Introduction

André Bazin famously queried, What is cinema? Until the 1980s, this was a fairly easy question to answer. A second question—Where is cinema?—was even easier to answer, again until the 1980s. Cinema was what one saw in a theater or, when watching movies in the home, on broadcast television. Cinema was celluloid, and movies were consumed in a restrictive set of locations.

Hollywood was in the movie business. Everyone knew this. Hollywood *was* movies. It was an industry that produced a readily identifiable product. One could study the industry by studying this product and the companies—studios—that produced it. Such study entailed no conceptual ambiguity regarding its object or the parameters that defined the object and the study.

But as of the 1980s, this was no longer true. In that decade the film industry and its product underwent a substantial and far-reaching transformation whose implications are still being worked out a decade later, but whose impetus and whose basic alteration of the industry had become clear by decade's end. As a result of these transformations, Hollywood ceased operating as a film industry, and film stopped being its primary product. Instead of making films, the industry shifted to the production of filmed entertainment, a quite different enterprise that encompassed production and distribution of entertainment in a variety of markets and media. Film both was and was not "filmed entertainment." In the sense that it still was, a viewer might watch RAIDERS OF THE LOST ARK (1981), E.T.: THE EXTRA-TERRESTRIAL (1982), or BACK TO THE FUTURE (1985) in a theater or at home on television. But in the sense that film was not "filmed entertainment," that viewer might also play a "Raiders" video game or enjoy the "E.T." and "Back to the Future" rides at Universal Studios. These latter incarnations of film-derived characters and props generated substantial revenues to the studio from alternative, nontheatrical markets. "Filmed entertainment"—not film—encompassed all such markets and formats.

The studios had product-licensing operations before the 1980s, and home video was introduced in the late 1970s. For decades, broadcast television had been a vital nontheatrical market for Hollywood, and the industry produced television shows. The issue is not whether Hollywood had diversified its operations beyond theatrical productions prior to the 1980s. Clearly, it had. The striking fact about the 1980s, instead, is the proliferation of nontheatrical markets and their effect on the industry and its operations. Before the eighties, home video was a minuscule market. During the eighties, it exploded in size and in the revenues that it generated. Cable television, pay cable, and pay-per-view all joined home video in broadening the venues and formats for production and distribution of filmed entertainment. Given these markets, film could no longer exist as film. Celluloid was confined to the area and arena of theatrical exhibition, and it vanished from the other markets, to be replaced by video. Thus, the industry soon found itself in an odd and ironic position, namely, the business of producing films for expanding video markets. As the markets for film were changing, the production process was transformed. Video and film were interfaced during all of the critical phases of filmmaking, most especially in post-production.

The business of film changed, as did the act and art of filmmaking. So, too, did the viewer's understanding of the question, What is cinema? For viewers in the latter 1980s, the move to video was well established and had altered the aesthetics of the medium. Most people by that time were watching their movies at home on television sets in the form of rented videotapes. In this context they were not exposed to cinema at all, as it had been traditionally understood. The transfer of film from a photographic medium to an electronic signal housed on videotape greatly changed its aesthetic properties. The two media are not interchangeable. The film image and the video image have very different characteristics, but these amounted to subliminal differences—and created subliminal effects—for the home viewer of filmed entertainment. The casual viewer either did not notice the differences or considered them acceptable trade-offs for the comforts of home viewing. Videotape was a low-grade medium that substituted for the luminous beauty of correctly projected film images, but millions of viewers happily accepted these limitations and consented to the reduction of cinema to television that video transfer represented. And for new generations of viewers born or reared in the eighties, film *was* video.

Despite the changes that they posed for its traditional product, the Hollywood industry rushed to exploit the new, alternative venues for film distribution and exhibition. And why not? The industry was in deep crisis as the decade began, and the new distribution and exhibition technologies promised a partial solution in the form of a potentially giant pot of gold that the industry could seize and claim, provided it successfully assimilated and adapted to the challenge of taking film away from its celluloid base and out of the theaters. The story of Hollywood in the 1980s is the story of this adaptation and assimilation and the alteration of its product. These were threshold events that fundamentally altered the nature of the industry.

