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## Enjoying the Crisis: The Libidinal Dynamics of the Hollywood Studio Decline<sup>1</sup>

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*This article explores the Hollywood studio system crisis during the late 1940s-1950s, using a psychoanalytic lens to read this event as a "crisis of enjoyment" where the industry failed to capture post-war spectators' desires. Using Lacanian theory, the crisis is theorised as a traumatic event in a libidinal economy underlying the industry's material economy. Key legal interventions dismantled the vertical integration model: the de Havilland case limiting studio control over actors, the Paramount decision ending block-booking, antitrust actions against colour film monopolies, and the "Miracle Decision" weakening censorship—all restricting studios' control over production, distribution, and content. Hollywood responded with technological innovations such as colour film, Cinemascope, or Cinerama to enhance cinema's sensory experience, attempting to reclaim audiences through what Todd McGowan calls cinema's "excessiveness." Despite these efforts, the studio system could not recover as audiences turned to television and new film movements. This analysis challenges views of spectator passivity, demonstrating that spectators' enigmatic desires elude complete capture and can trigger systemic crisis.*

The Hollywood studio system crisis was a pivotal event that fundamentally changed the structure of the film industry, both in the United States, and globally. The first indications of a crisis came in the late 1940s, when US audiences began to diminish. As Gomery details, by 'the early 1960s they were half what they had been during the glory days, and thousands of formerly flourishing theatres had closed forever.'<sup>2</sup> From this initial depletion, events such as the anti-trust interventions of the Supreme Court, the blacklisting campaign against potential Communist infiltration of Hollywood, and the expansion of cinematic technology all formed as complex symptoms of the crisis. The interpretation that will follow will frame the economic, cultural and

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<sup>1</sup> The author would like to acknowledge that another version of this work was published under the title of "A Crisis of Enjoyment: The Libidinal Economy of the Hollywood Studio Decline" in the journal *Cinematheme*. Laurent Shervington, "A Crisis of Enjoyment: The Libidinal Economy of the Hollywood Studio Decline" *Cinematheme*, no.1 (2022): 24-34.

<sup>2</sup> Douglas Gomery, "Transformation of the Hollywood Studio System" in *The Oxford History of World Cinema*, ed. Geoffrey Nowell-Smith, 443. Oxford: Oxford University Press, 1996.

industrial events through the perspective of the libidinal, following the psychoanalytic thesis that enjoyment (*jouissance*) is the central mechanism driving and sustaining the Hollywood studio crisis. Broadly speaking, the underlying structural contradiction of the crisis, as well as perhaps cinema in general, is the enigmatic desire of the spectator, which poses the eternal question: What does the spectator want? Certainly, there have been periods in Hollywood's history which have responded well to such a question, garnering enormous audience attendance and enthusiasm. In Adorno and Horkheimer's influential chapter from *Dialectic of Enlightenment* "The Culture Industry: Enlightenment as Mass Deception," the spectator is constructed as a figure at the mercy of the economic imperatives of the studio system. As they propose: 'The spectator must need no thoughts of his own: the product prescribes each reaction ... Any logical connection presupposing mental capacity is scrupulously avoided.'<sup>3</sup> However, in paying close attention to the nature of the Hollywood studio crisis, it can be seen that rather than seamlessly fitting into the pre-made mould of the studio, the unpredictable desire of the spectator, which, is perhaps, most enigmatic to the spectator themselves, threatens to unleash a spectatorial crisis at any possible point. In this sense, guessing the audience's desire has formed a central art of the economic and cultural function of film. As James Monaco has posed, '[b]ecause film production involves exceptionally high unit costs and is – even under the most favourable of circumstances – a high-risk venture, film-makers can rarely afford to give way to their own notions. They must, instead, give play to what they believe are the shared tastes of the mass audience.'<sup>4</sup> Likewise, Peter Bachlin writes that the 'popularity of a film, indeed the very reason for its existence, arises on the whole from the adaptation of its contents to the dominant thoughts, conceptions, and instinctual wishes of contemporary society.'<sup>5</sup> While the Hollywood audience attendance had reached an all-time high in early 1946, the desires of the post-war audience could not be responded to within the studio system; the constellation of major production and distribution studios which held a stable dominance over the United States film industry both economically and aesthetically from the 1920s to the later 1950s.

