Dollars and Sense

MEDIA:
THE NEXT DIGITAL AWAKENING

NETSCAPE · TALK RADIO · MEDIA MERGERS
This issue was made possible by grants from:
Baruch in Florida,
The Baruch College Fund
and The Reuter Foundation

We are grateful for the support of:
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We appreciate the assistance of:
Karl Schmid and the Office of Campus Facilities and Operations
Erica Fredrick and the staff of the Office of College Advancement
Robert Klotzbach, Director of Media Services
Dr. Samuel D. Johnson, Dean of Students
Prof. Martha Kessler, Assoc. Dean of Liberal Arts & Sciences
Prof. Artelia Court, Prof. Bridgett Davis, Al Goldstein, Prof. Judi Hampton,
Bert Hansen, Timothy I. Jones, Susan Kliavkoff, Yvonne Baily Lane, Prof. Ellen Lask,
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Gina Parmar, Edith Pavese, Prof. Myron Schwartzman, Carolyn Shapiro,
Prof. Alisa Solomon, Dave Strickler, Mark Strickler, Prof. Leonard Sussman,
Connie Terrero, Brenda Vercesi, Frank Weber, Prof. Leon Wynter and Prof. Lucinda Zoe.

Printing: Tri-Lon Color Lithographers Ltd.
FROM THE EDITOR’S DESK

Media, the way we perceive it and the way that it is represented, has changed dramatically over the last ten years, hence this year’s cover package. Media: The New Digital Awakening. On the Internet, the combination of text, video and audio clips, while not set to eclipse print, television or radio media, has revolutionized the way people receive and distribute information. Nearly every magazine or television program, has established a presence on the Net. This year Dollars and Sense, has benefited greatly from the use of the Internet, where not only research, but on-line interviews for some of the stories were conducted.

On another front, competition on the media horizon is steadily heating up. As more players enter the game, each media source is trying to find new ways to maintain or attract viewers and subscribers. With new ventures, several problems can arise as people question the threat of monopolies and copyright infringements. How many companies can survive in this new media age? With the expansion of the Internet, what policies need to be instituted in order to regulate the information distributed?

Here, in our 18th year of Dollars and Sense, we examine the Internet’s influence on media and how media companies choose to specialize in an attempt to capture either a new or extended audience. Online Battles, focuses on Microsoft and Netscape’s tug of war, as they seek leadership on the Net. We examine the recent flurry of media consolidations and what they mean for the television viewing public in Merger Mania.

This year, Features heralds a new section, Money and Markets; In Is this Barney a Dinosaur, we profile the Wall Street investment firm Smith Barney, as it attempts to unveil a new image for the future. Cyber Cash details the dollar-less shopping environment present on the Internet. In Beauty Has Its Price, we dissect the increase in class action lawsuits resulting from breast implant complications. Managed Healthcare ponders the question of whether HMOs are the answer to the country’s potential Medicare crisis.

Dialing For Dollars, explores the increasing popularity of radio talk shows and their influence on the public; an important issue for political candidates in the November elections. Keeping the Miracle Alive, investigates the financial resurgence of East Asian economies. In the Corporate section, the alluring advertising tactics of Benetton and Calvin Klein are detailed in Marketing 101: Controversy Sells.

We would like to thank everyone who has supported us this year despite budget cuts and other upheavals in the Baruch community. As always, we thank the Reuter Foundation for their unwavering support as the Journalism Program continues to grow in talent and resources.

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Editor-In-Chief
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The Return of Aunt Jemima

The atmosphere in Coco’s Nasty Boutique might be disheartening for some. The walls and shelves of this Brooklyn boutique are lined with reminders of the old days when Aunt Jemima and Mammy were acceptable advertisements. Along with memorabilia, are less subtle reminders of slavery like shackles. “Many people don’t know what to say when they come in here—usually they are left speechless,” says Coco, the proprietor.

To some Americans, Aunt Jemima represents down-home southern hospitality. For a growing number of African-Americans, Mammy and Aunt Jemima have become important icons. And yet to others, they remain tasteless, hostile symbols of slavery.

Aunt Jemima artifacts can be found at galleries and stores featuring her smiling face. These theme shops are popping up all over the country. Christie’s auction house recently sold a 6,000-piece Aunt Jemima collection for $10,000 in their New York salerooms.

The competition for the items is intense. According to Jeannette Carson, president of Black Ethnic Collectibles Inc., African-Americans represent 70 percent of the market for these items. “It’s better that we’re making money off the image of Mammy. Quaker Oats—the Aunt Jemima company—has made millions using her to sell pancakes,” says Coco. She continues, “It’s not the image itself that we have a problem with, it’s the fact that they are using her to get rich and keep us down. Now it’s our time to make money from our past.”

Aunt Jemima remains one of the most recognized and trusted advertising symbols among American housewives, according to a 1982 marketing study done by Quaker Oats. She was also the first advertising symbol based on a living entity—the southern Mammy.

In 1888, Chris Rutt and Charles Underwood, owners of the Pearl Milling Company, chose Aunt Jemima as an emblem for their invention, ready made pancake mix, after hearing the song old Aunt Jemima sung at a minstrel show.

The performers dressed in red bandannas and aprons prompted Rutt to change the packaging from a generic brown paper bag to a picture of a southern Mammy, what he considered to be the epitome of wholesomeness for his pancakes. The trademark was registered in 1903 after being in use for six years.

I know the Aunt Jemima symbol shouldn’t bother me but it does,” says Lashawnda...
The Voice of a Generation

Spin magazine is celebrating its 10th anniversary this year. The past decade has been kind to Spin. Circulation has more than doubled since 1989 to 400,000 and ad revenue grew 57 percent for the first four months of 1995.

Founded primarily as a music magazine by editor and publisher Bob Guccione Jr. to compete with Rolling Stone, Spin has carved a niche for itself by cradling the character of Generation X. Guccione admits that he had “no idea how hard the road was. Now that I am here, I’m astonished.” “Guccione found Generation X and alternative rock before those now exhausted terms were even invented,” the New York Daily News says.

While Rolling Stone continues to search for a way to update itself, Spin has established itself as the ideal alternative music magazine. Its average reader is 23 as opposed to the 27-year-old Rolling Stone reader. Spin sought to entertain a young audience and has reaped the benefits of reaching their goal. “New things come from youth. We have to keep Spin young and fresh to keep ahead. Loyalty from a younger generation is utterly unmatched,” says Kate Collcoy, an executive secretary at Spin. Spin is one of the most controversial and contemporary magazines today and is known for breaking major stories in and outside music.

But how does it happen? How does Spin keep a new outlook? It can only start at one place. That place is the headquarters, located at 6 West 18th Street in New York City. Spin gives alternative rock journalism crucial coverage and with each issue gains notoriety and respect from its readers.

A magazine is what its audience is and one person in particular who epitomizes the new and hip Generation X Spin caters to, is assistant photo editor Jennifer Crisafulli.

“When I first met Jennifer I knew that what was standing before me was a member of our audience.” says photo editor Nancy Leopardi. “I had to watch her. I had to follow her footsteps, because I was sure they’d lead me to the latest rage in the land of alternative rock.” Jennifer is

Barrett, a photography student at the Borough of Manhattan Community College, “It reminds me that my ancestors had to act stupid in order to stay alive, and that there are white people today who think that we should still act like this.”

Marilyn Kern Foxworth, author of Blacks in Advertising Yesterday Today and Tomorrow, feels that many African Americans believe that Aunt Jemima’s widespread popular appeal is due to whites’ nostalgia for black servitude.

“Remember Betty Crocker?” says Ken Smikle, publisher of Target Market a Chicago-based trade newspaper. “Her picture no longer appears on Betty Crocker products, she’s been set free to pursue a career, Aunt Jemima and Uncle Bens are still on duty in the kitchen.”

“The chief problem with stereotypes of ethnic and racial groups is that one character is allowed to stand for a whole group of people, this is especially true in the case of Aunt Jemima” says Mark Stolik of the Anti-Defamation League. Aunt Jemima is consciously displayed as an unattractive woman, motherly but asexual according to Karen Jewell, who wrote her dissertation in 1976 on stereotypes in American advertising. Historically, these images perpetuate stereotypes that are assigned to all black women regardless of social class, financial stability or age. “Stereo-types are socially supported, continually reviewed, and hammered in by our media for mass communication through novels, short stories, and newspapers,” says W. Allport, author of The Nature of Prejudice.

When Aunt Jemima was first introduced, she was extremely overweight with broad exaggerated facial features. In 1989, Aunt Jemima did what no other women has done in the history of time, she lost about 40 years, 150 pounds and got a new hairdo, all in a matter of months. In a controversial move, Quaker Oats gave Aunt Jemima a makeover for her 100th birthday. According to a marketing analyst, the company refurbished Aunt Jemima’s look in order to bring in more black consumers that were being alienated. In 1990, the Quaker Oats company conducted market research studies in 12 cities. The research showed that 76 percent of black women feared that the purchase of Aunt Jemima products would be perpetuating a stereotype.

The company, realizing that the Aunt Jemima product line brings in about $300 million in sales, recently turned to a new star to pitch the Aunt Jemima line. Their choice, Gladys Knight, the famous Motown singer.

—LaTasha Pugh
dedicated. When you combine her dedication with her dynamics you get the same sort of quirkiness you find in Spin magazine," adds Leopardi.

So who is Jennifer Crisafulli?

The 24-year-old brown-haired hipster started at Spin as an intern. Her peers say she's fun and totally up to date on the alternative music scene, so she gives first hand info on how to cover a scene, she is definitely an X candidate.

Crisafulli is outspoken and witty. Her intellect and humor are both deadpan and dazzling; changing with each passing minute, keeping everyone around her in constant quandry of what will come next. She dresses like a flower child that stumbled into Patricia Fields, a punk rock clothing store in the village, and found her alter ego. Her sentences run on to the point of exhaustion and just before she drops, she leave the last word hanging, making sure to blur it out at some inconsistent moment, when the point is long forgotten.

But despite her flighty and leftfield escapades, she works the music industry like a natural pro. Her carefree nature does not affect her work in a negative way. She has a personal attitude that warms others to her almost instantly. "I don't even really think about what it is that I am doing; I just do it," says Crisafulli. "I know that Spin is one of the best damn magazines out there and if it is going to stay that way it has to continue to keep people informed. It has to be on the money. It has to be cool; but the kind of cool that isn't at all contrived, a cool that just flows," she elaborates.

After her description of Spin, Crisafulli turns and screams "I'm hungry for food and if it doesn't come quickly, then the next man's blood will have to do... Hey! Has anyone heard of Goldie? He should definitely be in the next issue," in an English accent. She continues, "cause he's bloody hot!"

Almost everyone else in the office tuned right into the idea of food; it was 1:30 in the afternoon and nature was tugging at their belt buckles. But Leopardi looked, winked and said "I'm feeling like a vampire, so I'll take the next man's blood...now who the hell is Goldie?"

Crisafulli sat with Leopardi for a short while and discussed feature and cover possibilities. At the conclusion of their meeting, Crisafulli's personal "to do" list was a page long, with "eat lunch" as number one.

After she had satisfied her appetite, she called her contacts and photographers and decided to what their appetites for the upcoming issue. Within 45 minutes, she had one package messengered with photos for the next cover and a guarantee from three of the six people she called, that she would receive more art by the end of the week.

"Yoji?" she called to Crisafulli. He is painfully quiet but his work is excellent. In any other environment he might be completely lost in her shadow, but somehow there being totally opposites works and everyone jokingly calls them the "supreme team."

There are also those no play homage to her by aiming to emulate her bedazzling nature. Deborah Besiegel, an intern at Spin has assumed the title of Jenn Jr. "I totally admire Jennifer and if I can eek out half of her aura I'll be happy. She is like, totally Spin material," admits Besiegel, in the valley girl terminology.

"What other than success could be in Spins future, it's -- --ing excellent the way they break new bands!" exclaims Isabella Wunderl, an avid reader. Spin has molded itself into an item that the next generation views as a "cool barometer." It has behind the scenes help from people like Crisafulli, and uses it wisely, morphing her intrigue into the voice of a generation.

—Tracy Young
Media: The Next Digital Awakening

Computers, once masses of equipment housed in large air conditioned rooms of giant corporations, now sit on virtually every desk in practically every size business. Add the ever increasing number of computers in the home, and the fact that many of those computers are connected to networks, the Internet, and service providers and you soon realize that we are on the verge of a new medium.

Most affected by this phenomena are the current media, and how information is filtered down to the masses, not only the information itself, but the new form it has taken. In this issue, we examine new media, and the relevant changes in the way we deal with information.

We begin with a discussion of the new form and face of media. In Merger Mania, we look at the recent merger trend, especially in the entertainment world. Related to the mergers, The Race For The Remote looks at the two new networks, Warner Bros. and UPN, and how their entrance into network television will affect the TV industry.

Http://Marketing on the Internet.com is a look at the Internet and how it will affect business. Battle Lines Are Drawn discusses software giant Microsoft and Internet giant Netscape and their battle to control the Internet.

CyberVentures looks at how Microsoft is trying to develop content on the Internet with its joint venture with NBC, in Hold The Presses we examine publishers, and how the print media is coping with electronic publishing and the Internet. Silicon Alley, It's Not the Valley looks at an area in New York City creatively thriving on the Net. In the final story, we examine relevant issues in media. Voiceless looks at how African-Americans are portrayed in the current media.

Rosario Mastrogiacomo
MERGER MANIA
Will expansion from recent media mergers shrink the diversity of information we receive?

by Mary Ellen Battipaglia
illustrations by Mitsue Ito

In today’s media marketplace, synergy should be the latest catch phrase, with all the merging media madness taking place.

During 1995, giant players arose in this vertical integration game, with The Walt Disney Co. buying ABC, CBS and Westinghouse Electric Corp. merging to form the biggest broadcasting group in the country and Time Warner Inc. acquiring Turner Broadcasting Inc. for $7.5 billion, creating the world’s largest entertainment company. What does this mean for the media industry and society?

For over 50 years, lawmakers and regulators have believed that diverse media voices are in the public interest. Perhaps more importantly, they are necessary to preserve the First Amendment guarantee of free speech. Media rules have long been in place to protect diverse opinions that nourish a healthy democracy. Until now, these assumptions have been the basis for regulation preventing concentration of media ownership.

Citing advanced technology and ever-increasing ways of delivering information to the public, lawmakers are scaling back regulation and taking a more laissez-faire approach toward broadcasting and what broadcasters can and cannot own.

THE HOMOGENOUS ZONE
Critics of the legislative trend, most notably the Clinton administration and congressional Democrats such as Rep. Edward Markey (D-Mass.), feel that easing current restrictions might allow a small number of media conglomerates to control practically all of the news, information and entertainment in one community and, as a result, get all the advertising dollars.

The House telecommunications bill allows one company to own an unlimited number of AM and FM stations, a VHF television station, a UHF television station, a wireless cable system, and the local daily newspaper in one community. Permitting such concentration, some feel, would jeopardize public access to a wide array of viewpoints in local news and information. “It allows for concentration in local mass media ownership on a scale that will make Citizen Kane look like an underachiever,” declared Markey in a recent speech.

A recent decision by Turner Broadcasting exemplifies Markey’s worst fears. Turner refused to run an ad on its CNN network opposing the new telecommunications legislation. In a letter to senators, the Consumer Federation of America in Washington said that the Turner move was precisely what’s wrong with the legislation. Should society be preparing for such a thwarting of the news? “It’s heading toward more and more concentration in fewer and fewer hands, who only care about money and not quality or diversity,” said Ralph Nader, the consumer advocate.

Critics of mergers fear that local diversity is in jeopardy. “These deals really put at risk two of the most fundamental principles of the broadcasting industry, which are diversity and localism,” says Brad Stillman, analyst with the CFA. As media corporations merge and grow, Stillman fears that localized news and broadcasting will disappear unless you live in New York, Los Angeles or any
other large city where the media giants reside. "As you get more and more outlets, it will become financially beneficial to use one central area for news and programming. We are likely to get more homogenized news shipped in from New York or Los Angeles. Truly local news, concerned with local issues, becomes a tougher sell," Stillman says.

It is most important to maintain diversity at the local level, argues Henry Geller, senior fellow at the Annenberg Washington Program. "If you have a local issue, you're going to get your information from the local television station." Surveys show that most people get their information not only from local television, but also from other local media. "The idea is these facilities should be in diverse hands," says Geller.

REGULATING DIVERSITY

Yet, despite the critics, there are those that argue that all of this amalgamation of media power will not cut down on the variety of information. In fact, they say, it will do the exact opposite. Due to the overwhelming number of media outlets currently available, including the Internet and other communications technologies, some experts feel that the perfect environment for innovation and competitive practices has been created. Competition forces media operators to make money in a more creative way. "If you stop being creative, someone will outflank you," says Richard Sylla, an economic historian at New York University.

The emergence of online services, has fertilized a feeding ground for individual opinions. The business world has also been bombarded by the stampede of entrepreneurship by such bulls as Michael Bloomberg, Michael Kinsley and Bill Gates, who are fighting to stay on top of not only their industries, but also in other media-related fields. They say the market is not monopolized, and it will stay that way only if Congress fully embraces deregulation.

The theory behind this argument is not only profit for those involved, but also that by deregulating the market-place, Congress would be opening up the airwaves and "net-waves" to more entrepreneurs. "What we need is more competitors in more markets," says Thomas Hazlett, director of the program on telecommunications policy at the University of California—Davis.

Of course, as with any deregulated industry, this free-for-all marketplace would tempt companies to try anti-competitive practices and other unethical business tactics. But those who embrace deregulation feel that the government is responsible for curbing this illegal activity. The Sherman Act and other laws have been set up to ensure a safe and free marketplace. Pro-business thinkers do not wish to disregard government, they simply want the economy to be regulated by its own system of checks and balances. They say government can always step in to discipline the industry if things get out of hand without the burden of existing regulation.

Perhaps the key difference separating the skeptics from the believers is optimism about the future. There is a very strong belief that the future will bring with it the long-anticipated "information age" when there will be an array of information, be it from magazines, the Internet, telephone wires or some virtual world, that it will be impossible to stifle diversity. According to Rep. Cliff Stearns (R-Fla), author of the provisions in the House bill that would change the broadcast ownership rules, "Advances in communications technology will take only years, not decades as suggested by the skeptics."

"There is no way that you can stop information," Stearns says, adding that if the government had regulated the computer industry in the same way that they regulate the broadcast industry, "we'd still be on typewriters."

In effect, easing the current broadcast ownership restrictions would bring the industry out of the Jurassic era and into the new information age, allowing it to compete effectively and progress in today's technological world, supporters say. "Rules that were appropriate when black and white television sets were state-of-the-art technology are not appropriate today," says Rep. Jack Fields (R-Texas), a primary proponent of the telecommunications bill.

THE OUTLOOK

It all boils down to a vision of tomorrow's information age. Those who say the mergers are good for society, specifically the corporations and their stockholders, see a future where television competes with wireless communication systems, the Internet, and all sorts technological breakthroughs. With this abundance of innovation, they contend, there is no room for media concentration.

Yet despite the technological breakthroughs, it is very unlikely that there can be a level playing field when individuals posting news or entertainment on the Net can compete with the financial power and recognition of the likes of Microsoft. The Gerald Levens and Ted Turner of this world are not simply taking extraordinary philanthropic measures for the betterment of society. They are thinking as businessmen should, for it is their job to figure out how they can increase their company's profits. Whether or not diversity is at risk is not their concern.

Perhaps there is a middle ground. Don Hewitt, executive producer of 60 Minutes, CBS's top-rated program, in a recent interview said, "Media mergers are neither good nor bad for the public. It all depends on the integrity of the two companies merging and whether they are committed to doing their share of public service, along with getting their share of public dollars."
The RACE for the Remote
Two new networks rise from the burning embers of broadcast television

by Antoinette Coulton
photos by Tracy Young

A decade ago the experts said network television was dead. The advent of cable and special interest programming was supposed to spell the end for the Big Three networks. Amid lofty predictions of cable’s potential 500 channels, ABC, NBC, and CBS all experienced declining viewership. But in 1986 FOX television entered the arena. Determined to become the fourth network, it brought life back to the networks.

Yet today, lured by satellite and cable TV offerings, viewers have continued to stray away from broadcast television. But the business of network TV is far from sounding its last hurrah. Last year two mini-networks—United Paramount and Warner Brothers—applied for membership in the network club. Though it may be too early to predict long term success, signs indicate they are here to stay.

New Kids On The Block
Warner Bros. Network and the United Paramount Network entered the fray with a plan that is slowly gaining a foothold among viewers and advertisers. Debuting on January 16, 1995, UPN with its trademark circle, triangle and square, headed straight for the eye of CBS as it tried to lure away the “Tiffany network’s” male 18-to-49-year-old audience with hour-long action-packed dramas like Nowhere Man, Deadly Games and Star Trek Voyager. The Viacom owned network issued a press release on May 2nd 1995 announcing that “UPN delivers more Men 18-34 than CBS.” UPN boasts that according to Nielsen, the research firm that compiles the most respected ratings for the industry, in its debut season it delivered more households and scored higher ratings for men and adults 18-34, 18-49 and 25-34 than FOX did in its second season. Amy Belinsky-Lobocicharo, research marketing manager at CBS Television Sales Group, disagrees, “You can’t say that UPN took viewers from CBS because CBS has an older skewed network, We reach a 35-plus market. However, the market for Adults 18-49 is very lucratve, Everybody wants that market because that section of the population has the highest effective buying income and they spend their money.”

