

History 229 – Spring 2017

**THE HISTORY OF VIDEO GAMES:  
BUSINESS, TECHNOLOGY, CULTURE**

Instructor

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Humanities building 5265 (office hours: Monday, 1:00–2:00 p.m., Wednesday, 1:00–2:00 p.m.)  
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Class Location and Times

Humanities building 1217

Monday, Wednesday, Friday, noon–12:50 p.m.

Course Description

Video games are big business. Total U.S. revenues for the video game industry in 2015 were \$23.5 billion, while global revenues were as high as \$91.8 billion. Major video game publishers such as Activision Blizzard, Electronic Arts, and Bandai Namco Holdings are among the largest publically-traded entertainment companies in the world. Tech giants Microsoft and Sony each derive a substantial portion of their total revenues from their respective gaming businesses. Employment growth in the industry is strong, and the concentration of art, design, and technical talent in major studios has influenced the economies of cities as diverse as Tokyo, San Francisco, and Montreal. Although the video game industry is still relatively young, its economic and cultural significance rivals that of film, music, and other more traditional media.

This course examines the development of the video game industry from its mid-twentieth-century origins to the present day. The primary focus will be on the business and economic factors that have led to the industry's current size and structure. In many ways, the history of the video game industry serves as a guided tour of some of the biggest issues in postwar capitalism, including (1) the consolidation of entertainment as a major sector in developed economies, (2) the relationship between technology (including intellectual property) and economic growth, (3) the nature of public shareholding and the market for corporate control, (4) the rise (and decline) of Japanese economic influence, (5) legal regulation of monopoly and oligopoly, and (6) issues of diversity in hiring, production, and marketing. Studying the game industry can help us understand some of the major forces within modern capitalism, as well as the ways in which cultural context can have an important influence on business decisions.

This course is organized into three parts. The first explores the economic and technological origins of the modern game industry, with a focus on the emergence of the arcade and home console markets. We will examine how engineers, programmers, and entrepreneurs used computing advances to create an entirely new and highly lucrative electronic entertainment industry. Part two focuses on the rise of Japan as the major producer of video games in the 1980s. This part of the course addresses the “great video game crash” which decimated the U.S. industry, the dominance of Nintendo in the home console market, and the eventual resurgence of American (and European) game design. Finally, part three explores a number of issues that the industry has faced in the twenty-first century, particularly as gaming has shifted beyond its traditional demographic. These issues include the expansion of gaming to an increasing number of middle-income countries, the movement of games to mainstream platforms such as mobile and social media, and debates over

representations of race, gender, and sexuality. Throughout the course, we will also draw connections to issues relevant to all cultural production industries, including the propagation of values associated with American (and other countries') popular culture and the phenomenon of consumption as a form of shared cultural experience.

A word of forewarning: this is a course about the history of the video game industry, not the history of specific video games. Although games as product will obviously be discussed, the course does not focus on games from an enthusiast standpoint. Students will be expected to engage seriously with the economic, legal, and cultural history of the industry. There will be a heavy amount of reading, much of it challenging. That said, no particular background in history, business, or video games is necessary.

### Course Structure

This course has three interrelated components: (1) lectures and supporting reading assignments; (2) online discussion on Canvas/Learn@UW; and (3) written take-home assignments (two 4–5 page midterm essays and a 8–10 page final exam paper). The lectures will follow the general chronology of the history of the video game industry, focusing on a different subject each lecture. The reading assignments will build upon the lectures by exploring specific topics in greater detail. The online discussion board will allow students to respond to the readings and to each other. The first and second midterm essays will cover the first and second parts of the course, respectively, while the final exam paper will be cumulative.

### Grading

Most of your grade will be determined by the midterm essays and final paper. Students are also required to regularly contribute (at least once a week) to the online discussion board. Attendance at lectures is important to success in the course, but will not be a factor in grading per se. Each student's final grade will be weighted as follows:

- Online discussion (at least one post per week): 10%
- First midterm essay: 25%
- Second midterm essay: 25%
- Final exam paper: 40%

### Plagiarism Policy

Do not plagiarize. Anyone found doing so will receive zero credit for the particular assignment. If you have any questions regarding what constitutes plagiarism, please feel free to contact the instructor.

### Diversity and Inclusivity

Like many college courses, this class will touch on controversial issues on which different students may disagree. In particular, we will likely discuss issues of gender and racial inequality which have proven highly contentious in the world of gaming. If you find yourself disagreeing with a fellow student (or with the instructor), please treat them respectfully, particularly in the online discussion. The golden rule, both in this course and in life, is don't be a jerk.