In light of this transformation, the 1980s stand as a seminal decade. The scale and the legacy of the industry's changes make this decade comparable in significance to the other two transforming events in the history of American film, the coming of sound in the late 1920s and the industry's loss of its theaters in the late 1940s. Each of these earlier events defined a before and an after for the film industry, marked a line of historical transition that differentiated the business in hard and clear terms on either side of the marker. The eighties branded the industry in a comparable fashion, taking it away from film and toward filmed entertainment, changing the corporate structure and affiliations of the companies producing filmed entertainment, and setting the industry on a course toward globalization and a new oligarchy of planetary media titans.

Before the 1980s, the film studios had affiliated with large parent corporations, but these tended to be a diverse group of companies operating diverse business segments. Gulf and Western Industries, which owned Paramount, was the prototype of this old-line conglomeration, with business segments in such far-flung areas as automobile replacement parts, sugar harvesting, and motion pictures. As with the industry's nontheatrical operations, what counts here again is the signal shift of emphasis and scale. The industry remained a subsidiary of parent corporations, but these corporations were no longer the traditional conglomerates. After the completion of a wave of mergers and acquisitions that affected virtually every major studio, the film industry was in the hands of global media and communications giants.

The legacy of the 1980s for the film industry is everywhere visible today. The consolidation of the media and communications industry continued through the 1990s with a series of spectacular mergers that joined media programmers (and the film studios should henceforth be understood in those terms) with strategic distribution venues. To illustrate these continuities, it will be helpful to mention briefly several of their more recent manifestations. Although this book treats the 1980s as a unit of history bounded by a span of ten years, the forces examined herein had not been exhausted or concluded by 1989. The eighties thus cast their shadow across the next decade. In 1994, Sumner Redstone's Viacom bought Paramount Communications for $10 billion and then purchased Blockbuster Entertainment, the national video rental chain of three thousand stores. Michael Wolf, a partner with the entertainment industry consulting firm of Booz, Allen, and Hamilton, stressed that the principle guiding such large-scale mergers is the need to control and exploit the hybrid markets for entertainment programming. "It's more a question of, do you have a whole set of assets that you can use to exploit a product? This is really what's going to differentiate whether or not these mergers are going to succeed: their ability to use scale to get a whole broader set of revenues out of any one brand or product."[1] As a result of Viacom's purchases, it can take a property, such as a popular comic book or film character, and generate revenue streams by marketing it as a movie (Paramount), a cable presentation (Showtime, The Movie Channel), a book (Simon and Schuster), a video rental (Blockbuster), and a theme park ride (Paramount).[2]

Two other strategic mergers in the media industry followed Viacom's acquisitions. In July 1995, the Walt Disney Co. agreed to purchase Capital Cities/ABC for $18.5 billion, merging a huge content provider with a national television network. At the time, this was the second-largest merger in U.S. history. Disney's purchase gained it access to 80 percent of the sports network ESPN, twenty radio stations, eight television stations, a radio network, foreign television operations, seven daily newspapers, thirty-four weekly newspapers, and various special-interest publications (*Women's Wear Daily*, *Institutional Investor*, the Chilton auto books). Network television represented a scarce mass distribution system. Not counting Fox, owned by Rupert Murdoch's News Corp., which also owned 20th Century–Fox film studio, only three national television networks existed that were unaffiliated with Hollywood studios. Thus, Disney's acquisition of ABC gave it a powerful distribution system for its programming. Warren Buffet, an investor who helped broker the deal, described it as "a merger of the No. 1 content company with the No. 1 distribution company."[3] Access to ESPN was also highly valued by Disney because it would enhance its global reach (70 million homes in 130 countries). So strategic, in fact, was the ESPN acquisition that it was valued at half the Cap Cities/ABC deal's total price.[4]

In September 1995, Time Warner and Turner Broadcasting agreed to combine their operations. Time Warner was already a huge media empire, with operations in film and television production (Warner Bros., HBO) and publishing, and it now gained the Turner assets in film and television production (Castle Rock Entertainment, New Line

Cinema) and television and cable systems (Cable News Network, CNN International, Headline News, TNT, WTBS, and Turner Classic Movies).