Despite an almost simultaneous start with the WB network, UPN seems to have gained a head start on the race to success with its action-saturated formula and as of June 1995 surpassed WB in ratings and key demographics for every primetime program it aired.

The WB hopped on the air only five days before UPN on January 11, 1995, with its dancing and singing amphibian mascot, Michigan J. Frog. Owner by Time Warner and Tribune entertainment, the new network is headed by former FOX executive, Jamie Kellner. Capitalizing on the success of cable’s children’s programming such as Nickelodeon, it has captured younger male viewers with action animation. Though it is not breaking any growth records, Kellner says, “Our strides are similar to those of FOX in its early days with our ratings building during the summer and continuing to grow with our new September shows.”

Both UPN and the WB reach nearly 90 percent of US television viewing households, but by Federal Communication Commission standards, they are not full fledged networks, but syndication companies. Under FCC rules, a TV network must have 25 affiliates or designated market areas in over 10 states with 15 hours a week of network programming. UPN has only a total of 114 affiliates.

Syndication companies act as third parties by selling time to television stations for shows created by other producers or they produce the shows and then sell them. United Paramount and Warner Brothers were production companies. They produced shows, which they in turn sold to traditional television networks or put into syndication. They earned money by sharing the resultant ad revenue with the television station that broadcast the program. With the relaxed rules of the current Telecommunication Bill, operating as a network is
Are The Networks Really Winning?
Broadcast networks may still reach a larger audience than cable television but with only 70 percent of television households hooked up to cable, their stronghold is inexorably being loosened. Belinsky-Lobociachi thinks that cable penetration of the television market is pretty much saturated. "Maybe when cable finally expands to the era of 500 channels, viewers will be motivated to venture away from the networks," she notes. But according to a ratings analysis by William Phillips of USA Today, the decline in ratings for the Big Three that started in 1978, when they held 92 percent of the share, has far from halted. In the 1994-1995 television season, a four point drop from the previous year left their combined share of the television audience at a precarious 56 percent according to Nielsen.

At a network television convention last year, Ted Harbert, ABC Entertainment president, blamed the drop on one of his rivals, CBS. Indicating that the decline did not properly represent individual networks' performance, he cited CBS's lackluster ratings, and the absence of an Olympics broadcast or World Series baseball on any network in the 1994-1995 television season. With 1996 once again being an Olympic year, it remains to be seen if the inevitable boost in ratings will become a catalyst for increased interest in network television, or only serve as a temporary lift.

Where profit is the name of the game, the older networks are expanding in many areas. The current trend of mergers has helped networks increase their scope and multimedia capabilities while trying to keep one step ahead of the competition. Seen by many as the dying network, CBS's merger with Westinghouse has created the largest broadcast station group, owning 15 television stations and 39 radio stations. And Microsoft's teaming up with NBC to deliver news, sports and entertainment offers an array of multimedia opportunities for the next century and beyond. These mergers and joint ventures are the network's efforts to expand and specialize, so they can maintain their declining viewership.

Duplicating a Hit
The newest networks are sticking to tried and true formulas. Last September UPN launched UPN Kids, an animated children series—a move mirrored by Warner Brothers with its WB Kids program. Animated children's programs worked for FOX, and ironically it was Warner that contributed several shows to the launch of FOX's Children programming. This move might prove a ratings bonanza for the new networks. While the other networks and cable television have cut back on children's fare, advertisers seeking to reach this demographic group have limited outlets. With the prospect of increased advertising rates for the few spots remaining, the new networks could be looking at a profit explosion.

Although it may be too early to gauge the two networks' potential for long term success, UPN has definitely emerged as the stronger of the two. It had an auspicious start with the giant franchise hit Star Trek: Voyager which gave UPN its highest ratings ever. Star Trek was already a ratings bonanza in syndication, with a built-in audience of men and die-hard "Trekkies" that naturally migrated to the UPN network. Star Trek has reportedly generated $1.3 billion in combined revenue from films, syndication rights and merchandising for the network according to the Los Angeles Business Journal.

The Secret to Survival
Amid network reshuffling and retrenching, cable television has quietly continued to chip away at the network mountain. In 1995, cable viewing was up 10 percent according to the New York Times. The increased surge in technology in the '90s is poised to offer even more entertainment alternatives, and broadcast networks will be forced to reevaluate their strategies. As computers continue to leave their mark on every area of entertainment, and the Internet becomes the latest buzz word for the trend conscious '90s, UPN has tentatively announced plans to produce shows that integrate the Internet or other commercial online services. Bill Gates, Microsoft founder and billionaire, said in his bi-weekly Internet column, The New York Times Syndicate that he expects society will see intense competition—and ample failure as well as success in all categories of popular content (on the Internet not just software and news, but also games, entertainment and sports programming). Gates says that if people are expected to read a computer screen, they must be rewarded with extremely up-to-date information that they can explore at will. They need to have audio, and possibly video.

Bullish entertainment investors argue that there is room for everyone, and advertising dollars are far from being in short supply. However, if a nearly 50 percent erosion in viewers in 15 years is to be regained, the networks will constantly need to update their game plans for the next century. A year from now, UPN and the WB may not be seen as the saviors of network television, but they have already begun to carve a niche for themselves that, if nurtured, has the potential to revive the world of broadcast television.
http://Marketing on the Internet.com

With millions of potential buyers,
Web merchants are gearing up for an online spree

written and illustrated by Rosario Mastrogiacomo

Imagine reaching 35 million people around the world with your ad or sales pitch at the fraction of the cost of traditional advertising. Imagine orders for your products coming in 24 hours a day, seven days a week—and you don’t have to pay a single salesperson. The profit margins would be unparalleled. This marketer’s dream is moving from theory to reality on the Internet.

The Internet is made up of more than 50,000 computer networks in over 65 countries around the world, comprising universities, corporations, non-profit organizations and government agencies. An estimated 35 million people use or have access to the Net, using it to shop, read the latest news and magazines or chat with people across the globe.

THE YOUNG SUPER NETWORK
It began in the 1960s when the Defense Department’s Advanced Research Project Agency asked leading universities and corporate computer researchers to develop a communications system that could survive a nuclear war. In December 1969, at UCLA, four computers were connected via high speed transmission lines. That network, called Arpanet after its Pentagon sponsor, became the Internet of today.

By 1972, there were 37 nodes on the Arpanet. Most of the users were scientists and researchers who shared computer resources and collaborated on projects remotely. Not only were they using it to coordinate projects and share resources, but they were also exchanging personal mail, gossip, and news from their areas—the very first newsgroups.

By 1977, groups beyond the defense research community were connecting to the network. Throughout the ’80s, the National Science Foundation, the Department of Energy and even foreign countries were developing and connecting to this growing network.

The number of host computers with direct connection has been doubling annually since 1988, with users expected to grow to 200 million by the year 2000. “The explosive growth has been a surprise to almost everyone, including most of the founders,” says one Arpanet founder, Frank Heart, in a recent e-mail interview, conducted over the network he helped create.

The Internet doesn’t exist per se. There is no central computer or set of computers that control any aspect of transmission on the Net. It is the 50,000 networks and the 35 million people that make the Internet. “The Internet is a rare example of a true, modern, functional anarchy. There is no ‘Internet Inc.’ There are no official censors, no bosses, no board of directors, no stockholders,” says Bruce Sterling in an article about the history of the Internet. Some experts believe the Net’s nature is beyond that, “It would be a mistake to think of the Internet as a computer network, or even a group of computer networks connected to one another. The beauty and utility of the Internet lies in the information itself,” write Harley Hahn and Rick Stout in their book, The Internet Complete Reference.
ENTER BUSINESS

Since 1991 companies have realized they can exploit the Internet as a marketing tool. According to The Internet Society, a non-profit international organization for global cooperation and coordination for the Internet, every month there is a 16 percent increase in the number of businesses online. According to Fortune magazine, 63 percent of the newly registered networks belong to businesses and their research labs, only 10 percent belong to universities.

At the most basic level, companies are using the Internet to exchange e-mail, a cheap alternative to setting up their own global communications system. The more advanced companies are setting up home pages, or space on the Internet, that display their products, offer customer support and even sell on line.

Dell, Compaq, IBM, Apple, Chrysler and General Motors are just a few of the major companies adding their billboards on the information highway. There are also many start-up companies whose sole income comes from sales on the Internet.

Sensuous You, a division of Michigan-based Condoms Notions, sells condoms and sex toys over the Internet. Eve Applebaum, president, says sales on the Internet, although not dramatic, have been increasing. She attributes her firm’s success to the fact that her customers can maintain anonymity. “I think it’s not too much different than opening a retail outlet; people have to find out that you are there,” says Applebaum. “I believe the Internet is going to be the new home shopping frontier,” adds Applebaum.

Input Inc., a market research and consulting firm in Mountain View, California, says the volume of business to business electronic commerce over the Internet was $1.2 billion in 1994 and predicts it will exceed $50 billion within five years in the US alone. In addition, overall electronic commerce will grow from $60 billion in 1994 to $250 billion by 1999.

What has made the Internet even more enticing for businesses is the development of the World Wide Web. The Web allows Internet sites to combine text, sound, graphics and video with a system for linking related information within the site or almost anywhere else on the Net: Hypertext. Hyper-text looks like ordinary text on a page except some words are highlighted. Selecting these words allows you to jump from one document or page, to another, which might be across the world, in seconds. Each highlighted word is a link to another word or document. “When you use the Web, you follow your nose: that is, you start anywhere you want, and you jump from one place to another pursuing whatever strikes your fancy. The amazing thing is that with only a few simple commands, you can jump your way around the Internet like a hyperactive flea at a dog convention,” say Hahn and Stout. This instantaneous access to information has made the Web the most developed part of the Internet, and the place where businesses want to be today.

According to Forrester Research Inc., Cambridge, Mass., establishing a site on the Internet with a few pages of information costs between $5,000 and $10,000 a year if a third party establishes and hosts the Web page. For companies who want to develop their own Web pages, costs range between $60,000 and $120,000.

There are many high-profile Internet success stories. Digital Equipment Corp. sold $5 million worth of its Alpha computers to users who tried out the machines remotely on the Internet. Id Software, a distributor of “shareware,” sold several thousand copies of its Doom game over the Internet in one weekend at a reported $50 a pop. Doom went to become one of the most popular games in PC history.

Of course, where there is shopping, there are sure to be malls. Web malls work much like real malls in that a variety of goods and services are housed in one general area. One such mall is Branch Mall. It holds around 50 store fronts, or pages, selling such items as flowers, computer hardware and fine wines. For $960 per year, you can rent out one-page spot in the mall. The Internet Shopping Network, owned by The Home Shopping Network, is currently the largest mall online.

MADISON AVENUE ONLINE

Companies are looking at the Internet to stretch the reach of their advertising. According to OmniTech Consulting Group, a media research firm in Chicago, spending on interactive media advertising has more than doubled in the past three years. Half the compa-
panies OmniTech surveyed said they preferred online services as the interactive media of choice. When compared with traditional forms of advertising, the cost of a home page is minor, considering the number of potential users who might see the ad.

Michael Strangelove, a nonfiction author who publishes mainly through the Internet, has his own home page where users can get information about his books, essays, even poetry he writes for his ex-wife. "The Internet is the single most significant new tool for business, particularly for small to medium sized enterprises," claims Strangelove in his book *How To Advertise On The Internet*.

But marketing on the Internet requires innovation in traditional forms of advertising to succeed. Companies that provide little more than a home page with a selling line will get visitors, but no buyers. Others have no visitors at all. Experts say that because the Internet is free, people do not want to see anything that will cost them money. Users want free information or services and expect it. Once money is involved, they move on to the next page.

Forrester Research found that average companies get around 1,000 to 2,000 hits, or visitors, per day and well known companies can get more than 100,000 hits. But this does not mean these people are buyers, many are just browsers. In a 1,000-person telephone poll conducted by Lou Harris and Associates, only 30 percent of the respondents said they wanted interactive shopping. Most preferred news and the ability to communicate with others.

Experts say the best way to advertise your organization on the Internet is to give some free information. "This follows the most basic principle of Internet-facilitated marketing—the creation of an online presence by providing the Internet community with freely accessible information and informing Internet members of its availability in a nonobtrusive manner," says Strangelove in his essay *Using The Internet For Marketing*.

"You have to offer something to bring people to web pages and then make a subtle and not blatant offer of things for sale," says Vint Cerf, who helped set up the four-computer Arpanet at UCLA and is president of The Internet Society, in an e-mail interview. "It is different from television and radio where brevity is crucial; it is different from print since interactive is available," adds Cerf.

**SPAM, SPAM, SPAM AND SPAM**

This pursuit of free information is an outgrowth of the Internet's foundations as a research tool. Many users despise seeing any type of commercial trade on the Internet, especially unsolicited mail and postings on Usenet. Usenet, short for "users' network," is a collection of discussion groups involving millions of people from all over the world. There are currently, by some estimates, 9,000 newsgroups, ranging from computer folklore (comp.society.folklore) to hypnosis (alt.hypnosis).

In one dramatic marketing blunder, its non-commercial atmosphere was completely changed. On April 12, 1994, immigration lawyer Lawrence Canter, posted his firm's ad to over 6,000 Usenet groups around the world, breaking the unwritten law of Usenet that any posting must pertain to that newsgroup. Canter & Siegel instantly became the Internet's most hated business, drawing worldwide rage onto the Arizona-based law firm. When Canter & Siegel didn't apologize for its actions, it received over 20,000 "flames," or pieces of junk e-mail. "Mail bombs," large, useless pieces of e-mail, disabled their service provider's computers, and after it crashed 15 times, the provider terminated their account. But the stubborn firm soon found another access provider.

Adding insult to injury, Canter and Seigel published a book *How To Make A Fortune on the Information Superhighway*. In it, they dismiss any claim that there is an Internet culture or unspoken rules by which they must adhere. They claimed that what they did is legal and that there are no legal rules against advertising in newsgroups. Users, however, point to the fact that unlike traditional forms of advertising, which can cost thousands, even millions of dollars, Canter and Seigel paid only $30 to reach 35 million people.

Canter & Seigel's actions are known as "Spam." Spamming is the continuous posting of ads in unrelated newsgroups or via unsolicited e-mail, named after a sketch by the British comedy group Monty Python in which a waitress goes through a list of menu items all of which include Spam. Spamming has led to Internet blacklists. Alex Boldt, who runs a blacklist on the World Wide Web, says it is intended to curb inap-
propriate advertising on Usenet newsgroups and via junk e-mail. “It works by describing offenders and their offensive behavior, expecting that people who read it will punish the offenders in one way or another,” says Bolt.

THE FOUNDING FATHERS
While they disapprove of Spam, the founders of the Internet welcome its commercialization. “While some may pine for the old scholarly and research days, most people who participated in the early Internet, including me, view the explosive growth and change as a major victory of which they are very proud,” says Heart.

“I have long felt that the Internet could not possibly grow and expand without becoming an important commercial system,” says Cerf. “Since the Internet has to be paid for somehow, it has always seemed to me that its expansion would be limited by the ability to underwrite its costs. As an early Internaut, I welcome and work towards making the Internet a commercially useful platform so that it can expand to all aspects of our social and economic fabric on a global scale,” Cerf adds.

Steve Crocker, another Internet founder teaching at UCLA, agrees: “The Internet looked to many as if it was intended to be focused indefinitely on the academic environment. This is simply a misperception. The Internet was never intended to be used solely or even primarily by the academic community. It was an artificial limitation of the funding process.”

“It is almost certain that business will succeed on the Internet, because for the first time people will be able to search the world for the things they want, and the new marketing path will for the first time allow many business activities to reach potential customers all over the world at a cost they can afford. However, what business activities will be most impacted is not clear, and will no doubt change over time,” says Heart.

But are there real profits to be made on the Net? Let’s look at the demographics. Some say that the Internet is dominated by male computer experts in their 20s. Others say the users are more diverse. In a recent survey, Matrix Information and Directory Services found that the gender balance has shifted, with the male to female ratio now 2:1, not the 9:1 thought to exist. MIDS surveyed 1,500 organizations that represented 10 percent of the Internet’s users.

This shift may simply be a result of the increasing traffic on the Net. Forbes estimates the number of users is growing at 15 percent per month, or 435 percent per year.

Forrester research estimates that only $200 to $250 million in sales were made over the Internet last year, which is less than half a percentage point of the $53.5 billion in direct mail catalogue sales alone. Many say that businesses online have yet to see dramatic sales, or even sufficient sales to justify being on the Net. “I don’t know of a whole lot of companies making real cash on the Net these days,” says Rick Tetzeli, of Fortune magazine. “Seems like most are going on to market themselves—and there are certainly several good examples of that around now,” adds Tetzeli. Others are more extreme. “Show the world you know what it is, but don’t use it if you know what’s good for you. My feeling is that we’re on the verge of the Internet becoming the online killing field,” says Ted Prince, president of Perth Ventures, Inc., in a Computerworld article.

SAFETY ON THE NET
Perhaps the issue most nay-sayers point to is lack of security needed for high volume commercial transactions. Stories abound about hackers who break into corporate computer systems and create havoc. With increased commerce, security is quickly becoming an important issue. Companies are already accepting credit card payment over the Internet using some type of encryption program, which scrambles names and credit card numbers. But these programs, like everything else, are not fool-proof. Talented hackers have little trouble breaking even complicated encryption code.

In November 1994, hackers broke into British Telecom, the state owned telephone company. They were able to find the location of Britain’s “spy school” training center, the site of the evacuation bunker to be used by government officials in the case of nuclear war, and the personal phone lines for the prime minister.

In the U.S., hackers broke into Sprint Corp., IBM, and New York-based access provider Pipeline, in order to exact revenge on the authors of Masters of Deception: Gang Wars in Cyberspace. In California, thousands
Sex On The Net
How One Business Has Effectively Reached The Online Market

In some far exit on the Information Superhighway, amid computer jargon and technical FAQs, a small company sells toys to the sensuous at heart. Sensuous You is the force that keeps her business vibrating. A 42-year-old single mother, Applebaum is also a partner in a small retail condom store in Michigan. Condom Notions, like its online counterpart, sells condoms and sex toys.

The Internet is a level playing field. Small businesses such as Sensuous You have found success providing more than the average sales pitch. Applebaum believes it is the anonymity of the Internet that has made her business successful. “A lot of people get in it with big expectations, I had none,” says Applebaum. She believes establishing a presence on the Net is much like establishing a retail store, advertising is very important. Just because you open the door, people don’t flock in. You have to get the word out.”

Yet advertising for her type of business can be complicated; many oppose seeing her ads in traditional forms of advertising. Therefore, the Internet’s unobtrusive nature, coupled with the anonymity her customers can maintain, makes it the perfect medium for her products. “Nobody’s going to find me unless they’re looking for sex toys. I can’t really offend anyone.” On the Internet, Applebaum advertises Sensuous You by linking her page with other adult home pages and with search tools, such as Yahoo, InfoSeek and WebCrawler.

Sales have been increasing at Sensuous You to the point that Applebaum is considering moving away from the retail store and devoting her time exclusively to the online business. She says her biggest concern right now is whether or not sales will continue to increase or if they will eventually disappear. “I’m interested to know if other businesses have been successful or if it’s just my products.” She admits, however, that there are things about the retail business she would miss.

—RM

of credit card numbers were stolen from an access provider. Such highly publicized cases have made businesses aware of the Internet’s risks. “The flamboyant tactics of these hackers have helped awaken Internet neophytes-corporations and consumers alike to the dangers of going online,” says Heather Clancy, in Computer Resellers News, a trade publication.

Experts say that 85 percent of people on the Internet do not want to transmit their credit card numbers, so many companies are offering personal identification numbers or 800 numbers for ordering. Critics say this increases costs to the point that it would be better to send direct mail, since that market is bigger and more diverse.

In an effort to encourage commerce on the Internet, industry leaders last year agreed to choose a standard for Web-based encryption and authentication. Among the consortium were IBM, Digital Equipment Corp., AT&T, MCI, Novell, Netscape, and Microsoft.

SO WHO’S MAKING MONEY?

So far, only the service providers are making serious bucks. ParatTechnology, in a recent survey, found that the market for Internet services will grow from $5 billion to $45 billion in the next 10 years. According to market researcher Dataquest, revenues for physical connections to the Internet reached $70 million in 1994 and more than doubled in 1995. “If you can’t sell products on the Net, you can still sell advice to people who think they can sell products on the Net,” says David C. Churbuck, in a Forbes article.

Specialized publishers are not doing too badly, either. The thousands of books, articles, information tapes, classes and tutors are all riding the Internet cash wave. “In the early days of a gold rush, it isn’t the prospectors who get rich. It’s the folks selling steamship tickets to California, blue jeans and picks who get rich,” added Churbuck.

