

Slate

The Great American Information Emperors

Tim Wu's *The Master Switch* tells the story of how America's information empires—from the AT&T monopoly to today's Internet giants—have been shaped by disruptive inventions, federal intervention, and, above all, a will to power. This week, based in part on excerpts from *The Master Switch*, Wu will present the stories of five men who disproportionately influenced the shape of the American information industries in the 20th and 21st centuries.



Adolph Zukor, the longtime president of Paramount Pictures and the true founding mogul of Hollywood, once said that his greatest fascination was "understanding audiences." Yet his true talent lay elsewhere, in his mastery of industrial structure. It was Zukor who created the model for the integrated film studios that defined early Hollywood and that still form the blueprint for the way the film industry works. To do so, he

overcame opponents with a very different vision of how the film industry should be structured, a vision of craft film that gave power to directors, independent theaters, and producers. The outcome of this struggle—the struggle to control Paramount Pictures—played a major role in creating what we now think of as American film.

Born in a small Hungarian village, Zukor made his way to the United States in 1899, alone, with a small sum of cash sewn into his coat. He slowly climbed his way out of the New York's Lower East Side ghetto and into the middle class through a fur-cutting business, then a penny arcade, and finally a small theatre, then known as a nickelodeon. By the 1910s, Zukor was a rising producer, the head of a firm called Famous Players whose innovation was making films that

Advertisement



Own a new computer for just \$29.99* per week! Call today to get the computer of your dreams, and improve your credit at the same time.

If you can afford a weekly payment of just \$29.99* for just 12 months, then you're already approved for a brand new Dell™ or HP™ Computer, guaranteed.

1-877-294-3988

GIVE US A CALL TODAY! *Prices start at \$29.99 but may vary by model.

<http://www.slate.com/id/2272941/entry/2272943/>

Print Powered By  FormatDynamics™

The Great American Information Emperors

for the first time centered on "stars" like Mary Pickford or Charlie Chaplin. But Zukor had larger designs. He could see the advantages of integrating his production capabilities with a powerful distributor, creating an exclusive channel for his products. The first step was a proposed merger of Famous Players and a few other producers with Paramount Pictures to produce a mega-company, the very first ancestor of the Hollywood studio.



Mary Pickford, an early anchor of Zukor's empire. Eventually the newspapers would call Zukor the "Napoleon of Motion Pictures." What he sought, though, was something more akin to Godfather-like status in the industry, dispensing preferments and punishments on a whim. He liked to operate in secrecy, leaving others to wonder what he was up to. "I began to

compare him with the many industrial and financial magnates whom I had met," wrote film historian Benjamin Hampton. "I soon decided that nothing like Zukor had yet appeared in America." The director Cecil B. DeMille recalled his "first contact with the steel and iron, the indomitable bravery and driving determination, in that little man. There would come a time when he would put his two clenched fists together and, slowly separating them, say to me, 'Cecil, I can break you like that.' "

Zukor's interest in merging his production house with Paramount put him into direct conflict with Paramount's founder. William W. Hodkinson had his own strong ideas about the film industry's ideal structure. He believed strongly that every "layer" of the film industry should remain separate—that producers should focus on making films; exhibitors, on running theatres; and

Advertisement

A rectangular advertisement for LifeLock. The background is a light beige color. At the top, the text "DON'T DELAY" is written in a bold, black, sans-serif font, underlined. Below this, the text "Get Proven, Proactive" is in a smaller black font, followed by "IDENTITY THEFT PROTECTION" in a larger, bold, red font. In the center, there is a red circular icon containing a white padlock, followed by the "LifeLock" logo in a large, bold, black font. Below the logo, the text "#1 In Identity Theft Protection*" is written in a smaller black font. At the bottom, the text "Call Now 1-877-670-1746" is written in a bold, black font.

<http://www.slate.com/id/2272941/entry/2272943/>

Print Powered By  FormatDynamics™

Slate

The Great American Information Emperors

distributors, on bringing the two together. Otherwise, he concluded, the quality of film would suffer: "The history of the business has shown that the most successful pictures have been developed by individual efforts rather than by mass production."

What Hodkinson opposed is what economists call vertical integration—the stacking of the parts of an industry that perform different functions (here production, distribution, and exhibition) to create a consolidated single entity. Zukor, in contrast, wanted to control as many parts of the business as possible. In steel, vertical integration meant owning the mines, the trains, and the mills. In film, it required owning the talent—stars, directors and writers—as well as the distribution networks and the theaters.

William W. Hodkinson. Stated in more artistic terms, Hodkinson believed in the primacy of the individual filmmaker. He was, in fact, among the original backers of a tradition that now carries on with directors like the Coen brothers, Peter Jackson, and Woody Allen. Zukor, in contrast, would come to promote the "central producer" model, concentrating most of the decision-making authority in the hands of the producer rather than the director. With streamlined production and virtually guaranteed audiences, films

could be grander and more elaborate than ever. Thanks to 20th-century methods of production, there was no



need to settle for the meager profits of the stage, fashion, or the other cultural industries of the 19th century.