In the industry's rush to acquire television and cable distribution systems, not all of the studios were winners. Its Japanese owner, Matsushita, hobbled MCA/Universal's plans for expansion. Matsushita, uninterested in augmenting its media acquisitions, squelched MCA/Universal's proposal to acquire CBS in partnership with ITT. Thus, when Matsushita sold MCA/Universal to Seagram's in 1995, the studio came as a content provider without a national television distribution system. As the media industry redefined itself from the 1980s on, content providers that did not also control distribution systems were at a competitive disadvantage. MCA/Universal was thus in a relatively weakened position, especially in comparison with an empire like Murdoch's News Corp., a combined film, television, and publishing colossus. With its 1996 acquisition of New World Communications, Murdoch's Fox network owned and operated twenty-two stations (nine in top-ten markets), making it the biggest TV station owner in the United States.

These recent developments are latter-day symptoms of the transformational process commenced in the 1980s. Thus, our earlier question—Where is cinema?—has become far more difficult to answer. Filmed entertainment now encompasses multiple modalities, and the traditional format for cinema—the theater—has become a small subset of these interlocking, auxiliary markets. Furthermore, these markets, though subtending film, extend far beyond it. Film production feeds these markets and is a key means of rationalizing their revenue-generating potential. As Booz, Allen, and Hamilton's Michael Wolf noted, "The entertainment business is impacting so many other parts of our economy today. It's driving traffic in fast food chains, it's selling toys, it's selling cars, it's selling sneakers. Consumers are making choices on everything from french fries to pajamas based on entertainment properties."[5] These properties are now also a key means of driving revenues in interactive markets, the newest ones to come into the equation. Since the early 1990s, the major studios have been pushing their filmed entertainment properties into the areas of on-line, Web-based promotional services, CD-ROMs, interactive television, and electronic publishing.[6] This development, too, is a legacy of the eighties, when the majors began their large-scale push to extend film properties beyond theatrical markets and to reorganize their corporate structure and affiliations in order to gain access to and a significant measure of control over multiple distribution systems.

The 1980s thereby set in motion a dynamic that has yet to be arrested and a marketing logic that aimed to produce synergies between film entertainment content across a broad range of product formats and through a diverse set of distribution media. That the industry was successful in achieving these goals, and in reinventing itself, is apparent in the continuing consolidations of the 1990s. To write a history of film in the 1980s is thus to pay witness to the disappearance of the industry that had remained relatively stable for so long, stable both in terms of its product (celluloid film) and its distribution formats (theaters and broadcast television). It requires writing about much that can no longer be construed as theatrical motion pictures. It means tracing the assimilation of the Hollywood industry into the larger media and communications industry of which it is now so irrevocably a part.

The most spectacular changes in eighties Hollywood occurred within the business structure of the industry. But important developments also occurred in the films that the industry produced and in the filmmakers who made them and in their place in the production process. The 1980s were a vital decade for American cinema but a paradoxical one, and one that has given rise to some critical misapprehension. As is generally known, the films of Steven Spielberg, George Lucas, and the filmmakers who worked under their production supervision assumed a commercially dominant position within the industry and in the popular culture that the movies spawned. Lucas's second two installments of his STAR WARS series were released during the decade, as were Spielberg's second two Indiana Jones films and E.T.: THE EXTRA-TERRESTRIAL. These pictures had a major effect on the industry because of the huge revenues they generated and the ways in which these returns validated an effects-driven, fast-paced, and emotionally uncomplicated style of blockbuster filmmaking. Furthermore, Spielberg and Lucas extended the influence of this filmic model through the extensive production supervision they exerted on the works and careers of other filmmakers.

One cannot discount their influence, but it tends to be overstated. Critics frequently dismiss the films of the 1980s as being symptoms of (a) the Spielberg-Lucas model of filmmaking or (b) Reaganesque political culture, and critical commentary frequently intertwines the two sets of symptoms. Discussing Spielberg-Lucas films, for example, Peter Biskind remarks, "By attacking irony, critical thinking, self-consciousness, by pitting heart against head, they did their share in helping to reduce an entire culture to childishness, and in so doing helped prepare the ground for the growth of the right."[7]