What should a company thinking of investing in the Internet do? Experts advise companies to remember that the Internet is still being developed, and if it has the growth potential people say it does, there is no reason to worry that your company will be left behind. With so many companies looking to develop standards, the Internet of tomorrow will probably be cheaper, easier and safer to use.
In the war for Web browsers, the battle lines have been drawn from Silicon Valley in California through Silicon Alley in New York and beyond.

Right on the frontline, its stock soaring from an initial $28 a share to nearly $200 in less than four months, is Netscape Communications, headquartered in Mountain View, California (right in the heart of Silicon Valley). Netscape remains the maker of the leading software for the Internet. In an alliance forged during the winter of 1995, Netscape joined industry giants, and neighbors, Sun Microsystems and Silicon Graphics to develop new software technology that they hope will set the standard for cruising the Information Superhighway.

The alliance between three of the hottest firms in the Valley poses serious competition for billionaire Bill Gates and his ambition to dominate the Internet, as he has the software industry.

by Wing Cheung

illustrations by David Lai

The ability to recognize an idea and make a run with it has been the cornerstone of Microsoft’s strategy since Gates built his empire 18 years ago. When IBM made the historic, and risky decision to use Microsoft, then a virtually unknown company, to develop MS-DOS for its personal computers, the dramatic rise of Microsoft had its beginning. Rigorous marketing allowed Microsoft to offer MS-DOS at low prices to PC vendors, driving its competitors out of business. The result: No single company has managed to loosen Microsoft’s iron grip on the industry. Microsoft reported $5.94 billion in sales for 1995, up 28 percent from 1994.

But the Net is a new arena, and history’s lessons ought to be borne in mind. Just as IBM underestimated the market potential of PCs to concentrate on mainframes, Microsoft has been criticized for being slow to grow its Internet busi-
ness. At stake are not just the bragging rights to the World Wide Web, the multimedia portion of the Net, but the tremendous profits that analysts predict will be made online. Web browsers—for the more than 50 million daily users—are used to navigate through the vast sea of text, graphics, sound and video that is found on the Internet.

THE SPOILS OF WAR
After admitting in May 1995 that he underestimated the potential of the Web browser market, Gates waged an intensive campaign to include Internet features with virtually all Microsoft products and services. The launch of Microsoft’s newest system Windows 95, at $89 a pop, last August included the company’s own Web browser, Internet Explorer, with every copy. The highly publicized Windows 95, which was first due out in 1994, was not intended to have any Internet features. The move was Microsoft’s last-ditch attempt to capture the huge base of Windows 3.1 users who might otherwise be lured by Netscape, which has managed to capture more than 70 percent of the Web browser market with its easy access to the mushrooming resources of the Internet.

“Today the Internet is the primary driver of the new work that we’re doing across the entire product line,” Gates said in a press briefing in December to unveil the company’s strategy for the Net. “We’re not forming an Internet division. To us it’s like having an electricity division or a software division. The Internet is pervasive in everything that we’re doing.”

But Netscape, whose 27-year-old co-founder Marc Andreessen has been compared to a young Gates, may be one step ahead of Microsoft. “It is Netscape, not Microsoft, that has touched off the explosion of interest in the Internet. With an easy-to-use browser product it has managed to rev up with stunning speed,” according to Robert Hertzberg, editor-in-chief of Web Week in a November editorial. “And far from digging its heels further into the bit of territory it’s claimed, Netscape is planning to conquer new worlds.”

A CUP OF JAVA
By the end of 1995, Gates had to wake up and smell the coffee. Specifically, a new blend called Java. Sun Microsystems developed Java as a programming language for Internet applications several years ago. Java is also the language used for HotJava, Sun’s interactive Web browser which, according to Sun, will make the Internet “come alive” through interactivity and three-dimensional animation for the next generation web browsers. “Today Web users can visit thousands of hyperlinked sites. Our vision is to transform those same sites into dynamic, virtual words,” said Tom Jermoluk, president and chief operating officer at Sun Microsystems whose company produces network computer systems. It is a statement which captured the attention of the market and the media while Java’s capability to run on almost
any computer captured Netscape’s attention. Netscape and Sun, with a combined posting of $5.9 billion in revenues for 1995, struck a deal to develop JavaScript and position it as the standard language for the World Wide Web. Another major industry player, Silicon Graphics, a $2.2 billion manufacturer of workstations and software, joined the team several days later. “Netscape and its partners are committed to building a truly open platform,” said Marc Andreessen. Industry support for Java has been so strong that Microsoft itself was forced to endorse and license Java to use with its own software. The decision, relayed in a tersely worded press release, came just three days after 28 companies, including Apple and AT&T, announced their endorsement of JavaScript.

Net Profits

The concept of a single browser language promises to revolutionize the Information Superhighway. If Microsoft catches up, how much of the Web browser market can the Netscape trio retain?

As Casey Green, a spokesman for Compuserve, said in an online interview, “I don’t see much incentive for a hardware vendor to bundle Netscape Navigator with a PC. There’s no indication that either one needs to buy a Web browser from Netscape or that one must choose Netscape if one wants a Web browser.” This may be especially true as Windows 95 with Explorer is expected to saturate the market like Windows 3.1 did.

Yet despite Gates’ advances on the Internet, Microsoft was recently removed by analysts from Goldman, Sachs & Co.’s list of recommended companies, and replaced by Netscape. Gates himself has to admit his company is up against a worthy opponent which has two notable strengths. “They have their very high browser share, and they have the attention of the world in terms of what are they going to do,” he said during the press briefing. “Are they leading the way, and what is it that we should adopt that they are moving towards? That’s a metric that I will look at on a very regular basis and see what it is that we need to do.”

Gates contends that what is more important on the Internet is high-quality content. In The New York Times Syndicate, Gates wrote, “If people are expected to put up with turning on a computer to read a screen, they must be rewarded with deep and extremely up-to-date information they can explore at will.”

For nearly two decades now, Gates has dodged one bullet after another, from challenges on antitrust charges from Attorney General Janet Reno, to a slew of attacks by rival software producers. Only time will tell if Gates will win the new war of online technology.
CyberVentures
Microsoft and NBC are bringing the news to cyberspace

by Diana Cabral
illustrations by Mitsue Ito

What's next on the Information Superhighway? The "next big thing" has already occurred: NBC and Microsoft, General Electric-owned network and software giant, announced last December, that they will once again join forces to create a 24-hour news and information cable network with a complementary online interactive news service. This will mark the second time that these two giants have joined forces. Late last May, NBC joined with Microsoft to provide the Redmond, Washington-based software giant with online news, entertainment and sports programming for its online service, The Microsoft Network.

This is truly a joint venture in more ways than one; each company has a 50 percent interest in both investments. First, Microsoft has agreed to invest $220 million over a five-year span for its share in the MSNBC Cable. Both parties are expected to fund an additional $200 million over five years for
the cable and online services. But more importantly, NBC will manage the cable program portion while both firms will co-manage the interactive news service, with NBC retaining complete editorial control over both the integrity and accuracy of content for both services.

**Trying to Stay Ahead of the Game**

Both corporations hope the partnership will give them a commanding lead in their industries and place them at the forefront of news and information. For NBC, the move will help it compete more aggressively with Turner Broadcasting System Inc.’s CNN and keep the network ahead of Capital Cities/ABC Inc. (recently acquired by the Walt Disney Company) and Rupert Murdoch’s News Corp, both of which have already proposed their own 24-hour cable news operations.

Not only is Microsoft allying itself with a well-respected television network, it’s also moving to solidify earnings from an online venture. But earnings are not expected to skyrocket right away. In a speech to the Asia Society, Bill Gates, Microsoft Chairman and Chief Executive, said that the endeavor will “probably not make money for at least the first five or six years, but it’s something we’ve decided to try.”

Of course making money is only part of the reason these two giants have teamed up. The other is to stay two steps ahead of the other television networks that are vying for the niche that was carved out by Ted Turner’s baby, CNN. The concept of a 24-hour news channel was unheard of before CNN, but Turner soon proved that there are people all over the world that are willing to pay for information about economic markets and world events. The venture by these two giants plans to take this concept one step further by adding the interactive, online service.

**Do You See What I See?**

According to Gray Arlen, president of Arlen Communications, which researches the online industry, “If you customize the news to get what you want, people would be willing to pay real bucks for it.” This is the very idea that NBC and Microsoft are banking on. The online portion of the venture will let people choose the news they want to see when they want to see it through their personal computers. These customers will also be able to investigate a story further by logging on to biographies, explanations, maps and other resource materials. During the joint news conference announcing the deal, Bob Wright, CEO of NBC, said “By linking the local, national, and international news gathering capability of NBC and its affiliates, as well as NBC archives, with Microsoft’s technological leadership in software development and commitment to Internet online services, MSNBC will create a continuum of news delivery that meets viewer needs at all levels. In doing so, the service will expand NBC’s leadership in providing news around the world.” He added that “like the broadcast networks of the 1970s and cable in the 1980s, this broadcast, cable and interactive news combination will redefine the way people get their information by making available news content of unprecedented breadth and depth whenever, wherever and in whatever format our viewers want it—from half-hour news to comprehensive cable news coverage to in-depth, online, on-demand information and images.”

Because MSNBC Cable will offer NBC correspondents—including live news coverage of world events and news analysis—a multimedia presence on screen, it will be the most complete package of news and newsmakers on television and the Internet, according to the partners.

**Only Time Will Tell**

MSNBC is set to begin operating six months ahead of similar plans by both Capital Cities/ABC Inc. and News Corp. to produce similar 24-hour cable channels. Though not much is known about how ABC and News Corp. will proceed in creating their own 24-hour news channel the same cannot be said about NBC and Microsoft. According to a joint press release on the Internet, NBC News, MSNBC Cable and MSNBC Online will combine to “create a continuum of in-depth coverage.” The three services will “work in concert—each strengthening the others position as the leading source for news in that medium.”

Each of them will “cross-promote the other, guiding viewers and subscribers through a web of interwoven news and information programs.” But will expanding and reinventing the way one sees the news payoff for NBC and Microsoft? One thing is certain; NBC and Microsoft have already changed the way the news will be disseminated.

**Delving Into the Distribution Dynamics**

The MSNBC Cable channel will initially be seen through NBC’s existing program America’s Talking, which includes 20 million subscribers across the country. In addition, they already have commitments to reach over 35 million subscribers by the year 2000. MSNBC Cable will debut in June, when the Summer Olympics in Atlanta are set to commence. This will allow it to compete in sports broadcasts with the
likes of ESPN, the cable sports network. This corresponding interactive MSNBC Online news offering will be made available globally via the Microsoft Network (MSN). The investment will include incorporating Desktop NBC Video, a computer oriented business and information service made for the needs of many financial institutions and corporations.

Because of Microsoft's and NBC's collaboration in providing an intense global distribution, they will be opening new markets in parts of the world that have gone untapped until now. Markets such as Latin America that in the past few years has been aggressively pursued by many network executives. NBC already has Canal de Noticias NBC but this new venture will place it at the top in many parts of this region. The network currently has a cable channel (CNBC Asia) and will soon launch NBC Asia; this will truly make the television network a global news and information cable and broadcast channel in every sense of the word.

**The Net, the Web, the Tangle**

With the Internet and World Wide Web becoming an integral part of '90s culture it was inevitable that in order for television to survive this technological boom it was going to have to get into the act, not only as a willing participant but for its survival in an age where everything and everyone is somehow connected to the Net. The risks that both NBC and Microsoft face are great, but the expected payoff is even greater; not in terms of money—that is a given—but in expected exposure in web wide and worldwide events. "General Electric and Microsoft are worldwide brands that stand for excellence," said Jack Welch, CEO of General Electric at the joint news conference. "Business is going to change more in the next ten years than it has in the last hundred." he added. At the same conference, Gates said, "We are very excited to expand our strategic alliance with NBC and with GE, whose tradition of technological innovation dates back to Thomas Edison. We have great respect for the quality of NBC's international news gathering organizations. Microsoft will contribute on the technological side—in understanding software platforms and the need for new graphical interfaces and tools."

Will there be enough viewers for this and other like ventures expected to debut in about a year? Only time and the number of subscribers will tell. One thing is certain, this is only the start of new ways in which news and information will be gathered, produced and distributed. It is not the way your mother, father or even you have been watching the news. It's really a whole new ballgame.
HOLD THE PRESSES
Publishers take the plunge into the murky waters of cyberspace

by Kenneth Chan
illustrations by George Madarasz

It used to be that every morning Eric Stein, 24, would read the New York Times on his way to work at a mid-sized accounting firm. In the evening he would be welcomed home by his Russell Terrier and a mailbox crammed with magazines that cover his eclectic interests. By week’s end, his apartment was littered with stacks of magazines and newspapers.

Today, all that has changed. Although Stein still reads the paper on his commute, his apartment is no longer cluttered with towers of paper. Stein recently began a subscription to the IBM-Sears joint venture, Prodigy, a leading online service provider. “I couldn’t be happier,” says Stein a week after signing on. “I get everything I need at a touch of a button.”

More and more, avid magazine and newspaper junkies like Stein are going online to get their daily fix, and traditional publishers are betting the farm on it. Almost every day, it seems another major newspaper or magazine jumps online. According to surveys by the Kelsey Group, a Manhattan-based market research company, 3,200 U.S. newspapers now offer some form of interactive service.

But it’s not only the major publishers taking this plunge. Hundreds of smaller magazines and newspapers, ranging from Arthritis Today to Yellow Silk: Journal of Erotic Arts, have gone online in the last two years. This is not counting the E-zines (electronic magazines) and electronic newsletters, mostly vanity publications, which clog the Net. Their inclusion would rocket the number of magazines and newspapers into the thousands.

“The Internet and online services are growing by leaps and bounds,” says Jim Kinsella, an editor at Pathfinder, the new media arm of Time-Warner. “It is a market we feel we must tap—the Internet is the next telephone, an invention that will revolutionize the way we communicate,” he adds.

Jupiter Communications, a market research firm in New York, projects that the number of subscribers to online services will grow some 85 percent this year, to 9.6 million. And these numbers do not include the Internet, the world-wide network of computers. The exact number of users on the Net is currently unknown. According to Nielsen, the long-time television rating service, approximately 37 million people already have access to the Internet in the U.S. and Canada alone. Other estimates have ranged from a conservative 10 million to an astronomical 50 million plus worldwide.

The exact numbers may be in dispute, but the over-riding sentiment is not: “Print publications can’t ignore the new media market,” says Derick Miller of National Multimedia Group, an industry trade organization. “That’s why they’re all in such a hurry to get on board; the furious pace of growth means laggers will get left behind.”

One of the major reasons for the blinding speed with which publications have gone online is the fear of being left behind. “Part of the reason we’re on the Internet is because everybody else is on the Net,” says Greg Pope, new media editor for Discover magazine. “The latecomers will be choking on the fumes of companies who decided to get on the information superhighway early,” says Arlene Daily, director of Playboy Enterprises’ publicity department. “Playboy recognizes that the Internet will enhance its printed magazine and Playboy has always been an innovator in the publishing industry,” she adds.

Hype It Up
“Many are also excited by the ability of hypertext authoring on the Web,” says Chris Ziener of Graphic Communications Association. Hypertext is an annotation-like method which allows a single document to be linked with any or all pertinent
The effectiveness of hypertext is evident on the Web where an article on safer sex can be linked to an article on condoms, birth control pills, and government reports on sexually transmitted diseases,” adds Zieren. “This ability to cross-reference opens up the whole Web to the user.”

The online industry and its use of this new media is also heralding the arrival of interactivity. Unlike the passive medium of television or print publications, new media marries multimedia capabilities—full integration of text, graphics, audio and video—with the ability to interact with editors, journalists, or each other, to completely alter newspapers and magazines. It is now possible to send e-mail to an author or join a newsgroup to discuss an article. “Journalists can now be asked why they wrote something, and people will call up and question the journalist directly,” says Rich Jarolosky, managing editor of the year-old Wall Street Journal Interactive.

Multimedia also allows a publication to highlight certain stories in ways not currently possible. “Imagine a magazine like Popular Mechanics, where they teach you to assemble machines. Right now it’s using illustrations to assist in projects,” Evan Shubin of National Multimedia Association says. “With multimedia, Popular Mechanics can do a full step-by-step instruction video, and have hypertext links to where you can purchase material or get further assistance—it’s a better transfer of information,” he adds.

Keeping Up
The online world also offers up-to-the-minute information that is impossible on printed media. “It’s a fact that about 20 percent of all information is out-of-date by the time it’s published,” says Shubin. “By going online, publishers can slash the overseas shipping costs and week-long lag times now required to deliver print editions via postal mail,” wrote Rosalind Resnick, editor and publisher of Interactive Publishing Alert, an electronic newsletter available on the Net.

Electronic publishing is also becoming more economical due to the astronomical increase in pulp paper prices. Newsprint costs have increased so much in the last year that most publishers are trimming down their page lengths. Some, like the Houston Post, were even forced to close. “New media gives the opportunity to reach a worldwide audience with extraordinary low cost,” points out Jarosovsky.

Many publishers are aware that it’s still a level playing field in cyberspace. “It’s still the wild west, there are no rules at this point,” says Richard Jones, president of the New York Chapter of International Interactive Communications Society and a new media consultant.

As newspapers and magazines swarm toward the digital medium, they are faced with some tough choices. The first is how to connect. There are two routes: going into business with one of the online services (Prodigy, AOL The Microsoft Network, Compuserve, eWorld, Delphi) or go it alone by connecting to the Internet.

Until recently, a partnership with one of the online services was the easiest way to go. The benefits of the information provider model is that the service provider offers instant market penetration and no start-up cost to the publisher. The service also retains the lion’s share of the profits, usually 80 to 90 percent.

But others are ready to forego the partnerships with service providers altogether and go it alone. Time-Warner opted to venture onto the Net rather than signing onto one of the providers. This model has the most risks because unlike the services, who make a profit by selling time to subscribers, the Internet is currently free. Publishers who take the challenge must be able to develop ways to generate profits to keep the ventures afloat.

It’s a Wired, Wired, World
Hot Wired, the Web’s incarnation of the cyber-culture magazine Wired, was the first Internet publication to make money from advertisers on the Net. “Before the publication had even signed up its first subscriber, the magazine had convinced the likes of AT&T, MCI, and Volvo to fork out over $30,000 a piece for a three-month run,” says Resnick.

The advertisers buy space on Hot Wired’s website. But this space, unlike space on the printed magazine, is a hypertext link to the advertiser’s own Home Page. The advertiser must now capture the user’s attention by providing an interactive and dynamic home page, so in the future, the user will seek out the advertiser.

Although there has been talk of charging individuals for access to online publications, as subscriptions are now charged for printed magazines, the Internet’s free nature, coupled with the
wide availability of virtually thousands of other free magazines online makes access fees almost inconceivable.

Internet advertising, if it continues to be successful, will keep the Internet free by producing profit for the online magazines much like in television, where profits come from advertisers and not paid subscriptions. "In terms of the Internet publishing industry, nobody sees charging a premium," says Pope.

The prospects for sponsorship advertising are positive because it is less expensive than in other media. Where a 30-second television spot could run in the hundreds-of-thousands of dollars, a Web site can be had for a fraction of the cost.

Don't believe the hype

So as newspapers and magazines are discovering electronic publishing and ways to profit from it, what will happen to their print editions. This is a point of contention. Most publications do not see their online publications as replacements to their printed editions, but as enhancement to them. "Traditional print will never go out of style," insists Ziener, of GCA. "People are not going to go out and use a computer screen to read Moby Dick, and you can't bring a computer into the bathroom with you."

Shubin points out that the ability of the printed document to be picked up and treated roughly is something electronic media cannot do. "In fact there is an increased market for print," says Shubin. "Look at all the pages being printed out for hard copies of online documentation and the glut of computer related magazines and books at your local newsstand, they're all due to new media."

Yet, not wanting to sacrifice their core business, publishers have come up with strategies to avoid cannibalizing their print editions. "We swerve away from repackaging what's in our magazine," says Tess Ghilagi, new media editor for Elle magazine. "They're Elle type stories, but completely original."

Another popular plan to prevent cannibalization is to limit the information offered on the online edition. "Discover doesn't publish the whole print edition on line, but only select stories," says Pope. Kevin M. Savetz wrote in the April 1995 issue of Internet World: "We don't expect online publishing to replace traditional methods of publication. Reading the latest news and gossip on a computer screen will probably never be as enjoyable (or as portable) as curling up in bed with a copy of Reader's Digest or shoveling your nose deep in the Examiner to avoid eye contact with the strangers on a cross-town bus."

The Waning of the Paper Age

Not everyone agrees though. "I believe there will be an end to printed media," says Jones. Jones uses the analogy of a wave with a crest and trough to explain how electronic media will become as ubiquitous as the book. The crest is the acceptance of a new product by the general population and the trough is the space before people are ready to accept a new technology.

