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Allen J. Scott: On Hollywood

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Preliminary Arguments: Culture, Economy, and the City

ONE OF THE DEFINING FEATURES of contemporary society, at least in the high-income countries of the world, is the conspicuous convergence that is occurring between the domain of the economic on the one hand and the domain of the cultural on the other. Vast segments of the modern economy are inscribed with significant cultural content, while culture itself is increasingly being supplied in the form of goods and services produced by private firms for a profit under conditions of market exchange. These trends can be described variously in terms of the aestheticization of the economy and the commodification of culture (Lash and Urry 1994).

An especially dramatic case of this peculiar conjunction of culture and economics is presented by the motion picture industry of Hollywood. In purely geographic terms, Hollywood proper is a relatively small district lying just to the northwest of downtown Los Angeles (see figure 1.1). It was in this district that the motion picture industry was initially concentrated in pre-World War II days. Today, the motion picture industry and its appendages spill over well beyond this original core, stretching out to Santa Monica in the west and into the San Fernando Valley to the north and northwest. This geographic area is the stage over which the main features of Hollywood as a productive milieu are laid out. At the same time, greater Hollywood, the place, is not simply a passive receptacle of economic and cultural activity, but is a critical source of successful system performance. This recursive relationship between place and industrial performance is a recurrent feature throughout the space-economy of modern capitalism. It is evident, above all, in the propensity for viable production systems to emerge on the landscape as localized complexes forming a mosaic of industrial clusters scattered around the globe.

The primary objectives of the present book are to provide an empirical description of the genesis, changing fortunes, and current market reach of Hollywood, and to offer a number of general contributions to the economic geography of the cultural economy at large. On one side, the discussion can be represented as a sort of natural history or regional description of Hollywood and its various appendages. On the other side, it is an attempt to establish generalizations about Hollywood-like phenomena (i.e., localized articulations of cultural-products industries), and to decipher some of the basic processes in space and time that drive them forward. Above all, the

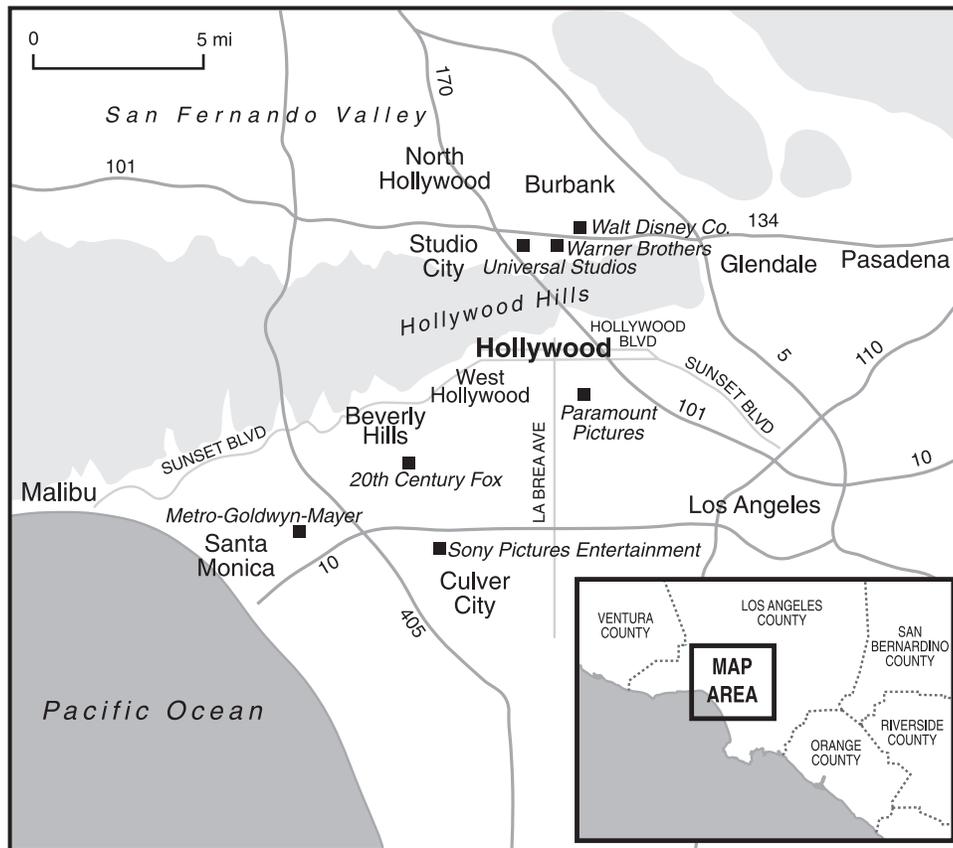


Figure 1.1. The geographic situation of Hollywood within Southern California. Selected place names and landmarks are indicated. Head offices of major studios are shown by black squares. Mountainous areas are shaded.