The section of film studies which has historically paid most attention to the desires of the audience has been psychoanalytic film theory, which views the motion picture as analogous to the dream-work. As Freud pointed out in

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<sup>3</sup> Theodore Adorno and Max Horkheimer, *Dialectic of Enlightenment: Philosophical Fragments*, trans. Edmund Jephcott, ed. Gunzelin Schmid Noerr, (Stanford: Stanford University Press, 2002), 109.

<sup>4</sup> James Monaco. *Cinema and Society: France and Germany During the Twenties*. (Amsterdam: Elsevier Scientific Publishing Company, 1976) 4.

<sup>5</sup> Peter Bachlin quoted in James Monaco, *Cinema and Society: France and Germany During the Twenties*. (Amsterdam: Elsevier Scientific Publishing Company, 1976), 4.

*The Interpretation of Dreams*, in every dream a wish inheres.<sup>6</sup> From this orientation, Hollywood, the veritable dream factory, was now losing its grip on its major capacity to allure. Prior to the 1990s, psychoanalytic film theory had emphasised the spectator's desire to identify with the screen image, with film theorists such as Christian Metz, Jean-Louis Baudry and Raymond Bellour characterising film as operating within the imagistic or imaginary realm. Since the 1990s, psychoanalytic film theorists have claimed that rather than identification, it is film's mediation of the traumatic which is what garners its fascination and crucially, the spectator's enjoyment. Such theorists, which include Joan Copjec, Slavoj Žižek and Todd McGowan, claim that cinema has a privileged proximity to the domain of enjoyment that runs through the spectator, the formal qualities of the medium and the structure of the cinema industry. As McGowan writes:

Enjoyment rules the cinema. Though minimalist films that try to downplay the spectator's enjoyment certainly exist, film is inherently an excessive art. It aims at bombarding the spectator with more than she or he can process.<sup>7</sup>

Recognising film's integral relationship with enjoyment allows the crisis of the studio system to be seen as a crisis of enjoyment.

In the context of the Hollywood studio system, the crisis was one in which its once dedicated audience had begun to wane in the wake of the Second World War. The early 1940s had seen a period of relative stability and prosperity for the film industry, with the initial part of 1946 standing out as the highest point of viewership and engagement. One of the most significant changes of this period in the United States was the population shift towards the suburbs, which subsequently saw middle class audiences investing more time and money in their homes and living further away from popular film theatres. Indeed, such a cultural shift provides some context for the sudden rise of the specifically domestic form of enjoyment that was television, which offered its own novel serial format. Furthermore, within this conjecture, a growing dissatisfaction over the totalising dominance of the major studios grew both within the industry workforce and the independent theatre owners outside of it, the latter of which sought greater ability to exhibit. It was these two factors which helped to deepen the structural contradiction within the studio system: specifically, the fact that the desire of the cinema spectator could no longer be consistently captured, with the advent of the post-war period provoking a

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<sup>6</sup> Sigmund Freud. *The Interpretation of Dreams*, trans. James Strachey (New York: Basic Books, 2010), 145.

<sup>7</sup> Todd McGowan. *Psychoanalytic Film Theory and The Rules of the Game*. (London: Bloomsbury, 2015), 55.

desire for artistic novelty in both form and content. It was this that led to the first indications of the crisis.

### **Symptoms of the Crisis**

Turning towards the specific events which initiated the crisis and the responses that followed, it is worth considering Jacques Lacan's idea that what characterises a traumatic event is the inability for it to be consistently symbolised. Following this logic, if the crisis of Hollywood was in fact traumatic, then it cannot be grasped directly, but only through the symptoms it produced. In considering the dynamics of the crisis with particular attention to the psychic resonance of particular events, it is useful to posit a libidinal economy that underpins the material economy of the industry. Within such an economy, psychic investments, prohibitions and displacements mark the movements of the system. While the dynamics of the libidinal system have no inherent tendency or teleology, Hollywood's response is characterised as one of recuperation, in which the major studios attempted to somehow resuscitate the waning enjoyment which it imagined it once commanded.

#### **i) The Prohibition of Prohibition: The Demise of the Studio Lords and the Law of Desire**

In the years during and after the Second World War, the Supreme Court in the United States would decisively intervene in the economic and cultural domain of Hollywood. Such interventions were the initiating events of the Hollywood crisis and pushed against the absolute dominance of the studios. These rulings were made firmly against the oligopolistic structure of the major studios, following considerable public dissatisfaction about the level of dominance Paramount, RKO Pictures, MGM-Mayer and Warner Bros had over multiple levels of the film industry.