"The trough is getting shorter and shorter," Jones asserts. "And the waves are coming faster and faster. As technology improves, people will be able to read that newspaper on the train on their way to work. Soon there will be a computer small enough and powerful enough to be taken anywhere," adds Jones.

With recent technological innovations in palm and tablet-sized computers the possibility of computers revolutionizing the publishing industry might not be too far fetched.

At least one publication has taken the leap of faith. Omni (a publication of General Media Publishing Group) announced on March 8, 1995 that it would cease its monthly print edition, converting to an exclusively interactive online edition on America Online. "Omni has always served as a tool for the 21st century," says Keith Ferrell, vice president and editor. "By taking this step we are getting a jump on the arrival of the new millennium. Anticipating the future and its new technologies is what Omni is about," he says.

Although the future of electronic publications on online services and the Internet is unclear, magazines and newspapers believe that online publishing will play a key role in how they conduct business in the future. Whether they are banking on electronic publishing as the inevitable replacement of print as in Omni's example or as a medium that will support its print editions, print publishers know they must start now. As Diana Pearson of Newsweek Interactive explains: "It is a market which will continue to expand at astronomical rates, at least for the next two years, so publishers will eventually join up or be left at a severe disadvantage."
Silicon Alley

It’s Not the Valley
Manhattan’s answer to California’s computer utopia

by Eric Thorsen

illustrations by Shingo Miyauchi

From the West Side of lower Manhattan down into Tribeca, a new community of computer startups is knocking on the interactive door. The new computer hotspot is known as Silicon Alley, and high-tech companies from all over the world are watching closely, wondering if they should set up offices in the historic Flatiron district.

In an age when the Internet and Web sites rule, these loft-shops-turned-private companies have found a definite niche. New York magazine even went so far as to rename the area “Cyber City,” illustrating the impact the neighborhood is having on the future of technology.

Where Creativity Blooms

Most of the budding Bill Gates and Steve Jobs types in the Alley are Generation X’ers in their late twenties. Technical nerds, many started out in tiny, low-budget operations in various lofts around New York City with four or fewer employees. As the cyber age blossomed, these small outfits grew into 20-person companies boasting major accounts.

They are taking over two historically rich districts, Chelsea and the Flatiron area. Home to graphic artists, writers, software designers and filmmakers, it is the perfect breeding ground for ideas to be born and new technology to bloom.

Shaping New Sites

Unlike Silicon Valley in California, which is a manufacturing area more involved in the creation of computer chips and production methods, Silicon Alley is more individualized and creative in nature.

“We can’t just use the same old message,” says Kelly Boling of the technology sector of Burson-Marsteller—a large advertising firm. “You must not only provide information, but you must keep it fun and make it fresh.”

A typical newcomer to the competitive Silicon Alley is SenseNet Inc. Started in 1991 by then-19-year-old Dane Atkinson, it has continued to expand into 1996. “The reasonable rent and high ceilings were some reasons we moved down here,” says Atkinson, the president/owner of SenseNet. “We also chose to locate in lower Manhattan because creative people don’t like mid-town. They live and breed down here.”

Today, the 22-year-old technology wizard is running his company into the future and beyond. Atkinson, who began his career at age 14 at a pre-press company, left because “the company refused to acknowledge the use of the Internet.” Taking his new-found knowledge of the Net, he carried it with him to begin his own four person operation in a loft. Six years later, and with a staff of 20, his company has a client base of 27, including such prosperous corporations as Proctor and Gamble and Hugo Boss. “Over the last six months, we have had a 200 percent expansion rate,” says Atkinson.

SenseNet, in theory, acts much like a full service advertising agency for web sites. They design them, market them, and find a home for them—specifically...
server space. For all of these services they charge a fee of $100 per hour. A typical web site can be created in two days and can cost somewhere around $2,000. “Unlike other companies, we don’t charge by the ‘meg’ or the page,” explained Martin Belk, a partner and company spokesperson.

On January 4th, the company put on a concert that propelled them into the entertainment world. The event, entitled “Live and In Concert,” was the first large-scale Internet/World Wide Web concert to be available to everyone on the Net. They brought the concert to the Net in real time audio and video. The concert featured recording artists Deborah Harry, Blondie, Joan Jett, Psychotic and many others.

Other projects SenseNet is venturing into include a web site for Larrakin Management, which is owned by Nikki Brown and Ted Gardner—co-producers of Lollapalooza, the national alternative rock tour. Larrakin represents recording artists such as Tool, The Geraldine and Whale. “Our goal as a company is to provide a reality-based product for our clients, which will place them in a highly competitive spot as the industry grows,” said Belk.

One of the major projects of the Alley is the massive, new New York Information Technology Center. The building, located at 55 Broad Street in lower Manhattan, houses 65,000 square feet of office space; its management is negotiating a contract to acquire 17,000 more. It is the perfect haven for small loft shops to cultivate. “There is a definite need for homes for high tech multimedia companies,” says Eugene Baumstein, vice-president of Rudin Management, which owns the high tech center. “We have become the centerpiece for Silicon Alley.”

The NYITC is presently home for many companies—including Tangen International, N2K, and Intercom Online, and is adding to the list everyday. Keny Global, another NYITC tenant, is a Japanese company presently getting started as a provider for a shopping network. The site not only sells products to the Japanese market, but also to the United States’ market. This is accomplished by offering the site in Japanese and English.

According to Kenji Mori, president of Keny Global, the NYITC development offers many benefits that a company could not attain by setting up on their own. “The center is a good location for us, because it is cost effective and easy to plug into the Internet,” says Mori. “The benefits include reasonable rent, electric and a good-sized tax break,” adds Mori.

Another building bringing this new technology to the city is the prestigious Flatiron building, which has the historic honor of being the first building in New York with an elevator, is making history again. It is on the verge of expanding to become part of Silicon Alley. The building is home to Village, a three-month-old online content company, and Hollywood Records, a subsidiary of the Walt Disney Co. “Manhattan has the best content and best minds in the world,” says Scott Alexander, a web site producer at ivillage. “The city saw how usable the area was and its potential, so they picked it up and ran with it. We didn’t locate here, we happened.”

**The Dark Side of the Alley**

As this center of new media expands, high-tech crimes are bound to follow, as they did in Silicon Valley. But instead of computer chip thefts, the Manhattan-based companies are involved in another type of robbery. The problem is employee theft, something not uncommon to most companies around the country. “A lot of electronics are being stolen, such as RAM and mother-
THE media industry is one of America’s most powerful tools for shaping minds and promoting ideas, but it also still remains one of the United States’ most rigidly segregated institutions,” says Kenneth Walker, an African American independent TV producer and columnist. African Americans pursuing careers in the information trade have a lot of obstacles to conquer, not only to move up the corporate ladder, but also in the preservation of credible black images in the media. For them, the important question becomes: Are representations of blacks honest?

Minority hiring and depiction in American business has been a hot topic since the formation of the Kerner Commission in the late sixties, which was created in response to the race riots of that decade. As African American journalist, news anchor, TV producer and author Gil Noble put it, the demonstrations of that period “scared America in ways not felt since the days of Denmark, Vesey and Nat Turner.” The Commission’s report deduced that the riots were caused by white racism, and that the almost non-existent presence of blacks in the media had something to do with it. This led to a hiring frenzy in print, radio, and TV broadcast media. Yet despite the corrective measures, today there are less than 15 percent of blacks holding media related positions in America, according to the 1992 census. According to a CNN/USA Today poll, two thirds of African Americans surveyed say they are upset by the way the media represents them, especially in coverage of African American issues. “African Americans, like other journalists, bring life experience to their news judgments. Our absence from positions in the media reflect in the negative coverage,” says Walker.

The experts use basic numbers to highlight the image problem. A 1994 study done by Journalism Quarterly determined that representation is problematic in a race-conscious culture because journalists and editors skew coverage to a particular type of image and story. “This is especially true for those whites with little or no contact with, or a predisposition of blacks,” says Robert Entman, principal author of the study. “The essence of racial prejudice is homogenizing and generalizing about a particular group. News stories select only some aspects of reality and leave others out and may grow to form a group of messages that distort reality.”

When black people are mentioned, the majority of coverage (92 percent) is dominated by crime-related stories, according to Entman’s study. The second highest category is political protest, which accounts for 53 percent of the coverage, and Entman notes that most of this coverage makes African Americans seem unpatriotic, whining and constantly unhappy with the country. The third category in which blacks are picked up by the media involves entertainment, which accounts for 36 percent of the coverage.

Critics of media are focusing blame on particular decision-makers. “Only three people in a news room have the power to decide what is to be covered and presented on the evening news: the assignment editor, the producer, and the news director,” explains Noble. He asks, “Who are these people, and where are they from?” According to the CNN/USA Today Gallup poll, many African Americans feel that whites are incapable of properly representing them in the news. “Would a white person accept the same situation in reverse?” asks Noble.

PROSPERous CRITICS SOUND OFF
Noble is not alone among prominent media personalities who are questioning this phenomenon. “The negative projections promoted by the media industry’s decision makers are hidden forms of oppression with significant impact on self-esteem and other values for personal success,” says Dr. Camille Cosby. Cosby is the author of TV’s Imageable Influence and the Self Esteem of Young African Americans. She maintains, “The way the media distorts our differences is a covert divide and conquer strategy which I regard as a violation of human rights.” The activist Angela Davis points out in her article “Afro Images” how she was depicted by the media during her political trial in the early seventies: “I was portrayed as a con-
spiratorial and monstrous communist whose natural hairdo symbolized black militancy which represented me as anti-American and anti-white. The evidence of the power the media had then was the part it played in structuring people's opinions about me as a fugitive and a political prisoner, and served as a generic image of black women who wore their hair natural." She continues, "Perhaps thousands of Afro wearing black women were accosted, harassed and arrested by the FBI and immigration officials in the two months I spent underground."

One woman recalls the hysteria of that time. "I remember being stopped and interrogated by the police when the whole Angela Davis thing went on," says Viris Kirkland, African American nurse. "I had an Afro but I looked nothing like Angela. She was tall and light skinned and I am short and dark in complexion, but the media put a stigma on everyone who wore Afros at that time." Davis resented the way in which Vibe magazine did a pictorial fashion spread of her to sell clothes. "Now they are representing me as a fashion statement," she says.

"The history of my legal case has been emptied of all content so that it can serve as a commodity backdrop for advertising. The media has effectively erased the truth by using it as a prop to sell clothes. We need to find ways of incorporating African American historical images into social and political memory instead of using them as a substitute that encourages the deterioration of such memory."

**THE OWNERSHIP REMEDY**

Effecting change in the media is difficult—unless you own it. For reporters and editors who must answer to higher corporate authority, it is difficult to address the issue on their own. As Noble points out, "In the course of my work I look out for my people first and last, and my presence in TV is a direct result of the black struggle in America." He continues, "Some of our consumer dollar should be diverted to an investment in black-owned and operated media enterprises."

This is exactly what Garret Fortuner and Steven Blaze have set out to do with their organization BOOM, Black Owned and Operated Media. Fortuner is publisher/editor and chief of the Brooklyn-based New Word magazine, with his friend and assistant Blaze. BOOM is a non-profit organization initially formed to provide information about African-American media properties, but has expanded to business. "We are really concerned with the media and who is telling our story," says Fortuner. He adds, "We, as a people, control a small percentage of the media. We need to see that our image is owned, and manipulated by others; perpetrating a fraud. This means we have to support every black-owned publication, radio, and TV show."

According to a study done by Editor and Publisher magazine, blacks own only about 3 percent of media related companies. "Information will keep us free, and a lack of it will put us back into slavery, mental slavery," warns Fortuner. In his view, the problem is an economic one as well as sociopolitical. "Information is and will continue to be the new commodity in the 21st century, and the ones who have it will be in control."

**CONTROL IS KEY**

Still in the fine tuning stages, BOOM will be holding press conferences and publishing The BOOM Report later in 1996. Promotions will reveal which magazines, TV or radio shows blacks should patronize, which entertainers, black or white, have black representation and who's exploiting blacks economically. Among the magazines that BOOM is targeting are a number of well-known titles. "Vibe is not a black publication. It is owned by Time Warner and it's filling us with mindless information," says Fortuner. "It's good to be entertained, but we have to take care of business. We as a race have a lot of problems, so we have to make sure we will be here tomorrow by buying and supporting black owned operations."

According to Cosby, African-Americans have been taught to conform and not question. They must raise the consciousness of viewers so that they can shun negative images. Fortuner agrees, "If we take control of our media, we will be able to turn the way we live around in a matter of years. If they can sell you bottled water, we can sell positivity to our people." Fortuner is trying to start on a grass-roots level in hopes of getting the organization's message of support across. "They're taking our culture, supping it up, selling it back to us, getting rich and sending their kids to college, while ours are killed or go to jail."
He stares at the paint chipping off the old window. The cool breeze makes the black curtains flutter slowly as the late afternoon sun comes through. He half sits on the bar stool behind the counter, barely noticing the high school kids playing 8-ball on tables older than their parents.

The place can be felt. The smell, the taste of it, the old of it. By today's standards, it should not exist. It should have made room for development a long time ago. But the windows still stare out at the developing world. And the building that entertained the high school student's great-grandparents still stands, lost somewhere in time.

So he sits here, like the old building, watching the development, staring at a world that has left him behind. But he's not sad, or alone or angry, because this old building will always be here. The people who inhabit it may change, generations will come and go, but he and the building will remain.

—Rosario Mastroiacomo
McSorley's Old Ale House
An old fashioned chat room
with drinks to boot
Photos top: Jennifer Oh, bottom: James Ling
Vesuvio's Bakery

Packing in the dough at Vesuvio's
Photos: top and bottom: Tracy Young

"Man shall not live by bread alone!"
Old Town Bar
Where smiles begin
Photos top and bottom:
Rompa Mascarenhas

Ringing up the past at Old Town
Marketing 101: Controversy Sells

How Calvin Klein and Benetton’s provocative, homegrown advertising has created a profitable image

by Dusan Stojkovic

The hectic Times Square crowd stops for a moment to gawk at a picture on the side of a passing bus showing a scantily dressed young woman—her legs spread just wide enough to show off her starch-white underwear. The setting is an ominous-looking, wood-paneled cellar, hardly the upscale ambiance one would associate with Calvin Klein. No denim is to be seen.

Halfway around the world in Rome, motorists brake for a millisecond to catch a glimpse of a billboard depicting the blood-drenched shirt of a soldier who fell in the civil war in Bosnia and Herzegovina. If this ad reminds them of the firm’s previous campaigns, it might be because they are actually being offered knitwear by Benetton.

Consumers would still be puzzling over these images if they had not been withdrawn. Calvin Klein jeans ads came under immense public pressure in the United States and Benetton’s bloody shirts were banned by courts in various European countries.

Apart from their notoriety for using controversial commercials to sell mundane garments at obscene prices, New
York-based Calvin Klein, with annual jeans sales of approximately $100 million, and Benetton, S.p.A., headquartered in Treviso, Italy and grossing $1.72 billion a year, bear another likeness: Both firms have in-house advertising agencies: CRK advertising and Bencom/Fabrica.

While local retailers typically do in-house ads, most multinationals use big agencies because, according to Robert Ducoffe, a marketing professor at Baruch College, “They believe they can make use of the agencies’ immense creative talent to improve their public image, and because it is extremely hard for firms to portray themselves objectively.”

No Stranger to Hot Water
But objectivity has never been something Calvin Klein has striven for. As Ducoffe, who has closely followed the heated debate over the Calvin Klein campaign, points out, “Calvin Klein’s ultimate desire is to maintain total personal control. He does not believe that there is anyone else on this planet who could bring across the image he has of his company.” In fact, in the public eye, Calvin Klein the designer and the corporation are practically one and the same.

The official withdrawal of the $6 million jeans campaign in August—it was supposed to last until October 1995—was preceded by weeks of charges that the ads exploited children by showing them in provocative and sexually suggestive poses. Conservative groups went so far as to brand the ads, which cost an undisclosed amount to produce “kiddy porn.” The US Department of Justice began an inquiry into whether any of the models pictured in the most intrepid commercials were minors, but no evidence was produced that they were, and the investigation has since been dropped.

“We were taken aback by the vehemence of the reaction,” said Martin J. Rose, Calvin Klein executive vice president and president of CRK advertising in a press conference. In its one-page retraction announcement in the New York Times on August 28, however, the firm insisted that critics had misunderstood Calvin Klein’s message of “spirit, independence and inner worth of today’s young people.” In the company’s perception, the ads were a realistic depiction of contemporary adolescents, who manifest these positive traits by being comfortable with their sexuality.

Calvin Klein’s first taste of public disapproval over its promotional tactics came in 1980, when its commercials featured a teenage Brooke Shields cooing, “Nothing comes between me and my Calvins.” Over the past 15 years, the firm’s campaigns have grown more provocative, culminating in perfume ads showing off model Kate Moss’s thinness, or anorexia, depending on one’s perspective, and arguably homoerotic underwear commercials with rapper/actor/practicing homophobe Marky Mark. More recently, and with far less publicity, Calvin Klein was forced to pull a print ad featuring a male model, clad only in underpants, sitting on a chair with his legs spread apart.

Prior campaigns drew bitter criticism as well, albeit on a diminished scale, particularly from feminist organizations, who found that the ads degraded women and promoted unhealthy beauty standards. These organizations denounced last year’s jeans campaign, but doubt that there would have been such a vociferous public outcry, especially from the

“Advertising basically means probing, trying different things out, which is what we tried to do with these jeans ads—it can turn out great or go terribly awry.”

right, if the ads had featured only young women. “I believe these ads were grossly offensive, irrespective of their gender/homosexual overtones,” writes openly gay radio celebrity Alicia Banks in an Internet interview. “Pedophilia is most commonly female/heterosexual centered,” the host of two talk shows in Atlanta contends, “But the narrator/etch in the Calvin Klein commercials was clearly the voice of an elderly man who sounded equally aroused by all his subjects.”

Numerous right-wing activist groups, encouraged by the nation’s recent bend towards conservatism, have used the ruckus surrounding the Calvin Klein jeans campaign to launch a general attack on what they dub the ultra-liberal, hedonistic, anti-family mass media. American Family Association spokesperson Frank Russo asserts, “To borrow a term from nuclear physics, the Western world’s decadence has reached its critical mass—we’re in a state of utter moral degradation.” Russo considers the media the principal agent of this degrada-
tion because they saturate the public with depictions of dysfunctional families, gratuitous violence and perfunctory sex. For Russo, the withdrawn Calvin Klein ads were barely the tip of the iceberg of depravity.

A contractor close to the CRK advertising says, "Advertising basically means probing, trying different things out, which is what we tried to do with these jeans ads—it can turn out great or go terribly awry." As for all the controversy the advertisements created, he says, "We were all just as surprised as everyone else."

"It would be naïve to say that the people behind this campaign weren't aiming at controversy," says Baruch Professor Robert Ducoffe. He goes on to say that Calvin Klein's key motive for fueling this controversy was to spark a teen counter-reaction. Pursuing one of its most coveted market segments, Calvin Klein reckoned that the more stuffy conservatives rejected the ads, the more trendy teenagers, or those aspiring to be, would embrace them. Scott Donaton, executive editor of Advertising Age, maintains, "When the teens who are the targets of such campaigns read about the controversy, it makes them more likely to associate the products as a minor form of rebellion against the adults who can't stand the ads." Given the firm's history of cheeky commercials, its decision to hire Steven Meisel as campaign producer in no way created a veneer of purity. The fashion photographer is most famous for his work on Sex, Madonna's short-lived advent to the world of literature.

The European View

Ironically, one of the sharpest condemnations of Calvin Klein's campaign in the corporate world came from the offices of perpetually controversial Benetton. "These ads look like those sleazy 8mm kid-porn videos the feds confiscate," charged Peter Fressola, a spokesperson for the firm, adding, "they really crossed the line." The vehemence of Benetton's criticism suggested to many marketing analysts that they were wary of competition in the realm of shock-advertising. As Ducoffe comments, "Benetton must have felt they were just one-upped."

Indeed, the family-operated corporation has taken great pride in its socially responsible communication strategy, on which it spends 4 percent of its annual sales. Bearing the slogan "United Colors of Benetton," the group's advertising has been masterminded by photographer Oliviero Toscani since 1983 and fervently backed by company patriarch Luciano Benetton. The campaigns have been critically acclaimed, bestowed with prizes and displayed in museums all over Europe as works of art. At the same time, they have grown increasingly daring in their exploration of themes such as multiculturalism, diversity, tolerance, war and racism.

The first hint of controversy in Benetton's advertising came in 1989, when an award-winning ad portraying a white baby suckling a black woman's breast was never released in the United States. Since then, the firm has refrained from bringing its more controversial ads to this side of the pond and more or less stuck to the safer images of people, particularly children, of different ethnic backgrounds.

A Defensive Position

Benetton has significantly downgraded its North American operations, reducing the number of outlets to 200. The rationale for this move was that the firm wanted to concentrate more strongly on the European, or as group chairman Luciano Benetton refers to it, "domestic," market and, more important, to reach more consumers in East Asia. Sales of the firm's apparel in Japan account for 11.4 percent of its total revenues, which represents a greater chunk of Benetton's global pie than those of the US and Canadian markets combined. As a rule, consumers in Western Europe and Japan have been more receptive to the Italian company's innovative, socially engaging marketing strategies than North American buyers.