## Readings

The course readings are available on Canvas/Learn@UW. In the course outline below, the readings should generally be read after the corresponding lecture, as the lectures will provide necessary context. Although there are no strict guidelines for the online discussion, it will ideally follow the lectures and readings. For interested students, each week also has an optional reading, video, or historical game to play.

### PART 1: THE EARLY DEVELOPMENT OF THE VIDEO GAME INDUSTRY

#### Week 1: Introduction

January 18: Introduction to the Course  
(no required readings)

January 20: Historical Antecedents  
(no required readings)

**Optional reading:** *The Online Guide to Traditional Games*,  
<http://www.tradgames.org.uk/index.html>

#### Week 2: Early Amusement Arcades

January 23: Carnival Games, Penny Arcades, and Pool Halls

##### **Readings:**

- “The Life and Death of the American Pool Hall,” *Punch*
- “Five Arrested: Pool Hall Proprietors Accused of Selling Hard Cider,” *Los Angeles Times* (1923)
- “26 Erasmus High School Boys Seized in Raid on Pool Room and Jailed on Gambling Charges,” *New York Times* (1923)
- “Mayor Denounces Child Exploitation,” *New York Times* (1940)

January 25: Pinball

##### **Readings:**

- “Games,” in *The Great Depression in America: A Cultural Encyclopedia* (Young & Young, 2007)
- “Forbid Pinball Machines Operating in Dane County,” *Chicago Tribune* (1937)

January 27: Electromechanical Games

##### **Readings:**

- “The World Before Pong,” in *The Ultimate History of Video Games* (Kent, 2001)

**Optional video:** “Tracing the History of Pinball from Illegal Gambling Game to American Obsession,” <http://www.vice.com/video/tracing-the-history-of-pinball-from-illegal-gambling-to-mac-demarco-195>

### Week 3: The First Video Games

January 30: Early Computing

**Reading:** “Inventing the Computer,” in *Computer: A History of the Information Machine* (Campbell-Kelly et al., 2013)

February 1: The First Computer Games and Early Mainframe Gaming

**Reading:** “The Priesthood at Play: Computer Games in the 1950s,” *They Create Worlds*

February 3: Silicon Valley and the Commercialization of the Video Game

**Reading:** “Selling Silicon Valley: Frederick Terman’s Model for Regional Advantage” (Leslie & Kargon, 1996)

**Optional game experience:** Spacewar <http://www.masswerk.at/spacewar/>

### Week 4: Commercial Success

February 6: Arcade Video Games

**Reading:** “Arcade Games of the 1970s,” in *The Video Game Explosion: A History from Pong to Playstation and Beyond* (Wolf, 2007)

February 8: The Origins of the Home Console Market

**Reading:** “System Profile: The Magnavox Odyssey,” “Early Home Video Game Systems,” and “Company Profile: Atari,” in *The Video Game Explosion: A History from Pong to Playstation and Beyond*, pages 50–62 (Wolf, 2007)

February 10: Early Microcomputers

**Reading:** “New Modes of Computing,” in *Computer: A History of the Information Machine* (Campbell-Kelly et al., 2013)

**Optional game experience:** Pong, <http://www.ponggame.org/>

**First midterm assignment distributed February 10**

### Week 5: The Golden Age

February 13: Growth of the Arcade Market

**Reading:** “Coin-Drop Capitalism: Economic Lessons from the Video Game Arcade,” in *Before the Crash* (Wolf, 2012)

February 15: Second-Generation Home Consoles

**Readings:**

- “The Battle for the Home,” in *The Ultimate History of Video Games* (Kent, 2001)
- “Atari and the Video-Game Explosion,” *Fortune* (1981)
- “Video Games Are Suddenly a \$2 Billion Industry,” *BusinessWeek* (1982)
- “Video Games: Why the Craze Won’t Quit,” *Fortune* (1982)

February 17: Atari, Inc.