The first area of expression was the legal action taken by actress Olivia de Havilland in 1944, which was hugely consequential for the studio system. Prior to the decision, major studios were able to exercise almost total control over their acting staff, being able to force them to only work within specific studio productions. If an actor or actress refused to appear in a certain contract for any reason, the studio was able to extend their contract, meaning stars were essentially bound to their studios. The court ruling in the de Havilland case prohibited the studios from perpetually prolonging acting contracts in this way. Broadly, it worked in the favour of granting more creative freedom to performers, in turn, marking one of the first decisive blows in reducing the jurisdiction of studios.

The ruling that would further this point would be the 1948 anti-trust decision against block-booking, known as the *United States v. Paramount*

*Pictures Inc., et al.* Like the de Havilland case, the suit was first filed much earlier (in 1938) against the major companies MGM, RKO, Twentieth Century-Fox, Warner Bros. and Paramount, but by the later years of the 1940s, the consent decree that had been settled was now seen as too lenient, as it allowed the studios to merely scale down the booking practice rather than abolish it. An industry standard, the practice of block booking meant a studio wielded the ability to coerce exhibitors and theatres to take a studio production company's full catalogue of films, many of which were of a lesser quality, in order to gain access to the highly sought after exceptional films. The result of the decision meant that films were now individually sold on their own merits, rather than as a wholesale package deal. The restriction of such an industry standard pushed the major studios to place significant limitations on their production model, making much fewer films, but with higher budgets. The main outcome of these decisions against the major studios was that they no longer had direct access to distribution and exhibition and now had to compete with each other for the attention of theatres. Around the same time, the US government filed suits against the colour process companies Kodak and Technicolor, also in the name of violating anti-trust laws. In this case, the charge was that these two companies controlled the production of colour in the film industry. By the end of 1948, Kodak agreed to make their patents available to their competitors, opening up the possibility for producers outside the major studios to access the use of colour.

Finally, another crucial judicial decision that was instrumental to the collapse of the studio system was one related to the release of Roberto Rossellini's film *L'Amore* (1948), specifically the second section of the film titled: "The Miracle." This sequence featured a tramp who has a child with a mentally unwell woman, who claims it to be the son of God. In response to the film, the Catholic Church started a campaign which enlisted New York State Board of Regents to ban its release in the United States in December 1950 on the grounds of sacrilege. Such a reaction was fiercely opposed by the film's distributor in America, leading to the unexpected Supreme Court decision that the banning of Rossellini's film was a violation of the separation of Church and State. With the overturning of the film's ban by the "Miracle" Decision, the Hayes production code, which had acted as the definitive judge for what was allowed to play in Hollywood, began to show signs of impotence.

In this new configuration of the studio system, the organisations which had previously held an almost uncontested dominance over the film industry were now unravelling. In symbolic terms, the capacity for prohibition, specifically, what content filmmakers and screenwriters were allowed to put in their productions, the conditions upon which a studio has say in which projects actors are allowed to participate in, and what films exhibitors are able to accept and screen, was itself becoming prohibited. Such a dynamic led to the loosening of several crucial areas of the market and the growing deficiency of these once

symbolically proficient markers of authority. A suitable metaphor employed by Dixon for the decline of the studio heads is the 'death of the moguls', which goes some way in capturing the significance of such decisions.<sup>8</sup> The dissipation of oligopolistic control caused a kind of symbolic 'death' of figures such as MGM's Louis B. Mayer, Paramount's Adolph Zukor and Warner Bros' Jack Warner. By 1948, RKO sold all their theatres in anticipation of further government action, closely followed by Twentieth Century Fox, MGM and Warner, marking the end of the era of vertical integration.

It is often accepted that the Supreme Court rulings and the subsequent major studio decisions to sell their theatres marked the decisive and final events of the Hollywood studio crisis. However, to conclude the lineage of the crisis here would be to miss the way in which subsequent responses to the crisis, in fact, form part of the crisis itself. Such a reading is predicated upon the idea that the prohibitions laid down by the Supreme Court actually mandated for further excess to be sought. Such a reading is shared by the Lacanian thesis that desire and law are analogous, which pushes against the idea that the imposition of Law acts purely as an obstacle to desire. Elaborated simply, Lacan points to the psychoanalytic insight that the obstacle that stands in the way of desire is in fact crucial to the desiring subjectivity. Specifically, the failed satisfaction of desire produces a surplus in the form of enjoyment (*jouissance*). Reading the extent of this as part of the broader libidinal economy of the Hollywood system, this thesis allows us to understand the reactions to the Supreme Court cases against the studio system as the emergence of an excessive enjoyment as inaugurated by the prohibitions. Such responses were widely excessive in tone and suffused with enjoyment, traversing the extra and intra-cinematic spaces of Hollywood, standing out as attempts to entice spectators back to the film theatres.