Advertisement

**FREE** Home Security System!
PROTECT YOUR HOME
At no cost to you for parts and activation with only a \$99 installation fee and the purchase of alarm monitoring services. Terms & Conditions apply.
CALL NOW and receive a **FREE** wireless remote control with **PANIC BUTTON!**
\$850 Value!
**1-877-246-7519**
Mon-Fri 9am - 10pm - Sat 9am-7pm - Sun 11am - 6pm EST

<http://www.slate.com/id/2272941/entry/2272943/>

Print Powered By  FormatDynamics™

Slate

The Great American Information Emperors

Back in New York, Zukor and Hodkinson went back and forth over the merger proposal. Among the agents Zukor dispatched to sell his vision was Benjamin Hampton, who would later write an important history of the period. Hampton recounted how he pressed Zukor's case to Paramount's Hodkinson: "I said bluntly that the owners of Paramount were in business to make money and that his adherence to what he called 'Paramount ideals' would come to nothing." Zukor, he warned, would buy out Paramount from underneath him.

But Hodkinson remained true to himself, as Hollywood always tells us we should. "I am right," he said to Hampton, "and if I'm put out of Paramount for being right, there will be another place for me in the industry."

Unfortunately for Hodkinson, Zukor did exactly as predicted: He quietly bought out a majority of the Paramount founder's partners. On July 13, 1916, Hodkinson was thrown out of the firm he founded in a single vote at a board meeting. Hodkinson would never again be a power in American film. He ultimately left the industry, eventually launching an airline in Central America.

Making Paramount into the first integrated studio was only the first step in Zukor's long quest to refashion

Hollywood. He would soon face the challenge of the independent theaters, antitrust investigations, and the boycott threats of the Catholic Church. But by the late 1920s, Zukor had fulfilled his dream: He had recast American cinema in an industrial form modeled on Ford Motors, with assembly lines capable of producing gigantic and magnificent films like *The Wizard of Oz* and *Gone with the Wind*. Today, having weathered antitrust actions and acquisitions, six major studios based on Zukor's blueprint still control over 85 percent of the North American film market. Each remains an integrated distributor and producer of films—the battle Zukor won back in 1916.

technology:
entries
12

Adolph Zukor, the Architect of Hollywood
By Tim Wu
Posted Monday, Nov. 8, 2010, at 8:26 PM ET

5 Comments

Advertisement



Send flowers
for any occasion

Bouquets \$19.99
from 19^{+s/h}

ProFlowers[®]
Order ONLY at
proflowers.com/happy
or call 1-877-888-0688

<http://www.slate.com/id/2272941/entry/2272943/>

Print Powered By  FormatDynamics™

Slate

The Great American Information Emperors

Add Yours

Or join the discussion on [the Fray](#)

Like This Story

More from Slate

- **What's Considered Sex?** (from *Slate - XXFactor*)
- **Eight Is Too Many** (from *Slate - XXFactor*)
- **Democrats didn't lose the battle of 2010. They won it.** (from *Slate*)
- **Why are more and more children being diagnosed with bipolar disorder?** (from *Slate*)

More from the Web

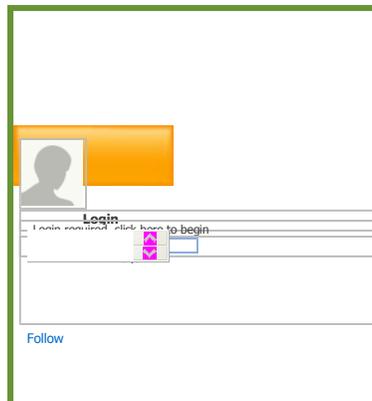
- **Beware of car donation scams.** (from *Bank Rate.com - Auto*)
- **10 Subtle Signs of Bipolar Disorder** (from *Health.com*)
- **Crown Media Reverses Losses in Q3** (from *The Hollywood Reporter*)
- **CBS Corp. CEO Leslie Moonves Even More Bullish On Advertising Outlook And Company Than Usual** (from *The Hollywood Reporter*)

(what's this)

vote
Wu Buzz



Tim Wu is the author of [The Master Switch](#) and a [Slate](#) contributor.



Follow



Aravind Dileepan

Two comments:

1) Please explain the connection between the Bells and AT&T.

2) So what? I don't mean to be flippant but this article started with the fundamentally changed, or set the conditions for, our communications how he formed a monopoly. But a description of a monopoly is not the monopoly mattered.

I ask because you have pliqued my interest.

T 9:07:44 AM - Flag - Reply

Aravind Dileepan

A bit of clarification: it's not clear to me how Vall's efforts matter now. 1980s and I remember something about the splitting up of the "baby address that (I'm not sure if it matters or not) or any other reason wh current impact.

On the other hand, the article about Zukor shows exactly why he mat model still prevails.

Today, 9:19:23 AM - Flag - Reply

Advertisement

HEARTLAND QUALITY
OMAHA STEAKS
SINCE 1917

SAVE
up to **64%**

Plus, get
3 FREE Gifts

Special Code: **45069ZWN**

To order: www.OmahaSteaks.com/print71
or call 1-877-586-4455

<http://www.slate.com/id/2272941/entry/2272943/>

Print Powered By FormatDynamics™

Slate

The Great American Information Emperors

BizBox Small Business Blog New York Entrepreneur Week Up and Running SPONSORED CONTENT

Advertisement

Help people in need.

Donate your car, boat or RV

Free Towing • Tax Deductible

FREE
3 day vacation
to over 80
destinations



Call Toll-Free

1-877-225-9384

 Heritage
for the Blind

<http://www.slate.com/id/2272941/entry/2272943/>

Print Powered By  FormatDynamics™