entire argument that follows is focused on the central question of how and why these localized articulations of economic activity are so frequently endowed with large measures of productive efficiency, innovative capacity, competitive advantage, and historical durability, and why it is that globalization, so far from dissolving away these features, actually tends to intensify them. Thus, the analysis presented here has theoretical implications that go well beyond cultural-products agglomerations as such and that provide important clues about all forms of agglomerated economic development in the modern economy, from high-technology manufacturing complexes such as Silicon Valley or Boston's Route 128, to business and financial clusters as found in central New York or the City of London.

THE CULTURAL ECONOMY

Culture and Economy

The cultural economy can be broadly described as a group of sectors (equivalently, cultural-products industries) that produce goods and services whose subjective meaning, or, more narrowly, sign-value to the consumer, is high in comparison with their utilitarian purpose. Bourdieu (1971) refers to the outputs of sectors like these as having socially symbolic connotations. It must be stressed at once that there can be no hard and fast line separating industries that specialize in purely cultural products from those whose outputs are purely utilitarian. On the contrary, there is a more or less unbroken continuum of sectors ranging from, say, motion pictures or recorded music at the one extreme, through a series of sectors whose outputs are varying hybrids of the cultural and the utilitarian (such as office buildings, cars, furniture, kitchen utensils), to, say, iron ore and wheat at the other.

There has long been intense debate about whether or not cultural products whose origins lie in business-oriented systems of supply can have any genuine merit as expressions of artistic or intellectual accomplishment. In the case of the cinema, echoes of this same debate resonate around the claims that are sometimes made about the superiority and authenticity of the *film d'auteur*, in contrast to the allegedly debased products that emanate from the bureaucratized factory-like studios of Hollywood. Contemporary theoretical commentary from scholars like Becker (1982), Crane (1992), or Latour and Woolgar (1979) inclines to the view that this sort of broad normative distinction is invidious. In brief, we need at the outset to understand all cultural activities in indicative terms as immanent social phenomena. This signifies in turn that the moment of genesis of even the most rarified forms of artistic or intellectual accomplishment, just as much as of the most commercialized forms of entertainment, is rooted in concrete conditions of life. If this argument is correct, it suggests that there can be no necessary *a priori* distinctions between the merits of different cultural products simply on the basis of the social contexts out of which they arise. This proposition does not insinuate that we cannot pass critical judgments in any given instance. Rather, it extends the field of judgment by leading on to the observation that every domain of social life, including capitalism itself, is a legitimate site of cultural production, and potentially a site of even the highest levels of cultural achievement. But if capitalism is just another site of the production of culture, it does not follow that it produces just any culture. To the contrary, the ever-expanding streams of cultural products that emerge from contemporary capitalist business enterprise are deeply inflected by this point of social origin, and this observation provides important clues about both the successes and

the failures of these products on different levels of cultural interpretation, an idea that is explored further in the following section.

Fordism, Post-Fordism, and the Cultural Economy

Over much of the twentieth century, cultural-products industries were of comparatively minor economic significance compared to the great leading industries driving national growth and development. This was especially the case in the first half of the century as so-called fordist mass production shifted into high gear and as sectors like cars, machinery, and petrochemicals moved to the forefront of economic expansion.

The rise of fordism was accompanied by all-out product standardization and the pervasive deskilling of workers as central efficiency-promoting strategies (Braverman 1974). These technical aspects of mass production suggest, at first glance, that it was (and is) unlikely to be much adapted to the generation of the aesthetic and semiotic content that is the hallmark of cultural outputs. In the period of high fordism, indeed, a number of critics, most especially adherents of the Frankfurt School (e.g., Adorno 1991; Horkheimer and Adorno 1972), were giving voice to sharp condemnations of commercial culture on the grounds that its vacuity, meretriciousness, and “eternal sameness” induced a sort of ideological stupor in consumers. Even in the era of fordism, however, there were theoretical currents that sought to combine the basic productive dynamics of mass production with ambitious forms of cultural expression, as manifest, for example, in the work of the Bauhaus School and various less-is-more aesthetic programs. All that being said, and while business practices in the motion picture industry of the pre–World War II period were certainly greatly influenced by the ethos of fordism, they never embraced full-blown mass production as such. There was, to be sure, a prevailing attitude among the top echelons of Hollywood executives that fordist principles of manufacturing could eventually be applied to the production of motion pictures, and a number of the studios actually did try to reorganize elements of their internal operations along the lines of a large car factory. Studio managers enthusiastically endorsed this quest for efficiency, and they succeeded in streamlining many kinds of work processes. However, they were unable to push the process to its logical end and install mechanized assembly-line methods, for the very good reason that no commercially viable film can be exactly like any other.