This is a tall order for movies to fill, especially when one considers that Ronald Reagan's 1980 presidential victory represented the outcome of successful conservative political organizing that had been gaining momentum for the previous fifteen years. It was this organizing and a general cultural turn away from the liberalism of the 1960s, not the films of Spielberg-Lucas, that gave President Reagan the opportunity for a two-term presidency. That presidency helped to set a moral and ideological temper for the eighties; films participated in that process, but not in a unidimensional fashion. Much writing about the era's films, though, has tended to reduce them to a set of ideological symptoms. William Palmer, for example, claims, "The victory of the Reagan agenda changed everything in America and by as early as 1982 had also changed the very nature of Hollywood films."[8] This kind of sweeping statement holds great temptation for scholars and critics. It is rhetorically dramatic and claims to explain a great deal. It proposes a model of history that is orderly and tidy—a decade's worth of filmmaking becomes a symptom of some underlying condition, like Reaganism or blockbusters. By contrast, I suggest that a properly nuanced history of American filmmaking in the period is less tidy and less orderly. It is not so easy to find a core set of characteristics unifying the hundreds of productions in a range of genres that appealed to greatly differing audiences. These chapters, therefore, address a paradox. From an economic standpoint, a relatively clear history of the medium can be assembled, with a chronology of factors, some of which can be assigned causative roles, others reactive ones. From a cultural and aesthetic standpoint, however, heterodoxy is the norm—a profusion of styles and subjects—tied to the medium's conditions of popularity, its need to appeal to diverse audiences. While some of these films are reducible to a deductive framework (e.g., RAMBO [1985] as a symptom of Reagan-era politics, or the high-concept formula of TOP GUN [1986] as a symptom of its box-office aspirations), many others are not.

In contrast to Biskind, Palmer, and others, therefore, my description and analysis of 1980s filmmaking is much less apocalyptic. The danger in writing about the films of Spielberg-Lucas, and about the connections between film and eighties society, lies in overstating their effects. This is an understandable temptation, given the frenetic publicity that surrounded their films and the media discourse that a popular president helped generate. As I show in these chapters, neither tendency—of identifying eighties production primarily with Spielberg-Lucas or with Reagan or Reaganism—is appropriate. My analysis thus eschews several ideas that have become part of the "received wisdom" of eighties Hollywood. Blockbuster films did not take over the industry. Bad films (however one conceives them—as blockbusters, special effects showcases, teen comedies) did not drive out good films. Special effects extravaganzas did not vitiate good writing. While there is much irrationality, crassness, and timidity in the business, the market did what it does best—it insured that a wide range of films were available for the nation's moviegoers. Film is a popular medium—that has always been its great strength—and the vitality of eighties filmmaking generated pictures for mass market audiences (TOP GUN) as well as niche audiences (MATEWAN [1987], DINER [1982]), films calculated for a maximum box-office gross as well as those with little commercial potential (MISHIMA [1985], THE LAST TEMPTATION OF CHRIST [1988]).

This diversity was a function of old and new factors. The old factors were inherent in the eclectic audiences that Hollywood aimed to reach and that could not be reliably found through any single category of film or ideological formula. The new factors were the alternative distribution media that matured during the decade. These gave rise to a huge boom by mid-decade in the production and distribution of feature films, and with the consequent upturn in production came a broadening range of film styles and directorial voices. Any decade that sees filmmakers as diverse as Spike Lee, Oliver Stone, Tim Burton, Joe Dante, Barry Levinson, and Lawrence Kasdan establish major careers cannot be under the sway of a single style or prescription for filmmaking. It just ain't so.

Furthermore, to contend that Hollywood production was symptomatic in any fundamental way of Reaganism (however that is construed) is to miss one of the most remarkable facets of the industry's cultural history during the period. Rather than placidly churning out films that manifested some dominant ideology, Hollywood itself was attacked by a range of critics and special interest groups that deemed the industry's products to be unacceptably lewd, bigoted, or sacrilegious. The controversies that erupted over such pictures as CRUISING (1980), DRESSED TO KILL (1980), SCARFACE (1983), THE LAST TEMPTATION OF CHRIST, and slasher horror pictures were intense, bitterly fought contests that showed how volatile the era's cultural politics were and how troubled and problematic was the connection between these politics and Hollywood film. An important characteristic of these culture wars is that they are not reducible to any single political agenda. The political Right as well as the Left attacked the industry and its films, and this phenomenon attests to the industry's troubled connections with American society. The conflicts pitted Hollywood, as the perceived enemy, against a variety of groups united in their hostility to its products.