## ii) The Provocation of Excess: Blacklisting and Cinematic Excess

The response to the demise of the studio system can be read as reaction-formations to the initial prohibitions put in place by the Supreme Court. The two responses, namely, the blacklisting campaign against suspected Communist sympathies with Hollywood, as well as the influx of cinematic technology are both responses to the supposed deficiency of Hollywood to provide enjoyment. The blacklisting campaign follows the logic of stolen *jouissance* – that a certain figure has taken away the enjoyment that used to reside with the studio system, namely, the radical Communist – while the technological advancement can be read as an attempt to recuperate and return

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<sup>8</sup> Wheeler Winston Dixon, *Death of the Moguls: The End of Classical Hollywood*. (New Jersey: Rutgers University Press, 2012).

the ephemeral enjoyment in the form of various new advancements in how cinema can be bodily experienced.

### **Blacklisting: The Construction of the Fantasy Figure**

Developing from the events of the Great Depression, the Second World War, but given urgency by the emergence of the Cold War, the House of Un-American Activities Committee (HUAC) hearings and blacklisting campaign made a huge impact upon Hollywood, both within the industry and the films themselves. Blacklisting was the practice of banning supposed Communist Party USA (CPUSA) members or sympathisers from employment in the entertainment industry. The HUAC had released a report in 1938 that Hollywood was infected by Communism, a declaration which intensified in the early 1940s, until its peak from 1952-1956. As several reports indicate, the HUAC hearings in October 1947 were an obscenely excessive affair, recreating the type of cinematic spectacle that would draw people away from television and back into the theatre. As Doherty (2018) posits, ‘the hearings boasted all the trappings of a gala Hollywood premiere— glamorous stars, colorful moguls, emotional outbursts, and wide-eyed looky-loos, all recorded under the hot lights of the newsreel cameras and broadcast over radio’ (p. viii).<sup>9</sup> Likewise, as Florence S. Lowe (1947) of the *Daily Variety* put it, ‘[e]ven before the gavel of committee chairman Parnell Thomas gave the signal for “lights, camera, action,” the big caucus room of the House of Representatives building took on all the drama and tenseness of a studio lot just before shooting.’<sup>10</sup> Despite the heightened atmosphere of the hearings, legal convictions of Hollywood workers didn’t follow, which frustrated the McCarthy and HUAC followers. Desperate to continue their campaign and fuelled by enjoyment, their approach became more excessive, demanding more enjoyment in the form of more names of the guilty.

Reading the political and libidinal economies of this period in tandem, the fantasmatic framing of the figure of the Communist can be read as an attempt to satisfy the desire of their diminishing audience. Like all figures of fantasy, the Communist took on wildly contradictory traits and sparked heightened paranoia about their ability to potentially be behind any production as a screenwriter, actor or director. In her 1975 memoir *Scoundrel Time*, Lillian Hellman, a noted American playwright and victim of the HUAC hearings, details how the paranoia embedded itself in the social fabric at the time through the figure of the radical:

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<sup>9</sup> Thomas Patrick Doherty, *Show Trial: Hollywood, HUAC, and the Birth of the Blacklist*. (New York: Columbia University, 2018), viii.

<sup>10</sup> Florence S. Lowe, “Hearing Opens with Pomp of Big Show Debut,” *Daily Variety*, October 21, 1947.

To many intellectuals the radicals had become the chief, perhaps the only, enemy ... Not alone because the radical's intellectual reasons were suspect, but because his convictions would lead to a world that deprived the rest of us what we had. Very few people are capable of admitting anything so simple: the radical had to be made into an immoral man who justified murder, prison camps, torture, any means to an end.<sup>11</sup>

Hellman's testimony points to the symptomatic status of the radical, which stood for the figure who deprived the rest (of American society) of what they thought they had. This fact of a stolen substance, namely, enjoyment, is what grounds the figure of the radical Communist.

