remotely programmable, so viewers could access their devices from a restaurant or while at work, and an add-on called a SlingBox allowed viewers to watch the content on their home video equipment from a laptop computer. The

“whatever whenever” ideal that Sony had touted with its initial Betamax advertisements continued to triumph.

Indiewood

Hollywood has consistently been challenged by independent film movements, which have all been absorbed into the studio system, reinvigorating it. In the 1980s and 1990s, two very different independent film movements arose that pulled the studios in opposite directions. Both were helped by home video. Independent producers funded films with the advance sales of video rights, and home video provided another distribution outlet and source of revenue for smaller independent films.

The creation of what are called “mini-majors” led to the rise of an independent film movement in the 1980s. Mini-majors took advantage of Hollywood’s blockbuster culture, undertaking expensive productions on borrowed money and hoping they would turn into box office successes. Ultimately, the mini-majors wanted to become new studios. Companies like Carolco, Vestron, Cannon, and the DeLaurentis Entertainment Group raised money by selling home video and global distribution rights; they promised unprecedented star salaries;

and they invested in the emerging technology of computer-generated imagery (CGI). For a while, some mini-majors made consistently successful bets. But eventually they all took too many expensive risks during uncertain economic times.

Carolco, the most successful of the mini-majors, specialized in male-star-driven conservative action films, which were perfect for the era of HUAC star witness-turned-politician President Ronald Reagan. Carolco hit on the first successful franchise of the movement with the movie *First Blood* (1982), starring Sylvester Stallone as Vietnam War veteran John Rambo. The movie initiated a genre cycle bent on forging Vietnam War heroes. Carolco marketed the film by sponsoring a documentary on prisoners of war and deploying its public relations staff to help ripen the cultural moment for the film's reception. *First Blood* appeared to be so much in keeping with the zeitgeist that even Reagan praised it. The film took in \$300 million in worldwide gross profits, and it spawned equally successful sequels.

Carolco invested in more action films, having another great run with a series of CGI-heavy science fiction films starring Arnold Schwarzenegger, including *Total Recall* (1990) and *The Terminator* series (1984–

present).

In a short period of time, Carolco sought to move beyond making blockbusters and expand into a new major studio. Like Warner Bros. during the transition to sound or MCA in the 1960s, Carolco attempted to become vertically integrated. The company bought a video distribution chain, while also diversifying its production slate with some smaller genre films, including the history film *Mountains on the Moon* (1990), horror film *Jacob's Ladder* (1990), romantic comedy *L.A. Story* (1991), and thriller *Basic Instinct* (1992).

But Carolco ran out of money during a recession in the 1990s and bet the entire company on a single film: the flop *Cut-throat Island* (1995). The mini-majors turned the oil-well blockbuster system into a casino, and eventually they all lost. But before going under and selling their film libraries to the studios, the mini-majors permanently raised star salaries, and they successfully hastened Hollywood's adoption of CGI, proving once again that most new innovations come from challenges to the major studios.

The mini-majors made the blockbuster culture of the New Hollywood even bigger.

The other independent film movement of the late 1980s and 1990s extended the flip side of the New Hollywood era, the personal films that dwindled after the New Hollywood auteurs turned to blockbusters and franchises. What has come to be known as “indie” film grew directly out of the 1960s New Hollywood, extending the auteur-focused movement to incorporate more women and minorities who were (and remain) underrepresented in the studios system. Some of the directors that emerged from this period include Paul Thomas Anderson, Wes Anderson, Jane Campion, Sofia Coppola, Julie Dash, Tom DiCillo, David Fincher, Hal Hartley, Agnieszka Holland, Jim Jarmusch, Ang Lee, Spike Lee, Richard Linklater, Michael Moore, Alexander Payne, Robert Rodriguez, John Singleton, Kevin Smith, Todd Solondz, Steven Soderbergh, Quentin Tarantino, Robert Townsend, and Gus Van Sant.

Spike Lee (along with fellow New York-based filmmaker Jim Jarmusch) formed a bridge between the film school generation of the 1970s and the indie filmmakers of the 1990s. Trained at New York University’s graduate film school, Lee made films about topics that would never have found a home in Hollywood. Like those of the social-problem filmmakers of the depression, Lee’s early films centered on controversial

topics: racism, female sexuality, and drug addiction. He funded his first feature film, *She's Gotta Have It* (1986), with a New York State arts grant and investments from family and friends. Shot for under \$200,000, it earned over \$7 million at the box office. Lee continued to struggle for creative autonomy, forming his own production company, 40 Acres and a Mule Filmworks, and supplementing his film work with commercials and music videos. Always at the forefront of new funding opportunities outside of the studio system, Lee went on to be one of the first major filmmakers to use the crowdfunding service Kickstarter to fund a film project.

Spike Lee's films were recognized by festivals and awards ceremonies early on. His NYU thesis project was the first student film to be featured at Lincoln Center's New Directors/New Films festival in New York, and *She's Gotta Have It* won a young filmmakers' award at the Cannes film festival. In 1989 Lee was nominated for an Academy Award for best original screenplay for *Do the Right Thing*. He didn't win, and the best picture Oscar that year went to *Driving Miss Daisy*, a film that could not have been further from Lee's provocative ensemble piece about the racial tensions ready to ignite on a street in Brooklyn.