In the years immediately following the Second World War, the flirtation of Hollywood executives with mass production was brought sharply to an end. The system now started to evolve in a different direction altogether, prefiguring as it did some of the essential features of today’s so-called new economy. This turn of events followed on the heels of a number of crises

that are described in detail in later chapters. The important point for now is that over the 1950s and 1960s, and even though fordism was still in full swing in the United States at large, the entire Hollywood motion picture industry restructured in ways that made it vastly less concentrated in functional terms than it had been before the war. The large studios (or majors) themselves never actually disappeared in this process, though they were subject to considerable downsizing as many of the activities that they had previously carried on in-house were steadily externalized. As a corollary, the production system was significantly reconstituted as a congeries of many small and medium-sized firms linked together in shifting coalitions by flexible production networks. The majors, for their part, took on a variety of new roles, one of the more important of which was to provide central coordinating services to the vertically disintegrated networks proliferating around them.

As these events were occurring, and as part of their inner logic, local labor markets in Hollywood were also being reorganized, above all, by the elimination of many types of workers from permanent studio payrolls. These workers were in some instances reemployed in smaller firms; in other instances (e.g., elite creative workers) they became freelance contractors of their own labor. In any case, long-term employment security in Hollywood was severely curtailed by these events, though it should be added that in contrast to certain other cultural-products industries, such as clothing or jewelry, Hollywood has never had much of a tendency to generate low-wage, low-skill jobs, in large measure because the long-standing guilds and unions have been notably successful in erecting institutional barriers to wage-cutting by employers. The basic labor of making a film was now, too, significantly reorganized on a project-oriented basis (Grabher 2001), with shifting, temporary teams of creative workers and associated technical workers engaging with one another in personalized, open-ended systems of interaction.

By the early 1980s, these sea changes in productive organization and local labor markets in the Hollywood motion picture industry were becoming increasingly evident in a large number of other sectors in the advanced capitalist countries. Various technology-intensive, service-oriented, and crafts sectors were most directly affected by these changes, and the overall trend itself was rapidly labeled by students of industrial organization as the expression of a mounting shift to flexible specialization or post-fordism, or some combination of the two (Hirst and Zeitlin 1992; Leborgne and Lipietz 1988; Piore and Sabel 1984). Today, these labels seem generally to have given way before the more neutral notion of the “new economy.” Above all, a new creative economy comprising many different kinds of design-intensive, cultural-products sectors now began to move to the leading edges of economic expansion and innovation in the American economy at large.

Like the restructured Hollywood motion picture industry, these cultural-products sectors are typified by an abundance of small and medium-sized firms caught up in extended transactional networks, sometimes in association with larger firms that carry out basic functions of financing, coordination, marketing, and distribution. Despite this shift in favor of smaller firms, large-scale producers of selected cultural products have by no means disappeared; rather, in many cases, they have become yet more common as globalization has intensified. These complex features of productive organization in the cultural economy are mirrored in final markets in which a limited number of hit products (films, recordings, computer games, books, and so on) float within a mass of highly differentiated offerings addressed to a wide variety of specialized niche markets.

THE CULTURAL ECONOMY AND THE CITY

The great expansion of commercialized cultural production that has occurred over the last couple of decades has been very largely based in major urban centers. Places like Los Angeles, New York, London, Paris, Berlin, Rome, or Tokyo have always been important hubs of cultural production. Today, the same places, along with other burgeoning world cities like Beijing, Hong Kong, Seoul, Bombay, or Mexico City, are assuming even greater importance as foci of the global cultural economy, and they are the sites of diverse creative industries such as publishing, fashion, music, architecture, graphic arts, and, of course, film. Cultural-products industries, in short, are preeminently attracted to large metropolitan areas, and the most successful of all are almost always concentrated in cosmopolitan cities with extended global influence (Scott 2000a).