Yet the image of the dead soldier's shirt and a series of advertisements featuring various body parts stamped "HIV Positive" pushed the envelope too far even for many Europeans. French organizations advocating rights for people with AIDS rebuked the ads as an exploitation of their plight, refusing to buy the firm's claims that they "underscore the literal and figurative branding of people with HIV in our society." Moreover, anti-defamation leagues based in Germany fiercely protested against the campaign, alleging that Benetton was drawing irreverent parallels to Holocaust victims, who had also been branded in Nazi concentration camps.

Besides being barred from displaying the advertisements in a number of West European countries and Swiss cantons, the backlash brought with it the reluctance of retailers to carry Benetton products. In its advertising, the firm consistently has to take into consideration the tastes and anxieties of both buyers and retailers, as it does not directly own its 7,000 retail outlets in 110 countries. Instead, it gives independent retailers the exclusive right to sell its clothing, usually in the form of unwritten, handshake agreements. German retailers were particularly wary of alienating consumers with the most recent—and most controversial—campaigns. They initially refused new goods shipped from the Benetton headquarters in Treviso under the premise that they display the debated advertisements.

DOLLARS AND SENSE
The Bottom Line
So what financial impact has the negative exposure had on Calvin Klein and Benetton? The publicity has not hurt. Though analyses of the correlation between advertising campaigns and market performance tend to be inconclusive, profits have increased for both outfits. In fact, Benetton’s net income has gone up consistently, from $113.9 million in 1989 to $129.6 million in 1994. The two firms have experienced considerable market growth over the past five years, coinciding with the increasingly heated debates their campaigns have spurred. Although Calvin Klein declines to disclose its revenues, the company has held on to a 1.5 percent share of the highly competitive jeans market. Benetton’s sales rose by 18.7 percent between 1990 and 1994, while its income increased by 12 percent. Even though Benetton has had to lower its profile in the US, it has captured a relatively loyal market segment—about 1 percent—and enjoys great success in other markets, East Asia in particular, which have a more attractive capacity for growth.

Leaving a Bad Taste
But homegrown advertising does not have to make a social or political statement in order to spark controversy. A case in point is Van Melle, the Dutch corporation behind Mentos, “the freshmaker,” mint candies. The firm’s US headquarters, located in Erlanger, Kentucky, are not responsible for producing the mints, but rather marketing and distributing them. The typical commercial for the pellet-shaped candy opens with a swanky youth facing a banal, yet challenging, problem, which he brilliantly goes on to solve after popping one of the mints into his mouth. Mentos ads, embraced by European consumers for their witty dorkiness and ingenuity, have provoked rather negative reactions among American shoppers, ranging from mild irritation to downright hatred.

The flaws most often cited by critics of the advertisements are that they foster Europeans’ erroneous preconceptions about the US and completely lack logic, unlike, say, American ads. Bashing the ads—which were, paradoxically enough, entirely produced in the US—has become a favorite pastime of popular American culture, and even the Internet has a number of sites exclusively dedicated to “the freshmaker.” Nonetheless, Mentos sales doubled between 1991 and 1994, rising from $20 million to $40 million, which seems to support the notion that any type of exposure boosts revenue.

According to Ducoffe, “In today’s market, a company’s ultimate goal is exposure, regardless if it’s good or bad.” The consensus among market-
The four walls of the traditional workplace have collapsed. Employees no longer work in cubicles following a rigid nine to five schedule. Through the advances in telecommunications and computer technology, the virtual office has been born.

A virtual office is no office at all. It enables people to work without the confines of office space. It's a way of communicating with people and exchanging information from anywhere.

**WORK WITHOUT ENVIRONMENT**

The concept of flexible work schedules, savings on renting office space, and hassle-free commuting has gained the attention of major companies such as AT&T, American Express and Xerox.

Although the majority of AT&T employees have offices, about 12,000 work at home and 35,000 more work only once a week. Most of these people are sales representatives. "There is a lot of telecommuting that enables sales reps to make sales from cars, lobbies and customers' homes through cellular phones. Employees have flexible work schedules and save themselves from the hassle of commuting. For every dollar spent, we save $2 on real estate which we have used for the same employees who telecommute," says Virginia Gold, manager for AT&T's New York office.

Similarly, in September 1995, the Xerox Corp. moved toward virtual offices with their New England North District sales force. Previous pilot programs by the company showed that sales people needed access to information quickly, rather than permanent office space, in order to be effective on the road. Xerox took away their offices, and gave its 135 sales reps notebook computers, a modem and software.

"The sales reps spend 30 percent of their time in accessing information stored in a system which was based on mainframes 20 years old," said Bill Pittman, corporate vice president and business process manager, in a Byte magazine article. Prior to receiving the notebook systems, sales representatives had to go to the district office to access the network and other computers equipped for presentations. Now Xerox sales peo-
ple have unlimited access to all the product, market research, and competitive analysis data relevant to their territory from anywhere. The program was such a success that Xerox will automate the rest of its sales force by next year.

American Express has also found some success with Project Heath, an experiment conducted in March 1991 in Houston, where selected American Express counselors were given the chance to work at home. “One of the computer reservation systems service providers works with us and a telecommunications company, which makes it possible to have a remote terminal. The computer reservation system sets up a secure access terminal in the employee’s home. The telecommunications company helps us set up a monitoring service. Calls can be then transferred quickly to the people working at home. These calls can also be monitored as a part of quality control,” explains Melissa Alberathy, manager of public affairs at American Express.

Only travel counselors who demonstrated high productivity and could save time in their commute qualified for Project Heath. Project Heath increased employee productivity by 20 percent. One of the reasons for this increase was that in times of bad weather, the employees at home picked up the slack for those that could not make it to the office. The telecommuters can schedule themselves at non-traditional hours such as 7-9 or 5-7 at night.

At the advertising firm of TBWA/Chiat Day, no employee has his or her own desk or office space. Chiat/Day is not a virtual office in the truest sense because it exists in a physical building. Three years ago, after a decision by Jay Chiat, one of the firm’s founders, the company hired an architectural team to knock down all its cubicle walls to create open office space.

TBWA/Chiat Day, which created the Energizer Bunny, seems pleased with the decision. “Instead of employees returning to their desks and work stations, they’ve found common areas and work-in-progress rooms,” says Bob Kuperman, managing director.

THE AWFULNESS OF OFFICELESSNESS

Despite the advantages, working from home may not be for everyone. Many workers are used to the office environment and may have a hard time adjusting to not having a space to call their own. Jay Chiat himself expected staff turnover as he predicted that many employees would not be able to accept the concept of open office space.

Although the employees save time in commuting and increase productivity, the employees do have fears about losing access to other team members and ending up isolated. One TBWA/Chiat Day employee confessed that ever since the

change, she has been putting in more hours and wishes she could go back to her nine-to-five schedule at the office.

Mitch Betts, senior editor at Computerworld, said telecommuters often report that they work too much and increase their overtime. As a result, they fail to separate their work and personal lives. “The hype behind telecommuting has been fueled by Utopian dreams and deceitful photos of telecommuters lounging by the pool or working in their robes and slippers. Artificial intelligence and the Internet also rode waves of hype until the backlash slapped everyone back into reality,” wrote Betts. He goes on to say that today, the common idea of an office is still a place where people go to see each other and to use resources such as personal computers, fax machines and photo copiers.

Companies need to conduct several pilot programs to avoid the dilemma of leaving employees feeling overworked and isolated. It will probably be some years before we see the first true virtual office corporations. By that time, corporations have to come up with a magical formula of balancing the growing need for social interaction with the growing need for technology.
Corporate giant FAO Schwarz makes the toy business look like child’s play

by Heidi Sternberg
illustrations by Vivian Botero and Rosario Mastrogiacomo

From a child's perspective, the FAO Schwarz clock tower must rise like Jack’s magical beanstalk, almost endlessly. Located just inside the Fifth Avenue entrance of the toy store’s headquarters in the General Motors building, the animated clock tower spins, pops up, dances, marches, talks, sings and plays its way from the ground up to two stories, an impressive 28 feet in all.

Frederick August Otto Schwarz, namesake of the world famous toy chain, founded the business in 1862, just six years after he arrived in America from Westphalia, Germany.

He operated his shop in Baltimore, Maryland and remained
there until 1870, when he moved to New York to open the “Schwarz Toy Bazaar” on Broadway. With the help of his three brothers, who were in constant touch with Europe’s finest toy sources, his business prospered. In 1880, he moved to larger quarters in New York’s Union Square, which was then the fashionable shopping center, housing such stores as Tiffany’s and other leading merchants.

After moving to two other New York City locations, in 1931, FAO eventually moved uptown to 745 Fifth Avenue. The flagship store remained at this location until November 1986, when it moved 93 feet across the street to its current location at 767 Fifth Avenue.

In 1990, FAO Schwarz was purchased by KBB, a Dutch retail group that operates nearly 2,000 retail stores in 15 separate businesses. FAO Schwarz is presently KBB’s only holding in the United States.

Today, the Ultimate Toy Store has 15 branch stores throughout the United States in addition to flagship stores in Manhattan, San Francisco, Boston, and Chicago and twelve newly opened “mall flagships.”

The FAO Schwarz name has always been recognized as the toy store with distinction. The company consistently delivers exclusive, unusual and trend-setting merchandise from around the world. Management has designed both its stores and catalogues to interact with customers in a manner which distinguishes itself from other retailers. Customers are encouraged to touch, feel, and be playful. The Fifth Avenue store features specialty boutiques such as Bookmonster, the World of Barbie, Bring Up Baby, Gameworld, Jungle World and Playmobil.

Where The Customer Comes First
Kids of all ages happily discover that 70 percent of the merchandise in the store is priced at $50 or less, with the average product price at $26.

FAO sets itself apart with its close attention to details and highly personalized services, such as compliment-

ary gift wrap, “no questions-asked” return policy, in-store special events, personal shopping service, nationwide next day delivery and a toy authority hot-line for shopping by phone. Along with its mail-order catalogue business, the company currently operates 31 stores in 18 states. Considered the leading specialty retailer of toys and children’s gifts in the United States, FAO is a mecca for toy lovers from all over the world. For years, Melissa Stack, manager for personal services, has said, “Our customer base is strong and continues to grow as a result of our total commitment to customer service and satisfaction.”

FAO Schwarz’s rapidly growing mail order business sends more than six million copies of The Ultimate Toy Catalogue annually. Upcoming will be The Ultimate Gift Catalogue, a collection of gifts for “bigger kids” (adults) and a Barbie at FAO Schwarz specialty catalogue featuring Barbie collectibles. Approximately one-third of the toys carried by the store are exclusive to FAO or hard-to-find at other toy retailers.

The Perspective of Publicity
The business of public relations is to project a well-known image of the company and its products. FAO strives to get the word out about new and exciting, cutting edge toys. “My job is to create an allure in a way that will tick the interests of the media,” says Nancy Hirsch, an assistant in public relations. The pro-

motions of monthly special events and toy events are held to drive a constant traffic of consumers throughout the stores in the country. To enhance these events, Hirsch invites costume characters to entertain the customers by greeting them and taking pictures.

The media’s coverage of privately licensed products such as Barbie and Nickelodeon boutiques greatly increased FAO Schwarz’s business.

FAO does not put money into advertising; instead, they believe in free advertising by press releases or through editorials within newspapers of every state. President/CEO John Eyler also attends interviews with the press. FAO’s main focus is on constructing new stores and direct mail services. With the ongoing success, FAO plans to release three catalogues each year. “Catalogues are our vehicle of advertising, and are truly convenient for home

OVER A CENTURY OF TOYS

1856 Frederick August Otto Schwarz immigrates to the U.S. from Westphalia, Germany.

1862 Schwarz opens his first (toy) store in Baltimore, Maryland

1870 Schwarz relocates to New York and opens Schwarz Toy Bazaar on Broadway.

1880 Toy Bazaar moves to Union Square

1931 Relocates and expands to 745 Fifth Avenue

1986 Moves to 767 5th Avenue

1990 FAO Schwarz purchased by KBB

MAY 1996
They do not permit toy guns to be sold in their stores.

Consisting of 15,000 square feet and located in the atrium and ground level of City Centre at U.S. Bank Centre, the new FAO Schwarz branch combines all the interactive playfulness and excitement of the Fifth Avenue store in a more intimate atmosphere. There is a rainforest that features a talking dinosaur, roaring lions, flying pterodactyls and toucans.

Enter the book department through the legs of the giant Bookmonster and there is an extensive selection of books and educational materials for children from infants to teens. Kids and their parents can visit the World of Barbie boutique which features its own entrance. Here customers find everything imaginable for this toy classic including many Barbie items created exclusively for FAO Schwarz.

The company is planning to open more flagships in Nevada and Indiana by the end of 1996, but Hirsch was not able to release further information.

"While many other national retailers are downsizing and restructuring, FAO's business has enjoyed exceptional growth. Comparable store sales have outpaced the industry by more than 10 percent," says Eyler. "The national economic recovery has been a contributor to our success but our own efforts have played an important role in the significant sales increase."

The nationwide expansion of the toy retailer demonstrates how a business can succeed in the nineties while contributing to the nation's economic growth.

Eyler also noted other significant growth indicators are employment at FAO Schwarz in the past two years has increased by 60 percent, and sales increased more than 30 percent in 1994.

"FAO Schwarz offers its customers the ultimate shopping experience," Eyler said. "Value, great exclusive merchandise, unsurpassed choice and service, and interactive fun guaranteed to bring out the child in everyone."

The Expansion of "Mall Flagships"

A new mall flagship concept has been developed by the company in an effort to make its branch stores more like its expansive Fifth Avenue flagship store; full of interactive fun that captures the imagination of customers young and old. The company hopes the branches will also become major tourist attractions like the famous Manhattan store.

FAO recently opened a store in downtown Seattle in City Centre at U.S. Bank Centre.

"THE CLOCK TOWER"

Commissioned by FAO Schwarz, the clock tower owes its evolution to the contributions of FAO Schwarz's marketing and merchandising executives, and Advanced Animation, the Vermont firm that completed the work.

According to a press release, FAO President/CEO John Eyler said, "the FAO clock tower was created as a very special addition to New York's most special works of imagination for children, like Central Park's statue of Alice in Wonderland and the Delacorte Clock. FAO wanted to create something that children would wonder at and delight in, and remember as a marvelous part of growing up in this city."

The 20,000-piece clock pays indirect homage to the ingenious clockworks of Munich and Venice and to Disneyland's equally inventive work in computerized animation, to antique toys and fables and to the sports and the television interests of today's children. The two jolly toy clock faces (one forward, one to the rear) together comprise the star personality of the Tower. Like all the characters, their movements are pneumatically driven and animatronic, which is to say, synchronized even to the mouth movements. The clock face is the lead singer of the music written for the tower, "Welcome to Our World of Toys," by Bobby Gosh.

The characters are also hard at work and play, up and down around the tower, some continually, others taking star turns at special moments in the music. The performance is sure to fascinate all ages.

In the grandest of toy stores, the FAO Schwarz Clock Tower is the grandest toy of all.

—H.S.
The Year of the Rogue

As Daiwa, Barings and the world are learning, one man can make a difference (and lose a billion dollars)

by Byor Kay Kim

Something is always wrong in a Japanese sushi spot when the hostess serves a guest robust beer with delicate sushi instead of an enticing and stimulating cup of warm sake. That, according to American investigators, was the subtle turn of events on August 8, 1995, when Toshihide Iguchi, an executive vice president at Daiwa Bank in New York, was out on the town with Yoshimasa Nishimura, Ministry of Finance’s top banking official. Iguchi had more on his mind than the sushi. He was getting ready for the corporate equivalent of a major root canal operation. Over a billion dollars was missing from Daiwa accounts, and Iguchi was virtually the only person who knew where it went that fateful night.

Iguchi, born in Kobe, Japan, came to the States to attend Southwest Missouri State University, a school best known for its drama program—its alumni include Kathleen Turner, John Goodman and Tess Harper. He received a bachelor’s degree in psychology in 1975. He was also a cheerleader for the university—a little bit of trivia that he shares with Michael Milken, the notorious bad boy of junk bonds whose indiscretions cost Drexel, Burnham Lambert about the same amount of money back in the 1980s.

“He was a good student, a personable chap—and clever too,” commented Howard Matthews, an advisor to foreign students at the University. His first job was as a wheel-and-deal car salesman at a Japanese dealership. In 1976, he was recruited by Daiwa Bank’s securities depository section to process securities accounts.

Losing came naturally for Iguchi. In 1984, when he took charge of short-term trading in United States Treasury Bonds, Daiwa hemorrhaged $200,000, and Iguchi never notified his colleagues. This marked the beginning of his pattern of covering up his trading losses over the course of the following 11 years, during which he forged statements and made an astonishing 30,000 unauthorized trades.

It all came to an abrupt end on September 26, 1995, when the 44-year-old Iguchi stood in Federal District Court in Manhattan with his head bowed down in shame and handcuffs circling his fragile wrists. A couple of days before, Iguchi was a bond trading tycoon—one of that rare breed that Tom Wolfe, in his novel The Bonfire of the Vanities, called “the masters of the universe”—so aggressive that at times he would trade as much as $500 million of United States Treasury Securities in one day. At Daiwa, his buddies on the trading floor called him “Big Foot.” He would sometimes call five or six bond firms in a row and buy $50 million to $100 million of 30-year bonds from each firm, lifting the value of these bonds for a short time and then selling them off rapidly, nailing down a quick profit.

THE BILLION-DOLLAR DEBACLE

Charged by the Securities and Exchange Commission with forging and falsifying bank records, Iguchi single-handedly racked up losses of over $1.1 billion—some insiders say this is greatly underestimated—over the course of his 11-year career at Daiwa’s New York offices. Investigators hauled away from Iguchi’s Park Avenue office 30 cardboard boxes filled with evidence of unauthorized trades to confirm the accusations. The prosecution team is headed by Mary Jo White, U.S. Attorney for the Southern District of New York. She figures that these bonds were held both for Daiwa’s own investment portfolio and on behalf of its customers, who were not direct-
ly affected, because when they asked for their bonds or the interest they had earned, Iguchi sold other securities to pay up. “It wasn’t for personal gain, it looks as if this money was used to cover up trading losses,” White says.

In a written confession delivered by Iguchi to his boss Fujita, Iguchi finally described how he lost a billion dollars in the Treasury market. He admitted that he had forged documents to hide how he sold other assets to cover the losses, and maintained a false set of books, while personally handling the confirmation slips sent by securities companies. Iguchi has already pleaded guilty to securities fraud and was scheduled to be sentenced in April ’96. He faces fines of $1 million and a 30-year prison term.

**DAMAGE CONTROL**

For Daiwa, beyond the quantifiable losses, an inestimable amount of credibility was lost worldwide. The firm said it would write off the entire loss in the fiscal first half, which ended September 30, 1995. The massive bank will still record a net profit of approximately $70 million for the period. Earnings from the other operations are soaring, especially from a bull market in New York, lifting the margins of Daiwa and other Japanese banks. All have benefited from the low interest rates in the US and in Japan. Daiwa is also protected by the fact that it has unrealized gains of $305 billion on securities and real estate. According to Muraki, of the MOF, Daiwa could sell some securities to help offset the trading losses. David Snoddy, an analyst at Jardine Fleming Securities Ltd., in Tokyo, told the *New York Times* that the impact of the loss on Daiwa’s capital ratio would “hardly be debilitating.” The $1.1 billion represents about one-sixth of the bank’s equity at the end of March. Still, making up the losses takes away the opportunity for Daiwa to apply the recent profits toward the $2.8 billion in bad loans.

One of the mysteries of the Iguchi case is the intentional mix-up in the actual dates of when these events occurred. On July 21, 1995, Iguchi addressed his 30-page letter to Fujita explaining what had been going on. He sent a follow-up letter to Fujita on July 24 in which he said, “I can clearly say on the basis of the experience I gained from the federal inspection the year before last, that there is a zero possibility that this case would be found out in the United States if we bought back the U.S. Treasury obligations.”

One day later, Iguchi sent another letter that outlined his suggestions for ways in which Daiwa could continue to conceal the $1.1 billion loss. On July 28, Iguchi met with three senior executives in New York to discuss the losses. Iguchi was ordered not to immediately report the losses to bank regulators, but to keep up the fraud for a few months at least until November. “They asked me to continue concealing losses,” Iguchi said as he stood before Judge Michael B. Mukasey. The next day, Iguchi gave the three executives a list explaining his trades, losses and unauthorized sales of bonds. One executive was ordered to destroy the computer disk on which he had prepared the original confession letter. “The reasoning for the delay in telling regulation, I believe has to do with the International Monetary Fund meeting, which was about currency trade negotiations. Certain percentages on the import tariffs will increase, so they didn’t want to add another log to the fire and kept it all hush, hush,” comments John Kasahara, an independent owner of an investment banking firm.