I raise these issues in order to question the presumption that 1980s Hollywood and its films can be defined in terms of some fundamental schema, like blockbuster production or Reagan-era conservative politics. Obviously, Spielberg and Lucas are of tremendous significance for the period's film, and they get extended treatment in Chapter 6. Equally important are the ways in which Hollywood cinema adjusted itself to the rightward drift of national politics. Productions like RAMBO, TOP GUN, and RED DAWN (1984) are explicit manifestations of the Reagan administration's political tropes and fixations. The industry understood that the Reagan election presaged a more conservative era. Jack Valenti, president of the Motion Picture Association of America

(MPAA), was an essential intermediary between the industry, its public, and official Washington. His rhetoric about the political and moral orientation of the industry and its films shifted from the late 1960s to the 1980s in order to stay in harmony with changing sociopolitical mores. In the late 1960s, for example, the MPAA spearheaded new freedoms for filmmakers and the easing of content restrictions governing sex, violence, and profanity.[9] Valenti defended the new and explicit sex and violence of late-sixties films. Testifying on 19 December 1968, before the National Commission on the Causes and Prevention of Violence, which had been convened in part because of the new levels of violence in film, he informed the commission's members:

> There is a new breed of filmmaker. And mark you well this new filmmaker, because he's an extraordinary fellow. He's young. He's sensitive. He's dedicated. He's reaching out for new dimensions of expression. And he is not bound—not bound—by the conventions of a conformist past. I happen to think that's good.[10]

By 1980 Valenti had changed his outlook. Responding to a ratings controversy in which the MPAA required that Brian De Palma delete some of the violence from DRESSED TO KILL in order to win an R rating, rather than an X, Valenti justified the MPAA's action as being responsive to the times. He now repudiated the type of filmmaker he had earlier defended. "The political climate in this country is shifting to the right, and that means more conservative attitudes toward sex and violence. But a lot of creative people are still living in the world of revolution."[11]

As Valenti's remarks indicated, and as the foregoing discussion has tried to show, the Hollywood industry has never assumed a single or simple relationship with its public. It has made films of varied political stripes and social outlooks, and I have tried to capture this richness in the chapters that are devoted to the films and filmmakers of the period. If we move past the received critical wisdom on eighties Hollywood, we see instead a volatile era, volatile in terms of the industry's restructuring and reorganization and in terms of the connections and relationships between its products and the society that alternately assimilated and attacked them.

This volume proceeds from an economic and industrial analysis to an aesthetic one. I first cover the business of film in the 1980s before proceeding to a discussion of the films that were produced and the people who made them. The initial chapters examine the industry's restructuring, the factors that motivated it, and the outcome of this process by decade's end. Chapter 1 provides the baseline for measurement. It profiles the major studios as they were structured at the dawn of the decade, just before the big changes that lay ahead. It will be essential for the reader to grasp this profile because it illuminates how substantive were the subsequent corporate changes of ownership and operation. The industry in 1980 certainly did not represent an old, classical Hollywood, but in many key respects it did represent a manner of doing business that was even then being superseded. The chapter closes by examining two events that were symptomatic of the emerging new alignments of power in the industry. These were the cable wars between HBO and the studios and the crisis of funding and production control represented by UA's HEAVEN'S GATE (1980) disaster.

In chapter 2, I examine the most striking development in the industry's business history during the decade, the extended program of mergers and acquisitions that saw nearly every major studio change its corporate owner and, in the process, become absorbed in the global communications industry. The merger mania that redefined the studios was itself a subset of larger structural changes in the U.S. economy. This merger-and-acquisitions activity was not unique to the Hollywood industry. Hollywood was participating in a national economic trend that affected a large range of American businesses, not just film. But a series of industry-specific factors combined to make the studios attractive targets for acquisitions; the chapter explores the importance of these factors. The merger wave that hit Hollywood in the 1980s, then, was simultaneously a subset of national economic forces and the result of efforts to exploit new revenue streams offered by emerging nontheatrical distribution technologies. Contrary to predictions at the time, these technologies did not kill or harm the theatrical venue for film exhibition, and the chapter examines the continuing vitality of the nation's movie theaters during the period.

In chapter 3, I explore the place and significance of the auxiliary distribution technologies and their ancillary markets in the new Hollywood. These included cable television, pay cable, pay-per-view, and home video; the last of these, home video, would prove to be the most important for altering the public's viewing habits and general relationship with film and the size and nature of the revenue streams returned to the studios. In some respects, this was not the industry's preferred course of events. The studios were keen on the potential of pay-per-view for becoming the dominant nontheatrical revenue source. Pay-per-view enabled the studios to charge a fee based on each viewing of a film. Viewers would not own the film but merely pay for the privilege of seeing it, much as they had always done with theatrical screenings. Under these terms, the studios would retain control over their product and could generate revenue from every viewing of that product.