With the legitimisation and persistence of the anti-Communist trend until the 1960s, Hollywood had, in some ways conscious and in other ways unconscious, manufactured an excessive enjoyment that would appeal to the wide public. Certainly, the HUAC campaign, the subsequent blacklistings, and the plethora of anti-Communist films that emerged show a subtle shift from the crisis of enjoyment to the enjoyment of the crisis. Such a shift is perhaps best captured in the figure of McCarthy himself, in particular, with regard to the 1954 Army-McCarthy hearings. These televised hearings were held to investigate the accusation that McCarthy and his chief counsel Roy Cohn had blackmailed the Army into giving preferred treatment to a former McCarthy aide. During the course of the proceedings, McCarthy countered these claims with multiple accusations that the army was a major security threat because of their infiltration by Communists. At certain point, counsel member Joseph Welch pushed McCarthy on his relentless attacks on the lawyer Fred Fisher, proclaiming the famous lines: "Have you no sense of decency, sir?" This case would have a highly detrimental impact on McCarthy's credibility, but despite this, there are several reports that after the case had concluded, McCarthy continued to talk and accuse others, even after being told to stand down. The image of the senator in empty Senate rooms, endlessly orating elaborate Communist plots situates him as a Lacanian figure of the drive, refusing to give up the jouissance he manufactured from his endless repetitive tirades against any and all suspects. In this way he is akin to Žižek's characterisation of the figure of the zombie as 'slowly dragging itself around in a catatonic mode but persisting forever.'<sup>12</sup> Such a positioning reveals McCarthy crucially without a fantasy frame, as a figure of pure repetition without goal. McCarthy would pass

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<sup>11</sup> Lillian Hellman, *Scoundrel Time*. (London: Macmillan London Limited, 1976), 72-73.

<sup>12</sup> Slavoj Žižek, *Less Than Nothing: Hegel and the Shadow of Dialectical Materialism*. (London: Verso, 2012), 341.

away only a few years later in 1957, shorn of his ability to drive public opinion, and crucially, their forms of enjoyment.

### **Cinematic Spectacle: The Expansion of Colour, CinemaScope, 3-D, and Cinerama**

While the Hollywood blacklisting was making waves outside the cinema, as well as the themes explored within it, change was also taking place in the technology of cinema itself. In effect, what the crisis of enjoyment faced by Hollywood meant, was that new technology needed to be implemented in order to sustain the desire for film in the broader public. Returning to McGowan's thesis that the medium of cinema is one infused with enjoyment, he further comments:

We shouldn't be surprised that studios and filmmakers constantly seek to make cinema ever more excessive. They add sound, color, wide-screen formats, Sensurround, Smell-O-Vision, IMAX, THX, 3-D, and so on. These excesses are not betrayals of the cinematic art but the logical extension of its excessiveness. The enjoyment that cinema provides leads to cinophilia or addiction, just as heroin or any other substance that proffers enjoyment.<sup>13</sup>

McGowan's reference to these technical features of films is central to the current argument, as during the period of the 1950s, Hollywood studios implemented some of the most far reaching and experimental techniques in order to prove the excessive capabilities of cinema which included the nearly complete introduction of colour in motion pictures and the use of Cinemascope and Cinerama, techniques which widened the camera's field of vision, often provoking physical sensations of movement. The link between technology and enjoyment is clear to see, as the introduction of physicality was central to remaking cinema as *the* medium of *jouissance*.

Despite its best attempts, the demise of the vertically integrated studio system was not overcome, with the 1960s standing out as a decade in which the consequences of the studio crisis were felt commercially. As costs were cut across the board and fewer films were made within the studios, audiences turned to television and the emerging new cinema movements as novel forms of spectatorial enjoyment to partake in. While in the decade that followed, New Hollywood would mark an artistic return for cinema in the United States, the Hollywood studio crisis stands out as a moment in which the implications of

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<sup>13</sup> Todd McGowan, *Psychoanalytic Film Theory and The Rules of the Game*. (London: Bloomsbury, 2015), 55.

the enigmatic desire of the spectator were inscribed, making a lasting impact on the history of cinema. In considering this particular case study, this article has pushed back against theoretical writings which have assigned a kind of primary passivity to the spectator with regard to their desiring status. As this crisis reveals, the enigmatic desire of the spectator avoids the total trapping of the culture industry, threatening to provoke a crisis at seemingly any point.