But the generation that followed Spike Lee had a larger infrastructure of support. A range of institutions helped launch and sustain indie film, most prominently actor Robert Redford's multifaceted Sundance organization and brand. Based in Utah, what began as an independent film festival in the late 1970s grew into an educational institute, a funding entity, and eventually a lifestyle brand, selling clothing and furniture. Sundance really took off as a full-service film development center under direction of Geoffrey Gilmore in the 1990s, and the organization came to dominate the independent film world so thoroughly that by 1995 another festival, Slam Dance, was started to oppose Sundance's hegemony.



10. John Turturro and Spike Lee, here in *Do the Right Thing* (40 Acres and a Mule/Universal, 1989), emerged as leaders of the independent film movement's alternative star system and auteur pantheon.

On the East Coast, the Independent Filmmaker Project grew out of the New York Film Festival in the late 1970s and created a screening venue, film market, and award ceremony for independent films. Dozens of magazines from *Film Threat* to *Filmmaker* to the online *IndieWire* began to cover independent films, and a cottage industry of books on how to make independent films sprang up.

Distributors began to focus on the emerging independent film movement. Law school student Robert Shaye proved to be one of the more successful entrants into the field when he started New Line Cinema in the late 1960s to distribute low-budget art house, exploitation, and public domain films. After successfully reviving the camp 1930s antidrug film *Reefer Madness* (1936) and new films by Baltimore-based exploitation auteur John Waters, New Line moved into production in the late 1970s. Throughout the 1980s and 1990s, New Line produced and distributed commercial franchises like *Nightmare on Elm Street* (1984–present) and the *Teenage Mutant Ninja Turtles* (1990–present) films, while its Fine Line division made edgy independent films like Gus Van Sant's *My Own Private Idaho* (1991), David O. Russell's *Spanking the Monkey* (1994), and Harmony

Korine's *Gummo* (1997).

At the same time, brothers Bob and Harvey Weinstein produced and distributed a mind-boggling number of independent film hits through their company Miramax. One of their earliest coups was buying the rights to Steven Soderbergh's Cannes and Sundance winner *Sex, Lies, and Videotape* (1989). The film, about technology in the age of safe sex, was made for \$1.1 million and grossed over \$100 million.

The Weinsteins not only chose great material; they also created a popular audience for independent films through clever marketing. They sold theatrical documentary films without using the word documentary. Instead, they highlighted the films' political or real-world relevance and the auteurs who made them, especially Errol Morris and Michael Moore. Miramax, like Carolco, took unorthodox steps to create an environment in which films seemed timely and important. They managed to have actor Daniel Day-Lewis testify before Congress on behalf of the Americans with Disability Act during the promotional campaign for his film *My Left Foot* (1989), about a man with cerebral palsy who learns to paint.

Miramax marketed the film *The Crying Game* (1992) by convincing critics not to give away the film's surprise but of course revealing to readers that there was a not-to-be-missed surprise. The Weinsteins also realized the financial value of the Oscars. They put hundreds of thousands of dollars into campaigning for Oscars, and they were extremely successful at winning them. Oscars not only bring prestige; they also bring in more viewers for extended theatrical runs and for home video releases. Oscars translate into real dollar value.

By the mid-1990s, the independent film movement had developed into a mirror of the studio system, with its own auteurs, storytelling formulas, and marketing techniques. The independent film world had its own star system featuring Parker Posey, Eric Stoltz, John Turturro, Samuel L. Jackson, and Steve Buscemi. And a familiar narrative of low-budget triumph and Sundance discovery came to dominate marketing: film student Robert Rodriguez made the fast-paced action film *El Mariachi* (1992) for \$7,000 while on break from film school; first-time filmmaker Jonathan Caouette made *Tarnation* (2003), a personal film about coming out and life with his unstable mother for just over \$200

on a borrowed laptop; and the handheld-camera horror film *The Blair Witch Project* (1999) was made for \$25,000 and grossed over \$200 million.

It is difficult to define indie film. Is it a genre, mode, series of institutions, group of people, or attitude? Was it really an independent movement when many actors, directors, and production companies seemed to move fluidly between Hollywood and the indie world? There may not be an all-encompassing definition, but by the mid-1990s all of the parts were in place for indie film to be a widely recognized movement.

Some filmmakers recognized the indie film scene as the heir to New Hollywood auteurs of the early 1970s. Directors Steven Soderbergh, Spike Jonze, David Fincher, and Alexander Payne paid homage to their predecessors by naming their short-lived production company after Paramount's failed auteur subsidiary of the 1970s, the Director's Company. The company name was more apt than its founders knew at the time, and the 1990s indie film movement had a fate similar to its predecessors.

Like BBS and the other New Hollywood studio subsidiaries of the 1960s, all of the

1990s indie film producers and distributors were absorbed by the Hollywood studios. In 1993 Disney acquired Miramax, and Turner Entertainment (which became part of Time Warner) bought New Line. In 2001, Universal bought the last distributor of the period to remain independent, Good Machine. The studios that did not snap up an indie distributor started their own art house divisions, including Sony Picture Classics (1991), Fox Searchlight (1994), and Paramount Classics (1998).

The lines between Hollywood and the indie world began to blur, creating what some have called Indiewood. The 1995 Oscars were hailed as the year of the independents, because so many films nominated for best picture came from indie producers. But by 1995, every one of those producers had become part of the Hollywood studio system, and the 1995 Oscar nominees signified not the year of the independents but the triumph of Indiewood: *The English Patient* (Miramax/Disney), *Breaking the Waves* (October/Universal), *Fargo* (Gramercy/Polygram), and *Shine* (Fine Line/Time Warner). As it had so many times before, Hollywood successfully absorbed its competition.