But pay-per-view never caught on in a big way, and the studios instead confronted the disturbing prospects represented by home video. Once they sold a tape to a national wholesaler (who in turn would sell to retailers), the studios derived no further revenue from the rental of that tape by consumers. Furthermore, the studios lost a large measure of control over their films because viewers could watch films multiple times (by re-renting them) without paying additional revenues to the studios. Viewers could even tape their own copies of favorite films, a prospect that gave Hollywood executives nightmares. Thus, the studios regarded the home video phenomenon with great ambivalence. The rental market wasn't a bonanza for them. Even as they struggled to come to terms with video, it made substantial inroads into the production process, affecting filmmaking in each of the three critical phases of pre-production, production, and post-production.

An important development in eighties Hollywood, and one much related to the ancillary markets, was the enhanced opportunities for independent film production and distribution. Some independents operated as small-scale funders and distributors of film, but others aspired to mini-major status, undertaking slates of expensively budgeted pictures and negotiating distribution arrangements with major studios. These mini-major aspirants included Carolco Pictures, the Cannon Group, and De Laurentiis Entertainment Group. Chapter 4 (by Justin Wyatt) examines the growth of these companies, the pictures they produced and distributed, and the inflationary problems in the industry that they (like the majors) confronted and that frequently foredoomed their ambitious plans for company expansion.

In American cinema's classical period, from the 1930s to the 1950s, the Hollywood studios maintained repositories of in-house talent—directors, writers, stars—as well as technical departments, such as costuming and art direction. They thus commanded the requisite talent and resources for film production. By contrast, no studio in the 1980s maintained such an array of production personnel and resources. The tradition of placing talent under long-term studio contract had been eroded in previous decades. The studios functioned as funding agencies, producers and distributors of films, and to carry out these operations they required, as ever, talent. But to get the talent, they had to deal with powerful agencies that had assembled the creative personnel under their aegis. The most powerful of these talent agencies were Creative Artists Agency, William Morris, and International Creative Management. In chapter 5, I explore the role of these firms as talent brokers, fostering film production and maintaining a close relationship with the major studios while simultaneously defending and safeguarding their niche on the industry landscape. CAA's head, Michael Ovitz, became one of Hollywood's mythic figures, and the saga of CAA's rise to prominence was one of the industry's legendary success stories.

Chapter 6 shifts the volume's coverage from issues of business to those of aesthetics. In this chapter I examine the careers and output of the decade's major filmmakers and producers and stress the wide range of styles and sensibilities evident in their films. The 1980s were a very good decade for American film. The pictures produced have an invigorating energy and ambition, and the industry was able to negotiate the talents of a highly disparate group of filmmakers. Enduring alliances of individual directors with specific cinematographers, production designers, editors, and composers sustained clear creative profiles throughout the decade's filmmaking as well as a high level of cinematic accomplishment. While a number of prominent seventies auteurs (Martin Scorsese, Robert Altman, Arthur Penn) had a difficult time sustaining their careers in the eighties, other fine filmmakers worked regularly and steadily throughout the period, and a group of important new filmmakers established major careers.

Because the industry produces a relatively large number of films in a given year and because what many people enjoy about the medium is the repetition of character and story situations, much film production occurs within genres or as part of a cycle of films addressing a given topic. In chapter 7, I examine the era's significant genres and production cycles. The status of the industry's enduring genres—fantasy and science fiction, horror, Westerns, musicals, and comedy—is profiled through a discussion of the key films produced in these genres and their evolution in the period. Some of the decade's most important technological developments—in the areas of sound and special effects—occurred in conjunction with the fantasy/science fiction genre, and I assess those in this context. The industry's continued investment in traditional genres helped stabilize relations with the public, and toward this end, traditional American film genres enjoyed great vitality and popularity during the period. Outside the boundaries of genre, American film responded to the ideological and sociocultural issues of the period. Cycles of production—interrelated films clustered about particular issues—coalesced around the era's new cold war, the revolutionary conflicts in Central America, the Vietnam War and its legacy, and the ailing urban infrastructure. A variety of political perspectives, from Left to Right, informed these productions, a feature that demonstrates the ideological flexibility of eighties cinema. In these cycles of topical production, American film alternately endorsed and criticized the White House's domestic and foreign policies.