Within any given metropolitan area, firms in these industries typically gather together in tightly defined quarters or districts. More accurately, their locational pattern in the metropolis is usually characterized by a dense nucleated core of specialized producers surrounded by a more scattered pattern of firms, sometimes extending to the outer edges of the built-up area. Hollywood is just such an industrial district within the urban fabric of Los Angeles. The propensity of firms in cultural-products sectors to converge together in distinctive spatial clusters within the city is above all a reflection of an organizational structure in which each individual unit of production is organically caught up in a wider system of socioeconomic interactions, on which it depends for survival. Above all, firms have a strong incentive to come together in communities or ecologies within the city because mutual proximity often greatly enhances the availability of agglomeration economies and increasing-returns effects (or in a less technical language, benefits that accrue to producers precisely because they are

close to other producers). By clustering together, firms are able to economize on their spatial interlinkages, to reap the multiple advantages of spatially concentrated labor markets, to tap into the abundant information flows and innovative potentials that are present wherever many different specialized but complementary producers are congregated, and so on (Scott 1988a, 1988b; Storper 1997). Clustering is especially prone to occur in cases where the relations between firms cannot be planned over extended periods of time so that useful inter-firm contacts need to be constantly programmed and reprogrammed. The formation of complex institutional arrangements and social conventions within and around industrial districts is also a factor that tends to reinforce the durability of localized production systems on the landscape. Concomitantly, vibrant agglomerations of cultural-products industries become magnets for talented individuals from other areas. Capable and aspiring neophytes recognize that personal and professional fulfillment in their chosen line of work can best be attained by migrating to a center where that sort of work is well developed and highly valued (Menger 1993; Montgomery and Robinson 1993). Thus, visual artists are attracted in droves from all parts of the world to Paris and New York, and aspiring scriptwriters, film directors, actors, and so on, to Hollywood. In this manner, new aptitudes flow continually into particular clusters from outside, thus helping to enlarge their production capabilities and to refresh their pools of talent.

The spatial systems of production, work, and social life that emerge in this way are often permeated with symbolic and sentimental assets deriving from the distinctive historical associations and landmarks that invariably come into being in any area of dense human interaction, much as in the manner described by Firey (1945). Similarly, any urban area that is colonized by cultural-products industries will tend to accumulate place-specific cultural associations as the symbologies embedded in goods and services produced in the same area are absorbed into the local urban landscape. Producers in any given cultural-products agglomeration, then, no matter what its final outputs may be (films, television programs, recorded music, fashion clothing, etc.), will always tend to draw to some extent on local social traditions, mental associations, and icons. This very process is important in authenticating and differentiating cultural products in the perception of the consumer (Molotch 1996). Equally, the meanings lodged in these products engender both real and fictional images of their places of origin, and these images are frequently re-assimilated in different ways back into the urban field. One example of this phenomenon is the romanticized image of Hollywood itself, not as the rather humdrum working environment that it actually is, but as the “home of the stars.” Another is provided by the frequent association, both metaphorical and literal, of Los Angeles with Ridley Scott’s film *Blade Runner* (Davis 1990; Wollen 2002). In this

manner the ever-growing fund of symbolic assets embedded in the local environment functions as a source of inputs to new rounds of cultural production and commercialization, leading in turn to further symbolic elaboration of the urban field, and so on.

SYNOPSIS AND ENVOI

These introductory remarks set the scene for the detailed investigation of the Hollywood motion picture industry that ensues. The discussion as a whole comprises five main thematic arguments each of which addresses a specific aspect of the ways in which the history, geography, economic structure, and cultural energies of the Hollywood motion picture industry combine to sustain its long-term competitive advantages. The arguments are briefly summarized in the following points.

1. The historical origins of Hollywood present a number of puzzling questions. The first task, then, is to decipher how Hollywood made its historical and geographical appearance as a unique industrial district, and how it subsequently developed and grew. I show how Hollywood emerged as the main center of U.S. motion picture industry (in competition with New York) after about 1915, and how its pioneering model of film production helped to ensure its success by generating an expanding system of agglomeration economies. By the 1920s, the classical studio system of production was firmly in place and Hollywood had risen to unequaled ascendancy on national and international markets.

2. The studio system defines the “old” Hollywood. In the decades following the Second World War, a “new” Hollywood came into being as the studio system was transformed, and as a more diffuse organizational pattern of production came to the fore. As this occurred, the role of Hollywood as a concentrated industrial district was greatly enhanced, and its place-specific competitive advantages intensified. A critical moment in this process was the great extension of disintegrated, flexible production systems in Hollywood, and the radical shift in the role of the majors as they began to function more and more as fountainheads of financial and coordination services for independent producers in combination with overall marketing and distribution activities.