The trouble is, Daiwa was presenting a different story to the authorities, and playing with the sequence of events. On July 31, the bank filed a quarterly report with the Federal Reserve falsely stating that it still held $600 million in Treasury bills. August 4, Iguchi was ordered by the Tokyo main office to prepare an updated version of the confession letter so that it may be given to the MOF of Japan in case they got caught.

The shock waves were felt in Tokyo. Kyosuke Shinozawa, Japan’s vice minister of finance, admitted to knowing about Daiwa’s losses, but did not report them to the American authorities. The MOF believes that it was Daiwa’s responsibility, not the ministry’s, to notify American authorities. Federal officials are also investigating whether other bank officials knew about the unauthorized trades in New York or Osaka, Japan where the headquarters are located. “Senior management placed too much trust in Iguchi’s experience,” said Akihito Miyamoto, deputy manager of Daiwa’s International division in Tokyo. “Nobody dared to touch his instructions.”

The case was a source of tension between the Japanese and American governments at the very top levels. Although US officials, being notified immediately is essential, Japanese authorities thought otherwise. “They didn’t believe this was a big deal and that’s the problem,” Elizabeth L. Daniels, a banking analyst at Morgan Stanley Japan Inc. told the *New York Times*. “They think they were doing everybody a big favor because by trying to handle the problem quietly, the ministry might have thought to avert a crisis. It’s the Big Daddy approach. In the US, you don’t know may hurt you. In Japan, what you don’t know won’t hurt you.”
American regulators were embarrassed because they missed Daiwa's conspiracy to conceal its losses. William J. McDonough, president of the Federal Reserve Bank of New York, through spokesman Peter Bakstansky, said that Iguchi's name was never mentioned in a meeting held on Oct. 4, 1993 with Takeshi Ohta, the then vice chairman of Daiwa Bank Ltd. It was also said that Ohta did not recall the name Iguchi either. Another former senior Federal Reserve official present at that meeting told the New York Times that the name Iguchi had come up. Obviously, the Reserve did not think the case was important enough to justify a full investigation. As a result of the Federal Reserve's decision, Daiwa Bank will no longer be permitted to carry out any more transactions in the United States.

BEYOND THE MONEY
The scandal opens up the delicate question of the security, trustworthiness and depth of Japan's banks in general. These problems can emanate from the basic conflicts between communication and culture. It is common for a Japanese company to cover up a problem rather than expose it, so that it may get a crack at solving it before the officials interfere. When Daiwa's conspiracy was revealed, the immediate consequence was the loss of credibility, not only in New York and Tokyo, but worldwide.

The multiple effects of the scandal have included a higher prime rate in Japan. Some companies such as Tokay Bank, Fuji Bank, Dai-ichi Kangyo Bank, Nippon Credit Bank, and Industrial Bank of Japan(I.B.J), have been hardest hit by the scandal in financial terms.

Considering how the Japanese culture operates, it is easy to assume that all the high officials involved in this case knew what was going on in the New York office. Corruption is the fuel that burns the fire in these scandals just as it did in the Barings P.L.C. case with the loss of $1.4 billion by Nicholas W. Leeson, Showa Shell Sekiyu with losses of $1.1 billion by Yukihisa Fujita, Kidder, Peabody with false profits of $350 million by Joseph Jett, Merrill Lynch with losses of $377 million by Howard A. Rubin, and Chemical Bank with losses of $70 million by Victor Gomez. An interesting rumor that may tie into both the Daiwa scandal and the Japanese elections was the discarding of 15 cardboard boxes assumingly filled with official documents some of which were found with signatures of officials from the MOF.

Shortly after the Daiwa scandal became public, Sumio Abekawa, the bank's chairman, and Akira Fujita, the bank's president, announced their resignation. Yet it is common knowledge throughout the Japanese communities that Fujita still maintains the same salary from Daiwa Bank as an independent advisor.

A LAST-DITCH RESCUE
There was talk of a possible merger between Daiwa Bank and Sumitomo Bank as a way to keep Daiwa from sinking completely. Daiwa will be able to make "coded" transactions in the United States. By merging, Daiwa and Sumitomo Banks would create the world's largest bank with assets of 87.7 trillion yen or approximately $850 billion. Sumitomo would obtain the assets of Daiwa's trust operation, which is Japan's largest pension-fund manager. Although most think that the merger is a win-win situation, Nomura Securities, which owns 3.3 percent of Daiwa, expressed discontent with the possibility of a merger. Hideo Sakamaki, Nomura's president, said at the press conference held by Daiwa, "We cannot give support to Daiwa if it will merge with Sumitomo Bank." Reasons for this were not clearly given. A Nomura spokesman commented, "We are not in the position to comment about the reported merger because neither of the two will merge." The following day, the spokesperson added that "it has just been media talk." Despite the conflicts, Daiwa saw it in its best interest to sell its American operations to Sumitomo.

After changing their plea from not guilty to guilty, Daiwa paid the $340 million fine plus $377 million that Iguchi took from custody accounts. Had the plea not been changed, Daiwa would have faced fines up to $1.3 billion if convicted. On Feb. 28, 1996, Daiwa pleaded guilty to 16 felonies, including 2 counts of conspiracy, 1 count of a cover-up, 10 counts of falsifying books and records, 2 counts of wire fraud and 1 count of obstructing examination by the Federal Reserve Board.

In the meantime, the international investment community wonders where the next rogue trader will hit. "Today's guilty pleas and fine should serve as a clear message to other corporations—and hopefully stop in its tracks any thought of engaging in Daiwa-like activity when confronted with crimes committed by officers and employees," warned Mary Jo White. Ironically, scapegoats of finance usually get a break. Leeson cut his deal, plea bargaining with the authorities in Singapore. After serving minimal time, the recently divorced Iguchi is rumored to be headed for Switzerland, where he allegedly has a cache of bonus money stashed away. And they say crime doesn't pay.
Businesses are set to usher in a new era comparable to The Industrial Revolution: the birth of a new kind of money. In the beginning, barter was the universal way to exchange goods and commodities among people. Later came gold, followed by national banking systems and distinctive currencies. Paper money, for two centuries, represented the ultimate medium of exchange: unit of account and store of value.

In the course of history, letters of credit or banker’s acceptances were one solution to the problem of global transactions. Later, the standardization of the American dollar provided an international medium of exchange. Then there was SWIFT—a network created by the Society for Worldwide Interbank Financial Telecommunication—to handle international payments among banks. Now with the explosion of the Net, commerce is poised to take a new path.

The shrinking effect of computer technology has accelerated commerce, and once again humankind has devised different ways to make international transactions easier. The World Wide Web is more appealing to business users because of its multimedia capabilities (the combination of different kinds of electronic data including audio, video, text and graphics).

Using Hypertext Markup Language companies are able to advertise their products on the Web using interlinking capabilities. With a few clicks of a mouse, a product order can be processed and delivered to your home as quickly as the next morning. But questions are raised as to exactly what medium of payment to use in such an open network of computers. Credit cards are convenient, but hackers are known to break into the most sophisticated computer systems and obtain access to sensitive data, jeopardizing their use. The use of ordinary cash is impractical. Out of necessity, we have witnessed the birth of a new monetary unit.

**CASH ONLINE**

The notion of digital cash (or E-cash) is almost a decade old. It was developed by former Berkeley student and CEO of DigiCash, David Chaun. The concept offers transactions on the Internet with maximum anonymity. Other companies such as First Virtual, CommerceNet, Cybercash, First Union Wells Fargo, Industry Net, Internet Shopping Network, Netscape Communications and Openmarket are part of a growing list that are eager to get a piece of the action.

New companies are not the only ones funneling big money into this new facet of commerce. Blue-chip giants such as Microsoft, Visa, Xerox, Citicorp and Mastercard among others are going it alone or in joint ventures to develop a complete infrastructure for electronic money.

Even now there is what can be called a personal electronic monetary system, which simply lets you see what your bank account balances are at a specific point in time — more commonly known as online banking. Alliances such as Intuit Inc. and its software Quicken and Citibank offer facilities for paying utility bills, transferring balances or getting balance updates. Chase Manhattan Bank, in conjunction with Microsoft, offers similar services to its customers.

Another innovative way to use electronic money was introduced in July 1995 in Swindon, England. Mondex, a partnership between NatWest, Royal Bank of Canada and Midland Bank PLC is simply a credit card-size card embedded with a razor-thin microchip capable of storing specific amounts of digital money. The cards can be used in point-of-sale terminals or from electronic wallets that can transmit the money to merchants. Timothy Jones, CEO of Mondex, told *Business Week* that flexibility is no problem: “It’s the same as physical money and you won’t be far off.”

The success of “smart cards” over Europe, Australia and
Asia have prompted US companies to implement the idea here in the US, even though “smart cards” were patented in the 1970s. One of the benefits are transactions that are less than $10. According to Business Week, in 1994 $1.8 trillion was spent world-wide on purchases under $10, and some $560 billion of that was spent in the US. This represents a ripe market for the “smart cards” development. The Telecard issued by U.S. West Inc. in Seattle allows consumers to use digital cash in pay phones all over Atlanta. Looking forward, Visa U.S.A Inc. teaming up with FirstUnion, Nations Bank, and Wachovia has developed a card it plans to launch at the 1996 Olympics in Atlanta. Visitors to the Olympics will be able to use the card in several terminals throughout Seattle.

Hold on to your wallets folks. They’re about to go electric

HACKERS BEWARE
What does all this mean for online transactions? A lot of work on the Net goes into developing hacker-proof systems that protect anonymity, in order to make the Internet a nicer place for online buyers. According to the Wall Street Journal, Microsoft and Visa joined efforts to provide an encrypted digital charge card that is supposed to be hacker-proof. Netscape Communications signed a deal with Mastercard to develop safe digital payment systems for the Internet. MCI Communications developed one of the first secure World Wide Web shopping malls. First Virtual Holding Inc. of San Diego arranges accounts for its customers off-line, keeping confidential information such as credit cards numbers off the Internet and giving clients account numbers to make any transactions. The goal is to create a friendly and secure place where Internet users feel confident to shop.

Michael Dertouzos, director of the Laboratory of Computer Science at the Massachusetts Institute of Technology says, “Privacy will be one of the most important aspects of the future of digital commerce.” David Chaum has been the foremost person to address this problem. He devised a system that uses public-key cryptography. Users download digital “coins” from a bank onto their computers and spend them freely on the Internet. This does not allow retailers to compile databases of who is buying their goods and makes the transactions anonymous and without paper trails.

Among the benefits for retailers will be reduced costs in the handling of checks, and less recordkeeping of different accounts. But disadvantages persist.

The emergence of a divided society between those who have access to computers and those who do not is one concern. Others worry about a computer system crash and the loss of digital money stored on that system. For law enforcement, the chief problem is the possibility of money laundering and tax evasion. According to John Gibbons, President Clinton’s top technology adviser, “If we go to a cashless society, it makes it very difficult to track reportable income.”
Is this Barney a Dinosaur?

With a new CEO and a new attitude, Smith Barney is hoping to shake its prehistoric ways

by Andrew Scott
illustrations by Rosario Mastrogiacomo

We Make Money the Old-Fashioned Way, We Earn It!” is the now-dated pledge of Smith Barney, one of Wall Street’s underperformers in recent years. Now under the umbrella of the Travelers Group, Smith Barney projects an image of being “expansive, pre-emptive, bold, memorable and classic,” according to their in-house publication, News Travels. The second largest investment banking and brokerage firm in the world—after Merrill Lynch—Smith Barney is now fighting the connotations of “classic” and “old-fashioned.” To do that, they have crowned one of their young executives as CEO.

BARNEY AS A BABY
In 1873, Charles D. Barney opened a brokerage firm in Philadelphia to deal in stocks and bonds. Ten years later, Edward B. Smith started a rival firm in the same city which specialized in investment banking for railroads and municipalities. The two merged in 1938, and in 1976, Smith Barney acquired Chicago-based Harris, Upham & Co.

The retail brokerage giant was itself gobbled up in 1987 by the even more gargantuan insurance monster, Primerica Corp., which, in 1993 added the retail brokerage and asset management business of American Express’s Shearson Lehman Brothers. One of the biggest brokerage firm mergers ever, it was the industry’s first major buyout of the 1990’s.

On January 1, 1994, Primerica Corp. and the Travelers Group merged, and Smith Barney took its place as a wholly-owned, and partly forgotten, subsidiary. Travelers is ranked 37th in Fortune magazine’s annual listing of America’s top service firms, and, more importantly, its debt is rated “A+” by S&P and A2 by Moody’s.

JURASSIC BROKERS
Aside from being acquired and shuttled around inside the monolithic Travelers bureaucracy, Smith Barney has had its share of problems in terms of performance. The firm was a disappointing 11th in domestic mergers and acquisitions during 1995, according to Securities Data, which ranks the investment banks. That is down from eighth place in 1994 and sixth the year before, the year that Greenhill took over.

But there have been some bright spots. In June 1995, Smith Barney and Travelers Insurance produced the Vintage Variable annuity program. “It has been a success from the very start,” says Jay S. Benet, senior vice president at Travelers, responsible for annuity product development and marketing. The companies combined their resources to make this possible after realizing that there was a market for it. Vintage is currently the number one variable annuity. In six months financial consultants sold over 3,500 contracts for $158 million by year end, accounting for about one-third of Travelers individual annuity sales.
Smith Barney’s operating earnings in 1994 were $368.2 million, down slightly after a difficult operating environment in the securities industries. The firm’s pretax profit margin then was 13.5 percent and aftertax return on equity 16.4 percent, based on operating earnings. By year’s end, equity capital totaled $2.3 billion. Assets under management totaled $74.1 billion at year end, including money markets, managed institutional and individual assets—with mutual funds accounting for the majority. Most assets, $55.3 billion, were in Smith Barney proprietary funds. Investment banking revenues were $680.4 million, up 2 percent while net revenues rose to $4.8 billion.

OUT OF THE DINOSAUR AGE

If all goes well under the new chairman, Smith Barney is positioned to move ahead into the 21st century using new technologies to become one of the forerunners in financial services. Smith Barney is the first brokerage firm to offer online access through Quicken and Microsoft Money for Windows 95; and they will also be the first firm to provide detailed information about its products and services via Microsoft’s online “Money Forum” and Intuit’s web site. Clients are able to pay bills, get account information, find out about credit card charges and a host of other services through a personal computer. Smith Barney is expecting this to be just the beginning of innovative applications that they plan to introduce in the future.

Smith Barney also offers accounting services which act like checking accounts, but at the same time allow for unlimited check writing, ATM access, automatic funds transfer and an array of services which give customers the opportunity to access their money and account balances through an Electronic Financial Management Account. It is also a full-service brokerage account giving clients the flexibility to hold cash, money market funds, stocks, bonds, mutual funds and other investments together in one account.

Customers can choose to be upgraded into different account ratings, depending on how much money they have in their account. The FMAs require $10,000 in cash or marketable securities while “Preferred Clients” must have $200,000. “Select Clients” are the creme de la creme. Their accounts must be $1 million or more, but according to a customer service representative at the company’s Greenwich Street location, this is about to change. Customers will need a $10,000 minimum for either an FMA or FMA+ account. The FMA+ client will receive more services for their $125 annual charge ($75 more than regular FMA).

BARNEY ON-LINE

At Smith Barney’s home page on the World Wide Web, surfers can get information about seminars which Smith Barney offers across the country. These seminars focus on a variety of topics, from analyses of specific industries to planning for retirement. There is also a Daily Stock Review which gives historical data for over 1,400 stocks covered within the Smith Barney Research Universe. Smith Barney has also recently hired 130 analysts whose job is to follow equity securities, both foreign and domestic. They then form a Ten+ list which lists the analysts’ recommendations of securities they know as having growth or total return over a 12 month period.

THE PEOPLE BEHIND THE DINOSAUR

Jamie Dimon is the president, chief financial officer and chief operating officer of Travelers Group. He is also the chief operating officer of Smith Barney. Dimon has the ability and the know-how to evaluate complex issues and make effective decisions. News Travels says that his “energy and ability to deal with wide ranging issues and people often astound those who don’t know him.” Jamie graduated from Tufts University and Harvard University Graduate School of Business, and then moved to join American Express. Through his abilities and contacts, he went to Primerica where he became chief financial officer before becoming President, “an appointment hailed as very well-deserved by all his co-workers.” says News Travels. Jamie says “there are a million fears and aggravations associated with this job...but then everyone has that to a certain extent.”

Bob F. Greenhill, another stalwart of Smith Barney, has been the chairman and chief executive officer since mid-1993. A graduate of Yale University, he joined the U.S. Navy, after which he earned his MBA from Harvard Business School. He then joined Morgan Stanley Investment Banking, but came to Smith Barney, “because it represented a challenging, once-in-a-lifetime opportunity, an irresistible opportunity for me,” he says. Greenhill, being a pilot, sometimes flies himself to business meetings. Ron Chernow, in the book The House of Morgan, says “[Greenhill] came alive in combat, and his stamina in all night bargaining sessions was mythical. He was tailor-made for financial warfare.”

With the help of these stalwarts, Smith Barney has almost 11,000 Financial Consultants serving five million customers, many of which keep well over $300 billion of assets in their accounts.

“Smith Barney will continue to offer the best combination of investment services,” says Stephen McCall, customer service representative. “Clients feel secure in our knowledge of the product and the ability of their financial consultant to advise them of their investment activities,” he says. Smith Barney is optimistic about the stock market in the future and sees recent activity as signaling growth. “Right now the stock market is over 5000 and with the market as bullish as it is, investors are anxious to capitalize on their holdings. More and more of them believe that Smith Barney has the know how and resources to direct them in this,” McCall says. For now, Bob Greenhill says about Smith Barney, “We’ve only begun to create what will someday be the most successful financial services company in the world.”
INTERVIEW WITH THE DINOSAUR

Through the mist of a smoke-filled cafe, there came a piercing presence that filled the room with an aura emanating much pride and confidence in himself. A tall, dark, and rather skinny young man continued his way to the back of this cozy cafe towards me. It was automatically taken into account that I had been the one to request a bit of his very precious time to chat about himself and perhaps maybe catch a dinner together. As Douglas Song, assistant vice president, sat down uneasily in a chair, he made it clear to me in pure body language that this rather small cafe was not quite up to his standards. After some twisting in his chair, I graciously smiled and asked if he would like to have a cup of capuccino. With a slight nod of his head and the nonchalant swing of his right arm behind the delicate black chair, I motioned the waiter for a mint tea for me and nothing for Song. Then, once again, turning my attention to this obvious character and flattered him by telling him how excited I was to interview someone important from Smith Barney. Of course, he took the flattery very well.

Song enthusiastically began to describe every morsel of investment banking. He told me that his job was in a sense to lend money to other corporations or entrepreneurs, both small and large, to help them start off or to expand through mergers. He is responsible for buy side and sell side transactions, where he sells stock to other investors. He also concentrates on fairness opinions, defense strategy and valuations. Song has led all aspects of public and private financing transactions including marketing, structuring and execution of various securities including common stock, preferred stock, hybrid securities, taxable debt and tax-exempt debt.

Although Smith Barney primarily serves middle-market companies, in 1994 it was involved in advising one of the major communication corporation, Viacom Inc., during its $10 billion merger with Paramount Communication. With those responsibilities, Song intimately studies the market to make proper investments.

Growing up in a traditional Korean family, his parents owned a variety store in Jackson Heights, Queens. With the learned struggle to earn money absorbed by his parents, as he matured, Song developed a taste for money. “I was basically inspired by the greed of money and the intensity involved in making it through risks, challenges, and very hard work. During the 1980’s, the stock market was having a few very prosperous years. From that, I deterred from my primary goal to become a doctor. It was all greed.” From high school, Song found his comfort in Boston University, Boston, MA where he graduated with a Bachelor of Science in Business Administration with a concentration in Finance.

At this point in his career, as his goal is to earn the title of V.P. at Smith Barney. “My attitude is to be served, not to be a servant. Ultimately my goal is to become president of a corporation, basically be my own boss.

—Byor Kay Kim
The Negative Reaction to Affirmative Action

With major elections around the corner, politicians are gearing for a fight over race-based hiring and procurement policies

by Gerard F. Brierre
photo by Tracy Young
The Republican Party is hoping that affirmative action will sound the political death knell for President Clinton. The purpose of affirmative action programs, since their inception in the late 1960s, has been to ensure the proportional and fair representation of all qualified individuals, and although they've received broad bipartisan support in the past, they are in danger of being weakened or eliminated altogether.

Since gaining control of Congress in November 1994, the Republicans have steadily attacked preference programs. First, the House of Representatives voted 381-44 in February 1995 to abolish tax breaks for minority-owned broadcasting systems. But this is only the beginning, because the real battles are being fought on the grassroots level in Berkeley, California, the “liberal capitol” of the United States, once jokingly referred to as “the people’s republic of Berkeley.”

The Battle for Fairness
On the front lines, the California Civil Rights Initiative is striving to establish a statewide referendum to ban all preference-based decisions from government sponsored agencies. The movement has gained support in the state, which last year passed Proposition 187, an anti-immigrant statute that indicated a shift in the wind with regard to racial politics in the state.