The political volatility of the 1980s was nowhere more apparent than in the protracted culture wars among competing groups on the political Right and the Left, with agendas about how the nation should conduct itself in such areas as religion, the arts, and morality. Inevitably, film became entangled in these controversies, and Hollywood's products antagonized various groups across the political spectrum. These groups found the content of many of the industry's films to be morally objectionable, and they waged campaigns of vigorous protest against individual films or entire production cycles. In chapter 8, I examine these controversies. The protests centered on depictions of violence, sexuality, and religion in Hollywood film as well as the burgeoning adult film industry, which had modeled itself on Hollywood and whose products came to influence mainstream filmmaking. These culture wars were extremely costly for Hollywood. They helped erode the film industry's moral capital, and they alienated substantial segments of the public from the Hollywood community and its products. As with the industry's economic restructuring, their effects would continue to be felt throughout the next decade. Thus the discussion of production cycles in chapter 7 examines how Hollywood responded to its period, while chapter 9 examines how the period responded to Hollywood and its films.

Chapters 9 and 10 extend the volume's coverage of American film to essential areas outside of mainstream commercial production. Chapter 9 (by Carl Plantinga) profiles the developments in documentary film made possible by changes in its mechanisms of funding and distribution and by the readiness of many documentary filmmakers to formulate responses to the conservative politics of the Reagan presidency. Chapter 10 (by Scott MacDonald) offers a detailed survey of avant-garde filmmaking during the period. MacDonald covers the careers of established filmmakers as well as important new talents debuting during the decade. Viewers and critics have tended to equate American film with the commercial narrative cinema. These chapters demonstrate how partial is that view and how vital are these noncommercial, nonnarrative forms.

Examining the transformation of the American film industry and its products in the 1980s raises a fundamental question. Was the industry better off at decade's end, and into the 1990s, as a result of its consolidation and redefinition? Had the changes improved its fiscal health? For reasons that I explain in the text, assessing the economic health of the industry is difficult. Determining the profitability of a given film can be an elusive undertaking because so many revenue sources figure into this determination and because films are long-lived assets. The studios amortize their production expenses over many years, and a popular film's earnings potential can last as long. (Amortization is a process of gradual debt reduction through regular payments of a portion of the principal plus interest.) These factors make it difficult to find the breakeven point on a production, especially given the presence of gross profit participants (directors, stars, or producers who take a percentage of the box-office return) and the extraction by the distributor of a hefty fee for service. These factors greatly impede a film's earnings potential.

On the one hand, during the 1980s the industry found new revenue sources that were capable of generating more monies across interlocking markets than ever before. On the other hand, the costs of producing and marketing a film exploded in the 1980s, rising to an average of $32 million in 1989. (These costs had reached $76 million in 1998.)[12] The industry's operating margins throughout the 1980s were below those of 1974–79, and its compound annual growth rate from 1984–88 was only 14 percent.[13] Many of the mergers and acquisitions traced in chapter 2 left as their legacy a mountain of long-term corporate debt. Jonathan Dolgen, of Viacom's Paramount studio, pointed to the daunting fiscal realities faced by a company in the business of funding film production: "The fundamentals of the content business are high overhead, high risk, and low margins."[14]

Booz, Allen, and Hamilton's Michael Wolf stressed, "It's no longer sufficient to make a great movie and have it do well at the box office. You've got to be able to exploit every piece of revenue that you possibly can because the cost of creating and marketing the product is so great."[15]

The story of Hollywood in the 1980s, then, is not a story of how the ancillary markets and new distribution technologies saved the industry. If anything, it is a story of delayed and deferred crisis. The new markets and technologies helped the industry stave off the insoluble economic contradictions that it faced then and that it continues to face now. The costs of doing business were soaring; revenue returns were diminished at multiple points by profit participants and by the support personnel required for distribution, marketing, and exhibition; and the business was chronically hit-driven. Only a few pictures made the money, while the rest faced, at best, a long-term and often partial recovery of production costs in the ancillaries. The Hollywood industry bought time in the 1980s, but the economics of its operation remained wasteful and counterproductive to its long-term health. The industry found refuge under its electronic rainbow at decade's end, but the storm clouds of ruinous costs and low margins remained ominously overhead.