3. Industrial districts are made up not only of the units of production from which they draw their principal identity (in the case of Hollywood, film production companies) but also of the myriad firms in adjunct sectors that provide the critical physical inputs and services needed to keep the entire system operating. In several different parts of the book, we probe into the nature and dynamics of some of the more important of these

sectors in Hollywood, including soundstages, set design and construction, prop houses, digital visual effects, agents and talent managers, and so on. All of these sectors are bound directly and indirectly to the motion picture industry through complex webs of spatial and functional relationships.

4. Without labor, the production system is nothing but an empty shell. Moreover, the Hollywood production system depends on particularly large numbers of employees, and on the availability of an immense diversity of skills. A lengthy account of the formation and structure of the Hollywood labor market is provided, with special stress being laid on its propensity over the last half century to become ever more unstable and risky. An analysis of the guilds and unions that play such an important role in defining the employment relation is also furnished.

5. An efficient productive base is one of the primary conditions for the economic success of any industrial district. Another is that effective marketing and distribution of final products must be assured. Firms in Hollywood have been notably aggressive on the marketing front, and have built up an extensive system of distribution channels through which their outputs flow smoothly to the rest of the world. The performance of the distribution system is therefore analyzed at length, and its tendencies to oligopoly are highlighted. This part of the argument takes us directly into questions of globalization, including a number of sensitive issues raised by the worldwide diffusion of American culture and its reception in other countries.

These five themes interweave with one another throughout the book, in a discussion that shows in great detail how Hollywood became, and continues to be, the largest and most influential cultural-products agglomeration in the world, but also how it has become increasingly susceptible to various forms of erosion around the edges. The argument hinges centrally on the critical role of agglomeration economies and localized increasing-returns effects. These benefits constitute much of the glue that holds Hollywood together as a spatial unit, and they endow all producers in the agglomeration with potent competitive advantages. I make various attempts to get at these phenomena by means of questionnaire data, statistical analysis, and case studies. However, the paucity of published statistics on the motion picture industry, and the barriers that stand in the way of obtaining detailed firm-based data, impose severe limits on how deeply the inquiry can go. My method, rather, is to proceed by piling up, point by point, a mass of rather disparate empirical evidence in an inductive argument that I hope is convincing overall but that admittedly falls short of finality. There is little in this book by way of direct advice to policy makers about how to protect and enhance the competitive advantages of Hollywood or other cultural-products agglomerations, though the discussion is replete with theoretical asides that suggest how critical aspects of these tasks might be accomplished. It thus

offers to policy makers everywhere a point of departure for thinking about the cultural economy generally as a source of local economic growth and development and as an increasingly important nexus of job creation opportunities in contemporary society.

Finally, a brief word about centers of cinematographic production other than Hollywood is in order at this point. Hollywood may well be the largest and most influential cultural-products agglomeration in the modern world, but it is by no means the only one. For the foreseeable future, Hollywood will almost certainly continue to control much of the global film industry. Yet numerous other agglomerations producing both motion pictures and television programs exist in other countries, and some of these are giving evidence of new-found dynamism. From time to time over the decades, producers in these other agglomerations have sought to challenge the market supremacy of Hollywood. It is entirely within the bounds of credibility that some of them will one day begin to crack the wall of competitive invulnerability that seems to surround American motion pictures, just as they have done at various periods in the past. Also, above and beyond the main markets dominated by Hollywood production companies, there are numerous alternative niches, both actual and latent. These niches, as we shall see, furnish opportunities for the production of many kinds of specialized films, and they provide a strategic platform from which more aggressive market contestation by firms outside of Hollywood can be attempted. The problem here is the relative underdevelopment of film marketing and distribution systems other than those that serve Hollywood producers. In this regard, the Hollywood majors retain a forceful but by no means unassailable stranglehold over world markets for cinematographic products.

It is conceivable, of course, that globalization, by making it possible for existing major producers to extend their market reach even further, will bring in its train a continued expansion of Hollywood's competitive achievements. However, if the basic theoretical ideas on which the present book is based carry any force at the end of the day, it seems probable that global patterns of commercialized cultural production will become more variegated in the future, not less so. I comment at length on this prognostication in the final chapter of the book, where I also deal with some of its wider political implications. One of the significant implications of this alternative structure of global cultural production, should it begin to materialize in significant ways, is that it is liable to take much of the wind out of current debates about cultural imperialism. An outcome like this would potentially open a wider space for what I believe is now a more fruitful line of debate, namely, the meaning of the massive process of the commercialization of culture—wherever its geographic points of origin—that is in progress all around us, and its progressive and regressive implications for social and political life in the twenty-first century.