Several prominent Republicans and business leaders have recruited Ward Connerly, a close friend and longtime adviser to Governor Pete Wilson, to take the helm with the hope that he will be able to rejuvenate fund-raising and signature-gathering for the financially troubled CCRI. The distinguished black California businessman helped launch a successful drive that ended race and gender-based preferences in hiring and admissions at the University of California’s nine campuses. The Board of Regents set a nationwide precedent by voting to end the use of ethnicity and gender in student admissions, faculty hiring and business practices on July 20, 1995.

The CCRI approached Connerly hoping his high-profile status and strong connections to Wilson and the state Republican Party would help resuscitate support for an initiative that has been seen as a national referendum on affirmative action for minorities and women. Connerly says that, “No matter how painful this process is right now confronting the affirmative action debate is a thing the nation has to do.”

Angry White Uproar
The public’s impatience with dwindling resources and a worsening economy has fueled a growing resentment about quotas. This phenomenon has been referred to by many as the “Angry White Male Syndrome,” for those who contend they have been passed over for school admissions, employment opportunities and promotions that favor equally qualified minorities.

Nationwide, the Republicans have avidly picked up on these attitudes and are nurturing the issue to use it as a key political weapon against the Democrats. The GOP hopes that the issue will drive a wedge between the liberal and more conservative elements of the Democratic Party. Steve Smith, political director for the California Democratic Party, said he believes the initiative will make it onto the ballot. “Our assumption is that CCRI has a lot more to do with Republican politics and them trying to have a wedge issue than it does with any kind of good policy,” he said. “Therefore, Republican politicians, including the governor, will make absolutely sure it qualifies.”

The California Republican Party has pledged “whatever resources prove to be necessary, financial or otherwise,” to get the measure on the election ballot this year. According to Connerly, “The governor, despite the way his role has been spun in the media, is deeply committed to this as a matter of policy. So it’s not a renewed effort for the governor or the Republican Party.” The state’s Republicans are watching the situation closely and hope to make it a major issue in the 1996 presidential campaign, running with the assumption that a successful candidate will have to carry California to win.

A Big Step Backward
The measure would eliminate affirmative action preferences for women and minorities in state and local government employment, contracting and admissions to the University of California and the California State University systems. Even its most devout opponents agree that it will win in a walk if it comes to a vote.

In the spring of 1995, President Clinton told the California Democratic Convention that he would accept “no retreat” on affirmative action. However, despite accusations of pandering to the Right, the White House has moved away from its staunch defense of the affirmative action agenda, a position that has been part of the Democratic Party’s basic doctrine for over two decades. Clinton is the first president to order an internal review of AAAs. The debate has shifted dramatically to the right so that the question is not whether the programs go too far; it is whether they should exist at all. The President’s position is that “We have to reaffirm the best aspects of our historic commitment to equal opportunity, but also be prepared to modify things that don’t work or have an unfair impact.”

Either way the President will be faced with a tricky situation if the measure makes the ballot. If he maintains a solid pro-affirmative action stance, he will in all likelihood lose California. If he retreats on the issue, he will certainly lose important allies and probably not gain any conservative votes.

The Far Right Weighs In
Republican Senate Majority Leader Bob Dole believes that laws which promote preference have no place in a society where individuals should be judged equally by their merits.
House Speaker Newt Gingrich has said that, “People who want some kind of quota based on racial background should be forced to debate in public their vision of America I want to make it clear that I oppose quotas explicitly because I favor an integrated America.” Moderate Republicans hint that the views of their ultra-conservative leaders may not accurately portray the aims of the general membership.

Ironically, the far right has turned the argument against affirmative action into a discourse on what is good for blacks. Their conclusion is that it does nothing to help the vast number of minorities that are living in slums across America. People of color have made some gains, and the creation of an African-American middle class owes much to the equality of opportunity affirmative action has created. As Farai Chideya, an African-American writer, declared in a New York Times op/ed piece in March 1995, “There’s one very simple reason to support affirmative action. It works. The black middle class has grown only when a strong economy has been complemented by affirmative action programs: one or the other isn’t enough.”

The Numbers Don’t Lie

The conservative rhetoric has omitted any references to sex-based preferences, which are closely linked to race-based preferences. The Republicans are clearly avoiding the issue of affirmative action for women, who make up 52 percent of the voting population. Clearly, white women have, by and large, been the greatest beneficiaries of AAPs. While this group has only taken less than 5 percent of senior management positions, they have taken nearly 40 percent of jobs nationwide as compared to 30 percent three decades ago and 40 percent of middle management positions. Black women hold 5 percent of these jobs and black men even less at 4 percent. The issue of legacies, or affirmative action for children of alumni, that make up as much as 12 percent of all admissions at elite colleges also remain unaddressed.

In 1990, Labor Secretary Elizabeth Dole established the Glass Ceiling Commission with the help of legislation supported, ironically enough, by her husband Senator Robert Dole, to investigate the limitations placed on women and minorities in the workplace. The inquiry involved interviews of senior executives and hundreds of mid-level managers at 25 American blue-chip companies. The committee’s February 1995 report, entitled “Good for Business: Making Full Use of the Nation’s Human Capital,” found that women and minorities do not receive the mentoring and other support that white men automatically receive from other white men.

The Census Bureau reports that the gap between the incomes of blacks and whites is only widening. Supporters of affirmative action argue that these statistics are proof-positive that AAPs must be maintained. Although hardline affirmative action advocates do not agree, it may be time to open up the dialogue to consider changing affirmative action legislation instead of wiping it out completely as the Republicans would suggest. The conservative effort to do so seems to actually pander to the wishes of a wealthier voting class, but it manipulates a right-shifting voting population that is becoming increasingly intolerant toward a diversity that is being characterized as alien to American ideals and values.

Enriching Education

Many universities have claimed that they want diverse student bodies not only to forestall discrimination lawsuits but also to enrich the educational experience. The same sentiment exists in corporate America. Chief executives say that they want lieutenants that “have a feel” for the market. They look for variety in the ranks to deal with a multiracial world. However, middle management can undermine such efforts by not bringing up qualified women and minorities. To senior and middle management, women and minorities are perceived as more of a threat because all things being equal they may be given preferential treatment. There is also a significant amount of buying into stereotypes that characterize women and minorities as less qualified.

The concept of a color-blind society is ideal, but is it realistic? The Republican Right’s logic is that society should be color-neutral or color-blind in all aspects, but that does not jibe with the reality that people are not color-blind. In order to believe these things are true, one must believe that there is no systematic discrimination against people of color and women that should be specifically considered in forming law and policy. Most of the evidence that opponents of affirmative action present when raising issues of reverse discrimination is anecdotal rather than factual.

If affirmative action programs are banned we will find ourselves facing the same difficult questions of inequity that spawned the programs in the first place. Whether proposed Republican policies will accurately reflect the best interests of the American public has yet to be proven. It is clear, however, that if a Republican is elected into executive office in November the death of affirmative action will only be the beginning. A virtual GOP monopoly will obliterate the remaining vestiges of liberal branded policies for the foreseeable future.
Is copyrighted material safe from the pirates of Cyberspace?

by Michael Stewart

The data has rolled in, the dust has settled on the new information superhighway, and a new contributor stands, surveying the vast wild frontier ahead of him, hoping that they take kindly to strangers in these parts. It seemingly offers anyone total access to an informational treasure-trove of global proportions.

But some of that land is posted. Networks are divided into public and private property. The private side includes proprietary networks, such as those that may be found in larger companies. The public networks include bulletin board systems, which are privately owned networks that range from single phone line dial-in to vast resources for almost any individual to access. And of course, the largest network of all is the Internet—much of which is now public.

For writers, artists, designers and inventors, the Net may be used as a drafting table or forum for responses to new ideas. But the question arises: Who holds the legal rights to "information products" once they are entered onto a network? This is important not only in terms of authorship, but also with regard to whether these products should be considered the private assets of a single person or group and are entitled to copyright protection. Conversely, there are those who would prefer them to become part of the public domain.

Piracy is a piece of cake. Copying works from a network is as simple as downloading the information onto a floppy disk or printing it out. Some contributors to networks even encourage the downloading of particular material, either original or plucked from the public domain, in an effort to distribute the information. Apogee, the computer game-maker, gives away parts of its games for free, encouraging players to distribute the game, in the hope that a freebie will draw business for the other parts or full versions of the games.

But for those who do not wish to have their work copied, the technological ease with which reproductions can be made poses a serious copyright infringement problem. Pirates know that legislation lags behind technological advancement in the copyright world—historically, this is shown by the long delay in regulating the reproduction of copyrighted material on photocopy machines, dubbing of movies, television programs and music onto video or audio tapes.

On the national front, the 1976 revision of the United States copyright law protects unpublished copyright material.
until it is published. How this law applies to the computer, and the precise definitions of publication and release pertaining to information in cyberspace, is questionable. In an MIT press release, Global Networks, Anne Wells Branscomb writes, “A computer bulletin board is a new breed, an electronic hybrid, that may be looked upon either as a public or a private place depending upon the desires of the participants. In normal circumstances this electronic environment might be considered to be more like a street corner or parlor where one is entitled to make informal remarks to one’s intimate friends. Usually the material would not be archived, since the content is more of a transitory nature.”

LAN LAWS KEEP PACE WITH TECHNOLOGY

The focus turns to works of a more serious nature, such as those with proprietary value as publishable materials. Who will set the laws that govern these works of the electronic communities, and once laws are established nationally, how can we insure the harmonization of transnational laws?

United States copyright law dictates that any creative work eligible for copyright is protected automatically, and a 1988 amendment to the 1976 Copyright Act even frees the creator from the need to include the copyright notice that was once required to insure protection. Works eligible for copyright include almost any type of creative endeavor that can be printed or broadcast, including literary works, artistic works, graphics, film, television and radio productions. News information is an exception, and the facts of a news event cannot be copyrighted, but an original arrangement of those facts is eligible for copyright protection.

Also noteworthy are the exceptions in the copyright rules included in the Fair Use Doctrine, which allows for limited use of copyrighted material for teaching, scholarly criticism, news reporting and satire. Such use is not considered financially threatening to the copyrighted material, nor financially lucrative to the user of the work.

Nationally, reasonable protection of creative materials is supposed to be guaranteed to the creator, but the crucial point is collaboration. In a medium where there is a community of many contributors, some of whom produce works collectively, this is not easily defined. Even if it is possible to prove authorship, who will determine the legal rights of the author or authors, and who will enforce them? Now, project this idea on a global scale.

PUBLICITY VS. PRIVACY

In fields where promoting your work is the key to gaining new clientele, the benefits of displaying work on networks may outweigh the fear of piracy. Craig Zimmerman, a Manhattan-based, freelance graphic designer specializing in advertising, feels that the possibility of reaching more customers is a significant benefit of having examples of your work on computer network sites. “You can reach thousands of new people,” he states, referring to the potential range of networks for promoting one’s work. The chance is there that someone may make credit for your work, but Zimmerman notes, “This is the risk you take getting the information out.”

Ron McArule, director of the Boys’ Toys, the research and development division of Toy Biz Incorporated in New York City, reaffirms Zimmerman’s view but notes that the network is no place for work that you cannot afford to see lifted. “It’s free advertising if I want to get my name out there. However, I have to assume that anyone is going to do anything they want with it.” McArule also points out that he has seen artists who wish to submit work for consideration but who find alternative methods to deliver their work to his office. “What they are doing is sending around a CD-ROM with their portfolio on it,” he says.

RISKY BUSINESS

In this early stage of networking, in which computer communication is still seeking its identity as either a powerful media tool, or a new entertainment medium, the fear of the risks involved in using networks for business could sway the balance. A network can be a high-speed instrument for communicating ideas between designer and client, but many companies may stick to displaying only examples of previous work. Many network users may turn to safer methods, even if they are costlier and more time consuming. Julian de Aramis, a freelance graphic designer also in advertising, says that most presentations of current work are still done the old-fashioned way—in person. “To relay the details of current projects over the computer without the chance of their being pirated would be pretty impossible,” he says.

De Aramis notes the frequency of such infractions, saying, “I’ve seen it happen on a daily basis.” The global potential of computer networks should not overshadow the fact that ideas can be duped from someone within the same company. He adds that it would not be outrageous to see someone from your own office presenting your work and claiming, “I came up with this idea last night.”

For now, nobody can say which way the new, wild frontier of computer networks will go, with the homesteading homesteaders trying to hold down the fort against the network outlaws and no sheriff in sight. Networks could prove to be an ideal medium for exchanging ideas and information of creative interest, but the risks involved in entering work on unregulated networks must be dealt with before users push them to their full potential.
IN THE SLAMMER

New York’s Tough Anti-Drug Laws Have Heavy Consequences

by Gerard F. Brierre
illustration by Kan Lee and Rosario Mastrogiacomo

In 1981, Julius Porter was arrested for selling a small amount of cocaine to a Rochester undercover police officer. He pled guilty and received five years probation. Later that same year, he was asked by his stepbrother to help buy cocaine for a “friend.” On two occasions, he purchased small amounts and delivered them to this friend for a total of $300. The friend turned out to be an undercover cop and the stepbrother, a paid informant for the police. Porter was slammed with a four-and-a-half to nine-year prison sentence, the term of incarceration typically given to first-degree rapists.

“There’s something wrong with a criminal justice system that slaps those charged with a drug sale with the same or even more time than violent felons,” claims defense attorney Steven Rubin. “Let’s say you’ve got a guy caught selling for the first time. If he pleads guilty to a lesser felony he may get away with probation. All right, while he’s out on probation he gets caught again, but this time he’s a second felony offender and faces mandatory state time. If he’s charged with a B felony and pleads again, he might get three to six years. If he fights it and loses, he’s looking at a minimum of four-and-a-half to nine years! I’ve seen defendants plead guilty on two robbery charges and get one to three years. These felons are out in less than a year committing the same crimes. In my mind, committing a robbery is much more heinous than selling a few vials to support a habit.”

Special Narcotics Assistant District Attorney Stuart Bernstein agrees with Rubin, “There’s certainly no equity when you have, for example, someone caught selling only one vial of crack being charged with the same level felony as a rapist. Someone caught on their first sale offense could plead to a C felony and probation and that’s an opportunity that’s not afforded to a defendant charged with a rape. However, when the drug offender is caught again he’s likely to do even more time than that rapist just because he’s a predicate felon.”

No Third Chances
In Porter’s case, the 40 year-old father of five was a lifelong resident of Rochester, worked two jobs, and was active in civil rights and community action groups, as well as a member of the local church. After he was arrested the second time, he was
indicted for criminal sale of cocaine, a felony punishable under the Second Felony Offender Law by a mandatory prison term of no less than four-and-a-half to nine years. The District Attorney, Richard Keenan, expected him to take the offered plea of two to four years. Porter rejected the offer, went to trial and was found guilty.

Forced by this law to give Porter the minimum sentence, Supreme Court Judge Harold Galloway recommended his “earliest possible release.” William Morris, the police investigator who arrested him said that one to three years would have been more appropriate. Even Keenan sympathized, “It’s stiff. But what could I do? Once the case is indicted, under the statute my hands are tied.”

Talking Tough

In New York State, the Second Felony Offender Law requires a prison term for all repeat felons, regardless of the nature of the offense or the background or motivation of the offender. In 1994 alone, the Second Felony Offender Law - which Governor Pataki is now trying to amend - required prison terms for 8,873 low-level offenders. It will cost about $266 million per year just to maintain these people in the state’s prison system.

New York legislators have been working for three decades to find a solution to the drug problem. State Senator Ada Smith says, “There has been talk for years about changing the mandatory sentencing laws, but it’s not a hot issue even though the Governor is taking a closer look at it.” In the current political climate, it isn’t healthy to be viewed as soft on crime. It was panicked efforts to combat drugs that led to the extreme measures that are now under the scrutiny of judges, district attorneys and defense attorneys alike. Over the last 20 years anti-drug legislation in the form of the Rockefeller Drug Law and the Second Felony Offender Laws, among the toughest in the country, have placed more emphasis on severe punishments for drug offenders. As a result, these punishments can mean jail time comparable to those meted out to violent felony offenders.

Over 90 percent of the inmates locked up in New York State prisons today for drug offenses are there because of two mandatory sentencing laws passed in 1973. The Rockefeller Drug Laws require harsh prison terms for the possession or sale of relatively small amounts of drugs. For example, a person convicted of selling two ounces or of possessing four ounces of a narcotic must receive a minimum prison term of 15 years to life. George Prendes is a perfect example.

When he was three years old, Prendes moved with his parents from Cuba to Manhattan. He attended parochial school, was active in the Boy Scouts and ran errands for his neighbors. After unsuccessful careers as an insurance salesman and record store manager, he was attending acting school, driving a gypsy cab and slipping into poverty. Owing three months in back rent, he was offered $2,000 to transport a pound of cocaine from New York to Rochester.

The sale turned out to be a “buy-bust” operation by Rochester narcotics officers. On this matter, his first encounter with the law, Prendes was charged with criminal possession of a controlled substance in the first degree. He pled not guilty, was convicted and sentenced to a mandatory minimum prison term of 15 years.

The presiding judge, Andrew Celli felt that “it didn’t warrant 15 years to life. His record was clean, and there was a question of the degree of his involvement. Because of those reasons, I felt the sentence was too harsh.”

Special Narcotics Part N was created for the specific purpose of taking narcotics pleas to reduce Supreme Court caseloads. A judge that has presided over Part N, the Honorable Peter Benitez, says, “If a defendant is convicted in Supreme Court, he will face stiff penalties. Drug felons will usually plead guilty on a first offense because there’s a good chance that they may get sentenced to probation and remain at liberty. However, New York statutes dictate that if they are brought in on a second offense they will serve mandatory state time on a plea or conviction.”

As of December 31, 1994, there were 8,433 drug offenders locked up in New York State prisons under the Rockefeller Drug Laws and 12,838 drug offenders locked up under the Second Felony Offender Law. There were 6,340 drug offenders locked up for drug possession (as opposed to selling), some under the Rockefeller Drug Laws and some under the Second Felony Offender Law. In all, there were 23,081 drug offenders in the system, roughly 35 percent of the entire prison population.

“While figures show that the state prison system is filling up with drug felons a private organization known as the Correctional Association believes that drug felony sentences are too long — as long as those for violent felons,” says Judge Benitez. “I believe that many drug felons are, in fact, indirectly violent. Drug use often causes situations of domestic violence, assaults on and theft from other citizen. Drug sales are almost unavoidably linked to turf wars in which innocents are inevitably hurt and killed. The very existence of drugs contributes to the erosion of the social fabric when we have strung-out mothers passing their addictions on to their children and even grandchildren.”

A Dissenting Opinion

The Correctional Association was founded in 1844 by civic leaders who were concerned that many unemployed Irish immigrants who were thrown into jail returned to the community even more dangerous than when they were first incarcerated. As early as 1942, the Association issued warnings about the absurdity of trying to treat drug addiction with prison. Located on 15th Street in Manhattan, the private organization focused attention on attitudes that encourage the use of prison as a remedy for social problems. Experience
has shown the damage that can be done to communities when such practices are employed.

Although studies have shown that the majority of people who use and sell drugs in New York State and the nation are white, African-Americans and Latinos comprise 93.8 percent of the drug offenders in State prisons. Whites make up only 5.7 percent of the group. This is largely thought to be the by-product of Narcotics Task Force drug sweeps, a tactic proven in cities across the nation to be ineffective in deterring crime. In these sweeps, the police literally scoop up entire blocks of “loiterers” in areas designated as drug turfs. Coincidentally, these regions are predominately populated by African Americans and Latinos.

Ignoring the warnings of the Correctional Association, the state has jailed more non-violent drug offenders than violent felons and as a result, the prison population has boomed. In 1980, a total of 886 drug offenders were sent to State prison, 11 percent of the total commitments for that year. Of the 23,140 commitments to the prison system in 1994, almost half (10,508 or 45 percent) were for drug offenses. By contrast, the number of violent offenders sent to State prison in 1983 was 7,926, 63 percent of total court commitments; in 1994 the number of violent offenders going upstate was 7,725, only 33 percent of the total.

In January 1973, the total number of prisoners in the State prison system was 12,500 people, today there are over 66,000. Starting in 1983, the Cuomo Administration built over 33,000 prison spaces, more than the combined total built by all previous administrations. Construction costs alone for these spaces will come to nearly $6 billion; and operating costs for these spaces come to $990 million each year.

The Correctional Association has several suggestions for legislators that may be useful in remedying some of these problems. They advocate the elimination of mandatory sentencing laws, blaming these statutes for the confinement of defendants who could have been given shorter sentences or more suitable alternative punishments. They also support the restoration of judicial discretion where judges would have greater flexibility with respect to sentences. Finally, they argue for an expansion of alternatives to incarceration, including community service, restitution to victims, support services to help offenders deal with personal problems and close monitoring of the offender's performance.

Judge Benitez says, “I disagree with the Correctional Association on many things, but I do agree with them that judges should have greater discretion when it comes to sentencing. It can be disconcerting to be forced to dole out sentences that you do not believe to be fair.”