**Reading:** “Financing the Venture” and “Acquisitions,” in *Lifecycle of a Technology Company* (Miller, 2008) (focus on pages 57–61, 75–90, and 249–267)

**Optional video:** “Pac Man Fever,” <https://www.youtube.com/watch?v=0-MONlvP6kI>

## PART 2: THE RISE OF THE JAPANESE VIDEO GAME INDUSTRY

### Week 6: The Great Video Game Crash and the Arrival of Nintendo

February 20: The Early Japanese Video Game Industry

**Reading:** “The Foundation of *Geemu*: A Brief History of Early Japanese Video Games” (Picard, 2013)

February 22: The Great Video Game Crash

#### **Readings:**

- “Down Many Times, but Still Playing the Game,” (Ernkvist, 2008) (focus on pages 181–188)
- “Highfliers Fall: How Headiness of 1982 Led to 1983’s Doldrums for Warner and Atari,” *Wall Street Journal* (1983)

February 24: Nintendo Enters the Home Console Market

**Reading:** “The Seeds of Competition,” in *The Ultimate History of Video Games* (Kent, 2001)

**Optional video:** Atari: Game Over, <https://www.youtube.com/watch?v=Urd9JbjLmbY>

### **First midterm essay due February 24**

### Week 7: Expansion of the Japanese Game Industry

February 27: Nintendo Ascendant

**Reading:** “Game Masters,” in *Game Over: How Nintendo Conquered the World* (Sheff, 1994)

March 1: Japanese Game Design

**Reading:** “Shigeru Miyamoto and the Art of Donkey Kong,” in *Innovation and Marketing in the Video Game Industry: Avoiding the Performance Trap* (Wesley, 2010)

March 3: It Came from Japan

**Reading:** “The True Story of the 1980s, When Everyone was Convinced Japan Would Buy America,” *Business Insider* (collection of news stories)

**Optional video:** interview with Shigeru Miyamoto and Takashi Tezuka, <https://www.youtube.com/watch?v=zRGRJRUWafY>

## Week 8: Legal Issues

March 6: Lockout Technology and Intellectual Property Law

**Reading:** “Computer Copyright Protection Narrows as Video Game Giants Battle in Atari v. Nintendo” (Dallas, 1994)

March 8: Legal Disputes Regarding Nintendo’s Licensing Policies

**Reading:** “Atari Games v. Nintendo: Does a Closed System Violate the Antitrust Laws?” (Lunney, 1990)

March 10: Retail Price Maintenance in the Video Game Industry

**Readings:**

- “Demand Uncertainty and Price Maintenance: Markdowns as Destructive Competition” (Deneckere, Marvel & Peck, 1997) (focus on the introduction and conclusion, pages 618–622 and 634–636)
- “Nintendo to Pay \$25 Million In Rebates on Price Fixing,” *New York Times* (1991)

**Optional reading:** “Publisher Profile: Tengen,” *Retro Game Guide*, <http://www.retrogamguide.com/articles/publisher-profile-tengen/>

## Week 9: Console Wars

March 13: Beyond Nintendo

**Reading:** “A New Generation of Home Video Games Systems,” in *The Video Game Explosion: A History from Pong to Playstation and Beyond* (Wolf, 2007)

March 15: The Sega Genesis

**Readings:**

- “When Delay Courts Disaster,” *Fortune* (1991)
- “The Next Level: Sega’s Plan for World Domination,” *Wired* (1993)
- “25 Years After the Console Wars: What We Can Learn From Sega’s Battle With Nintendo,” *Fast Company* (2014)

March 17: Competition in the Home Console Market

**Reading:** “Is There a First-Mover Advantage in the Market for Japanese Video Game Systems?” (Cox, 2006)

**Optional videos:**

- “Genesis does” commercial, <https://www.youtube.com/watch?v=35jGnZ-e3jc>
- “Sonic the Hedgehog” commercial, <https://www.youtube.com/watch?v=B3xZUSr2JAM>
- “Blast processing” commercial, [https://www.youtube.com/watch?v=bun8tA\\_ksZw](https://www.youtube.com/watch?v=bun8tA_ksZw)

## **Second midterm assignment distributed March 17**

## Week 10: Video Games and the Globalization of Japanese Pop Culture

March 27: Western Influences and the Hybridity of Japanese Pop Culture

**Reading:** “Popular Culture,” in *A Companion to Japanese History* (Tsutsui, 2007)

March 29: Video Games as Cultural Export

**Reading:** “Japanese Dominance of the Video Game Industry and the Future of Interactive Media,” in *The Japanification of Children’s Popular Culture: From Godzilla to Miyazaki* (West, 2008)

March 31: Lost in Translation?

**Reading:** “Cultural Contexts of Game Production: Patronage and Rewriting in the Digital Age,” in *Game Localization: Translating for the Global Digital Entertainment Industry* (O’Hagan & Mangiron, 2013)

**Suggested reading:** “From Japan, With Changes: The Endless Debate Over Video Game ‘Censorship’” *Kotaku*, <http://kotaku.com/from-japan-with-changes-the-endless-debate-over-video-1747960323>

### PART 3: GAMING AS MAINSTREAM ENTERTAINMENT

#### Week 11: The Revitalization of the Western Game Industry

April 3: PC Gaming

**Reading:** “Summon the Demons,” “The Coolest Game,” and “The Doom Generation” in *Masters of Doom: How Two Guys Created an Empire and Transformed Pop Culture*, pages 124–176 (Kushner, 2004)

April 5: Changes in the Home Console Market

**Reading:** “High Tide for the Games Industry,” “The Xbox Takes Shape,” and “Midway or Pearl Harbor at E3?” in *Opening the Xbox: Inside Microsoft’s Plan to Unleash an Entertainment Revolution*, pages 25–36, 149–162, and 289–307 (Takahashi, 2002)

April 7: French Video Game Development

**Reading:** “France,” in *Video Games Around the World* (Iwatani & Wolf, 2015)

**Optional reading:** Bungie history,

[https://halo.bungie.net/inside/history.aspx?link=HistoryOfBungie\\_p1](https://halo.bungie.net/inside/history.aspx?link=HistoryOfBungie_p1)

#### **Second midterm essay due April 7**

#### Week 12: The Relative Decline of the Japanese Game Industry

April 10: Nintendo’s Successes and Failures

**Reading:** “The Blue Ocean that Disappeared—the Case of Nintendo Wii” (Hollensen, 2013)

April 12: Changing Tastes in a Changing Industry

**Reading:** “What Makes *Gemu* Different? A Look at the Distinctive Design Traits of Japanese Video Games and Their Place in the Japanese Media Mix” (Loriguillo-López & Navarro-Remesal, 2015)

April 14: Is the Japanese Game Industry Still Globally Relevant?

**Readings:**

- “Japan Used to Rule Video Games, so What Happened?” *Verge*
- “Can Japanese Games Rule Again in the West?” *Market for Computer and Video Games*
- “Where Have Japan’s Gamers Gone?” *Gamesindustry.biz*

**Suggested reading:** “Life in Japan,” *Polygon*, <http://www.polygon.com/a/life-in-japan>

Week 13: Concentration, Integration, Diffusion

April 17: How Competitive is the Video Game Industry?

**Reading:** “Sony’s Battle for Video Game Supremacy” (Jekarl, Reavis & Sterman, 2007)

April 19: New Platforms, New Ambitions, New Challenges

**Readings:**

- “Xbox Is a Test for the One Microsoft Strategy,” *Bloomberg* (2013)
- “The Difference in Sony, Microsoft, and Nintendo’s Reactions to Failure,” *The Motley Fool* (2014)
- “The Downfall of Kinect: Why Microsoft Gave Up on its Most Promising Product” *Business Insider* (2015)

April 21: Virtual Reality

**Readings:**

- “Why Virtual Reality is About to Change the World,” *Time*
- “Virtual Reality is Just an Over-Priced Gimmick, Nothing More,” *Forbes*
- “Virtual Reality’s Long Walk Before Running,” *Wall Street Journal*

**Optional video:** “The Xbox One: A Lying Failure Machine,”

<https://www.youtube.com/watch?v=Mp9jycSIOs8>

**Final paper assignment distributed April 21**

Week 14: An Expanding Demographic

April 24: The Rise of “Casual” Gaming

**Reading:** “Innovations and Clones: The Gradual Evolution of Downloadable Casual Games,” in *A Casual Revolution: Reinventing Video Games and Their Players* (Juul, 2012)

April 26: Mobile Gaming Business Models

**Reading:** “Video Games: A Crush on Mobile” *Economist*

April 28: Reconceptualizing the Market

**Readings:**

- *Essential Facts About the Computer and Video Game Industry*, Electronic Software Association
- “Who Plays and Who Pays for Mobile Gaming?” *CNBC*
- “China’s Growing Addiction: Online Farming Games,” *VentureBeat*

**Optional reading:** “The Science Behind Mobile Game Addiction,” *Gameanalytics*,  
<http://blog.gameanalytics.com/blog/science-behind-mobile-game-addiction.html>

Week 15: Addressing New Audiences

May 1: Diversity in Gaming and Game Development

**Reading:** “Do You Identify as a Gamer? Gender, Race, Sexuality, and Gamer Identity” (Shaw, 2012)

May 3: Cultural Backlash in a Changing Market

**Reading:** “Sexism in the Circuitry: Female Participation in Male-Dominated Popular Computer Culture” (Belford, Goker & Heron, 2014)

**Suggested reading:** “Sixteen Trends that Will Define the Future of Video Games,” *The Guardian*,  
<http://www.theguardian.com/technology/2015/jul/23/16-trends-that-will-change-the-games-industry>

**Final paper due May 9**