ADA's Bernstein says, “The legislation has to be changed, but there’s no way that full discretion should be given to judges. That would cause an even greater disparity between sentences because on one end you’d have the bleeding heart liberals that would just let everyone go and then on the other end you’d have the ultra-conservatives that would just throw the book at defendants. Maybe some discretion would be in order, but I don’t think that’s the ultimate solution by any means.”

**Treatment vs. Incarceration**

“I’m not sure that giving judges more liberty in sentencing is the answer. The real problem is that 99 percent of the guys caught with drugs are themselves addicts,” according to Rubin. “They need counseling and other good alternatives to incarceration like the Shock Program—a high-intensity program similar to boot camp—and in-patient drug programs, but really what should be changed is the legislation concerning mandatory sentencing. Violent felons should be put away so that they can’t harm anyone, but non-violent felons should see less time and more treatment,” he adds.

Several studies sponsored by the National Institute on Drug Abuse have shown that drug treatment programs, on the whole, are successful in reducing the levels of drug abuse and crime among participants and in increasing their ability to hold a job. In New York State, there are approximately 873,600 drug addicts and only 55,561 publicly funded drug treatment slots. Sixty to seventy percent of inmates in the system (38,400-44,800) have a history of drug abuse. The cost of keeping an inmate in prison for a year is about $30,000. In comparison, the yearly cost of most drug free outpatient care runs about $2,700-3,600 per person and the cost of residential drug treatment is $17,000-20,000 yearly per participant.

Robert Gangi, the executive director of the Correctional Association, concludes, “The courts must have the flexibility to respond differently to a wide diversity of crimes and offenders. The main components of this flexibility include, in addition to judicial discretion, alternative punishments, shorter prison sentences and practical programs addressing central social concerns. If policy-makers adopt such approaches, New York will begin the urgently needed movement toward a more fair, humane and rational criminal justice system, and toward a more just and livable society.”
Global Greening

by Nandel Palmer
type design by Raymond Lam

After disembarking from the British Airways 747 at Kotoka International Airport in Accra, Ghana, an American tourist is politely greeted by the West African natives. Akwaba (welcome) is echoed far and wide. Before long, he clears immigration and customs, then maneuvered through a horde of cabdrivers with still more akwaba to spare. This time, however, the greetings are interspersed with “Selling any American dollars?” Notwithstanding that the flight had come from London.

The American dollar has been a force to be reckoned with for decades. Its colossal influence is felt globally. At times, it appears that if America squints, legions of nations would tumble off her economic eyelids. What is it about the dollar that is so attractive when other currencies, such as the pound Sterling and German mark, are valued much higher in world markets?

How Green You Are
The power the dollar yields overseas is legendary. Tyrants have bowed; friendships have been soldered; and yes, vices like drug trafficking have escalated. It cannot be denied, though, that remittances from expatriates living in the United States and American tourist dollars are the life-blood of many economies worldwide. Diverse segments of society can attest to this, from the Pakistani cabdriver in New York to the Swedish au pair in Minneapolis. Stories from foreigners relating what the dollar means to them abound.

“I am seeing green,” chuckled Abdul Choudry, a cabdriver from Pakistan living in Jersey City. “I am here on a mission to get what I can, and can what I get.” Choudry, the father of six girls and one boy confessed that his daughters are now approaching marrying age where he is expected to finance each of their weddings. He said there was no way he could have afforded to support his family and save for his daughters’ weddings concomitantly. After working in Saudi Arabia, he came to America in 1987 for one reason—the almighty dollar. As soon as his “mission” is accomplished, he plans to return home.

Remittances from Pakistanis and Filipinos who work abroad totaled $800 million and $2.1 billion, respectively in 1993, according to the 1995 Europa World Yearbook. A large portion of this sum came from the United States.

Marilyn Tolentino, a native Filipina, came to America 15 years ago on a full scholarship at Miami International University. “Every time I hear ‘God Bless America’ I sing the loudest,” says the 34-year-old woman who suspended her studies for a while so that she could find a job to help support her 11 siblings, along with both parents, back home. “I don’t know how they would have survived if I wasn’t sending money home,” she adds.
Judit Lustig’s sister has been coming to New York annually for the last 10 years to work a few weeks at a time as a “companion to rich people on Long Island.” Lustig says her sister, a primary care doctor in Budapest, Hungary, makes more money doing companion work than she does as a doctor back home. The dollars earned here have afforded her a new car, exquisite furniture, and other luxuries.

A Caribbean Staple
Another haven for the American dollar are the many islands of the Caribbean. According to data gleaned from NetWeb Communications, 50 percent of the Bahamas’ Gross Domestic Product comes from tourism. And a preponderance of the tourists are from the United States. “The tourists’ dollars are the meat and potatoes of the Caribbean,” says Molendyno Moxey, director of the Travel Lovers Club in New York.

Paul Jeffrey of the magazine, The Christian Century, sees things differently: “Governments desperate for money, unwittingly deepen their countries’ economic dependence by borrowing from international lenders to finance the infrastructure that tourism demands.” Jeffrey also contends that as much as 80 cents of every tourist dollar leaves the region and in the long run does not benefit the masses.

Moxey, however, disagrees: “Money brings money; tourism is all about service, and if the islands are cheap by denying visitors proper comfort, there are definitely other places they could go to be pampered.” Moxey also acknowledged that he has, on occasion, met with vendors, hair braiders, and tip workers at resorts on the various islands, and has seen firsthand how their lives have been transformed for the better because of the American dollar. He conceded that there are also vices which emanate from the free-flowing of the dollar, such as black market trading and drug trafficking, but, for the most part, the money reaches the right people—the poor. He asserted that the other downside to the “abuse” of the dollar is that businesses, most notably small inns and guest houses, insist on being paid in American currency.

Similarly, the island of Jamaica, while having its own legal tender, tabulates its annual parliamentary budget in US dollars, says Luke Rodney of National Commercial Bank’s foreign exchange department. Rodney contends that all commercial banks in Jamaica are mandated by the government to turn over a quarter of their American dollar intake to the Central Bank, where it is then used to pay for imports and repay foreign debts. In the last fiscal year, NCB, one of the island’s leading lending institutions, made over $1.4 billion in profits with the buying and selling of currencies, the bulk of which was derived from the American dollar.

Maynard Kessler, an assistant manager for a major hotel chain in Bermuda, says that even though the island is still a British colony, “Bermudians want nothing to do with the English pound.” But they gladly welcome the US dollar. The dollar is equivalent to, and interchangeable with, their local currency. It is, he says, the “predominant currency of the international business sector of Bermuda.”

Cuba on a Roll
Another island that has been inching its way towards the dollar is Cuba. To compete with the flourishing black market for the coveted American currency, the Castro government is allowing Cubans to buy and sell dollars on the open market, wrote New York Times reporter Larry Rohter. To bolster the trading, Castro also made it legal for citizens at home and abroad to open bank accounts in dollars and other foreign currencies, with interest paid at a market rate. Until about two years ago, it was anathema to even think of such a thing hap-
pening in one of the world’s last bastions of socialism. Currently, the official rate set by the Bank of Cuba is one dollar to one peso. But some places are buying at 25 to one and selling at 30 to one. Some estimates have even put it as high as 125 pesos to the dollar during the refugee upheaval in 1994. A typical monthly salary in Cuba is 150 pesos, according to Rohter.

That'll be 20 Clam Shells, Please
The global demand of the American dollar has propelled the Treasury Department to print billions of new notes each year. In 1994, the US government printed 9.3 billion dollar bills of all denominations: 50 percent singles, 10 percent fives, eight percent tens, 25 percent twenties, two percent fifties and five percent hundreds. And over $380 billion in US currency is in circulation, two-thirds of it outside the US, according to Fed Chairman Alan Greenspan.

The million-dollar question is, how did America metamorphose from a paucity of greenbacks to become the “sugar daddy” of the world’s leading currency? According to Glyn Davies, author of A History of Money from Ancient Times to Present, the American colonies in their nascent stage were so strapped for cash that all forms of ersatz monies were utilized: wampum (clam shells), tobacco, rice and indigo. Wampum was first used by the Indians and then used extensively for trade by the colonialists. In 1664, Peter Stuyvesant, then governor of New Amsterdam, arranged a loan in wampum worth over 5,000 Dutch guilders for paying the wages of workers constructing the New York citadel. There was even a factory founded by J.W. Campbell in New Jersey in 1760 that drilled and assembled wampum, and stayed in production for a century.

Since its inception, the dollar has experienced periods of challenge, but overall, it has reigned supreme. “Bretton Woods had laid down the monetary exchange structure of the post-war world,” said Joseph Finkelstein, author of The American Economy. “When the pound could not withstand the American pressure for its free convertibility into dollars in the ’40s, the US dollar became the de facto major world currency.”

In the Global 90s, American Austin Kiplinger also gloated that the US emerged from World War II with the only major economy that had not been wracked by physical and financial ruin. “Our dominance of the world economy was the result of the prostration of others,” he said. “We deliberately helped the world rebuild itself with the Marshall Plan in Europe, a benevolent occupation of defeated Japan and a massive program of assistance to less developed nations.”

Dollar is Still the King
While sundry individuals and countries bemoan the weakening of the American dollar, Richard Hornik, a journalist for Time magazine wrote, “The decline of the US. dollar has been much less severe than the newspaper headlines suggest.” The dollar’s value, he said, had been rising against the currencies of America’s largest and third-largest trading partners—Canada and Mexico. Hornik blamed most of the negative information about the dollar’s weakness on the Federal Reserve’s trade-weighted index, which is based on an “outdated formula” involving the currencies of ten major industrial countries. J.P. Morgan’s more up-to-date index of 45 currencies shows that the dollar’s value has remained more or less steady since 1993, he said.

J.P. Morgan’s daily trade-weighted currency index measures nominal exchange rate strength of individual Organization for Economic Cooperation and Development currencies relative to a “narrow” basket of, in each instance, 18 other OECD currencies. The US index, for instance, measures the dollar’s strength against a basket consisting of all the G7 nations plus Belgium, Denmark and Finland, among others.

Even though most Americans are proud of the dollar’s worldwide superiority, others, like Lewis J. Walker, president of Walker Capital Management Corp., in Atlanta, think America should proceed with caution. He is fearful that the dollar’s strength could lead to a single world currency and in a USA Today article wrote that a common global currency would hurt American consumers by reducing their control over their country’s monetary policy. “Weakening of the US dollar, inflation in the late 1990s and international pacts such as NAFTA and GATT are bolstering the single currency movement,” he says.

According to the Treasury’s outlook, however, that seems a long way off. US Treasurer Mary Withrow states, “Because of the worldwide acceptance of our currency, we will stockpile enough to meet the regular demands of commerce and the curiosity factor.”
Israel: The Road Ahead

In the aftermath of Rabin’s assassination, foreign investors are wondering where Israel’s economy is heading

By Alain Verscheure
illustrations by Ivette Jimenez and Ruth Lester

The Israeli economy got its largest boost of foreign investment last November when Intel announced the building of a $1.6 billion flash memory chip plant there. The move came as a relief to Israeli economists who had feared that the assassination of Prime Minister Yitzhak Rabin, only days before, could deter such ventures by creating a climate of instability that would scare off international investors.

Attracting such interests had been a priority of the late Israeli leader’s administration, and the new Prime Minister, Shimon Peres, quickly assured Israelis that he would pursue the same political and economic policies of his predecessor. Indeed, the two are linked: The Labor government argued that achieving peace with neighboring Jordan, Syria, and the Palestinians would change many companies’ perceptions of the risk involved in investing in the region.

Still, as the peace process creeps along, many foreign businesses remain hesitant to make capital investments, particularly in the industrial sector. Wealthy businessmen from large-scale equity investments, though, have not been deterred from investing in Israeli industries. Among them are Laurence Tisch, chairman of Loews and CBS; Charles Bronfman, co-chairman of Seagram; and Roy Disney, Walt Disney’s nephew, who owns Shamrock Holdings, a private investment company. That company made a $252 million deal last year for a 22.5 percent controlling interest in Koor Industries, the biggest industrial concern in Israel. “It is no longer just a sentimental investor who is putting his money here,” says an Israeli consular officer in New York. “It is no longer a Zionist philanthropist who feels the obligation to support the land of the Jews in their struggle to survive among the Arab countries.”

A MOVE TO PRIVATIZE
One of the main factors in stimulating foreign investment is a government-sponsored privatization program. Rabin, who was one of Israel’s most free-market oriented prime ministers, strongly fought for freeing his country from state-controlled aspects of the economy. The Wall Street Journal once dubbed Israel’s economy “a vestige of Eastern European socialism.” In 1995, within a period of two months, the Israeli government sold over $650 million in assets. The government’s target is to sell $10 billion in state assets before 1998. “Investors are
observing the positive direction our economy is taking. They are hoping that the half-speed economy will convert to a vibrant capitalism," says Yoram Asaf, an Israeli investment banker who was close to some recent deals. "They hope that the state-owned enterprises that choked entrepreneurial ambition and competition will be diminished."

Until the early '90s about 60 legal monopolies and cartels, including radio and television stations, as well as transportation and utility companies, were state-regulated while more than 160 companies were state-owned. In all, almost 40 percent of Israel's work force was on the government payroll. Furthermore, Israel's top income-tax rate was over 50 percent whereby business, corporate and transaction taxes fed government spending, which soared from 36 percent to 74 percent of the gross national product between 1965 and 1985.

Rabin pledged to retool Israel's economy by promoting the sale of government-owned companies. "A free world demands a free economy," the late prime minister said.

A HIGH-TECH OASIS

Foreign investors already discovered Israel's high-tech companies, many of which are world leaders in their fields. Hedge-fund king George Soros made a $60 million investment in Indigo two years ago and has quintupled his money. Some interest has now expanded to include less glitzy companies. Earlier this year, Renaissance Group, a partnership that includes Bronfman, Tisch and others, paid $71 million for a 25 percent stake in Shikun U'tzuvah, once a state-owned construction company. Late last year, Renaissance paid $100 million for a 33 percent stake in Paz Oil Co., Israel's largest fuel company.

Investors seem to realize that there are really two classes of companies in Israel: World-class companies that are not as dependent on short-term domestic factors, and those that are more vulnerable to political changes. Among the world class companies are Teva Pharmaceutical Industries, a Jerusalem-based maker of generic drugs which has 60 percent of its sales outside of Israel, with the United States as a major customer.

Pec Israel Economic Corporation, on the other hand, is among the Israeli stocks that are tied to short term factors, such as the peace process and the assassination of Rabin. IRC invests in construction, technology and shipping companies mainly tied to tourism.

UNEASY ALLIANCES

The 1994 Israeli-Jordanian peace and trade accords are already showing returns. In Jordan, some 80,000 Israeli tourists have ventured to cross the border, without incident, since Israel and Jordan made peace a year ago. During the same period, about 35,000 Jordanian tourists have visited Israel, with Israeli companies simultaneously working in Jordanian mining and real-estate development. Clearly, old boundaries are increasingly permeable.

Dawud Qutub's Jordan based tour company, for example, shuttles 1,000 Israelis a month through Jordan's ancient sites, thanks to a partnership with an Israeli airline. His hospital supply company markets Israeli-made medical scanners at $2 million per scanner. Soon his shipping agency will broker Israel-bound freight through Jordan, and Jordan-bound freight through Israel, eliminating the expense and delay of the Suez Canal.

On the other hand, some Israelis suspect that even if peace comes tomorrow, the rest of the region will contribute little to Israel's economy, except perhaps for small textile factories and food processing operations. 1992 data indicate that Israel had a per-capita gross domestic product of $14,000, making the average Israeli 11.4 times richer than the average Syrian, 11.8 times richer than the average Jordanian, and nearly 21 times as wealthy as the average person in Egypt, which had a per-capita GDP of only $600.

"The Israeli economy is not a good fit with the Arabs," says Danny Ashkenazy, a member of the Israeli consulate in New York. "Israel specializes in high-tech exports of computers, software, medical products and military equipment. The Arab market, on the other hand, imports primarily consumer durables, like cars and TVs." He acknowledged, however, that under the political cover of Israel's peace talks with the Palestinians and Jordanians, Arabs have opened doors to Israel as never before. "Though the Arab boycott of Israel remains technically in effect," he adds, "it is rapidly becoming a non-issue."

For the first time Israeli executives openly expect Arab countries such as Tunisia, Saudi Arabia, Oman Bahrain and Qatar—none of which have diplomatic relations with Israel—to send many of their Arab delegates to visit. It appears that The Amman Summit of November 1995 gave many of the Arab world's delegates a much needed green light from their government to do business with Israel. All the governments involved have figured out that without a competitive business environment they will fall far behind Israel and everyone else.

Israel, as part of a region that has one foot in the doorway of Europe, could lead the Middle East in carrying out consistent economic reforms that will lead to growth. In the last five years, the economy has grown by 33 percent in real terms, and real gross domestic product was projected to climb an additional 5 percent by the end of 1995. Israel has high hopes for the peace process, and beyond that, the economic advantages that stability will bring.
Keeping the Miracle Alive

Heralded as the world’s economic wonder, East Asia is struggling to stay ahead of the pack

by Steve M. Lee
illustrations by Charles Chang

Even someone living in a cave for the past decade knows about “the Asian economic miracle” and how the “tigers” of Asia have outstripped all other nations in economic growth—an average of 7 percent annually, during a period when many other developing economies were either flat or spinning backward in recession. With over a fifth of total world exports and combined annual gross domestic product growing in excess of 5.5 percent over the past 30 years, East Asian economies are the envy of developing nations throughout the world.

Sustaining that kind of growth is no easy task. To understand how they keep moving ahead, we have to understand the players. East Asia is a collection of individual, dynamic countries with their own histories. They are divided into the first and second generation “tigers.” The first generation are the Newly Industrialized Countries of Hong Kong, Singapore, South Korea and Taiwan, while the second tier includes the rapidly industrializing nations of Indonesia, Malaysia and Thailand.
A Helping Hand
How did the tigers, in less than three decades, outperform the other developing regions of the world? The answer involves a number of components, including their pursuit of macroeconomic fundamentals, the role of a pragmatic, active government planning and brilliant international relations. Both external and internal forces shaped the miracle. The external factors include the favorable economic climate of the 1960s and most of the 1970s, when ceilings on interest rates helped boost foreign investments. Growing world-wide consumerism increased the demand for imports. The Cold War prompted the West to trade with East Asia to counter influences from the region’s two communist behemoths—the Soviet Union and China. Also, the evolution of the global economy fostered the need for expanding trade, skilled yet cheap labor and international capital investments.

East Asia became synonymous with skilled labor at bargain-basement wages. Once growth rates soared, and prosperity followed, the tigers learned the secret of creating wealth. Blessed with relatively high domestic savings rates and an expanding export base, capital formation began to accelerate. Most of the tigers’ exporters are small firms which quickly adjust to market conditions. Their governments encouraged open markets and allowed domestic prices to reflect economic scarcity. The seven tiger economies shared a significant decline in population growth, high productivity in all sectors and gross investment rates of over 30 percent of GDP. Increasing expansion in manufactured exports leaped from a 9 percent share of world exports in 1965 to 21 percent in 1990.

The last and most controversial internal factor is the “visible hand” of government. Industrialization was directed by government policies through two stages: import-substitution and export-led industrialization. In import-substitution, a country reduces the amount of finished imported goods and develops domestic enterprises to produce goods it would have to import. A developing nation faces a balance of payment dilemma when it imports heavily. Since it cannot, under normal circumstances, pay for imports in domestic currency, there is an outflow of foreign currency. To stop this, import-substitution is used to decrease the continuous drain in capital.

The government may use a wide array of fiscal and monetary policies to achieve import-substitution. The limited power of import-substitution lies in the initially weak domestic economy and savings. The solution lies in the second stage. Export-led industrialization slows the outflow of foreign reserves, but also cures the balance of payment deficit. It involves attracting foreign investments, promoting export goods, employing the labor force and causes a multiplier effect in increased national income, which leads to higher consumption, investment and savings.

The tigers used these import and export manipulation techniques to achieve economic growth. The miracle was not a result of pure Western-type capitalism, but a blend of free market enterprise and centralized government planning. The governments in East Asia are seen as not only regulators, but also as business partners. Government participation varies among the East Asian nations. The first generation tigers’ governments, while democratic in principle, lacked popular support during their booming decades. With the exception of Hong Kong, a British colony, these nations were led by authoritarian régimes.

The Growing Kittens
Hong Kong is the eighth largest trading center in the world and the fourth largest in the Asia-Pacific region. Hong Kong’s exports amount to approximately $145.1 billion. It imports about $149.6 billion. Hong Kong lacks adequate natural resources to be self-sufficient. Agriculture plays a minor role in the economy because only 8 percent of the land is arable. The colony’s economic success is largely attributed to local entrepreneurship, foreign investment, an ideal harbor, as well as access to the huge mainland Chinese market.

Because Hong Kong was, and still is, under British control, it has had a free market and export-led economic growth. From 1987 to 1988, real GDP growth averaged a stunning 8 percent but slowed to 3 percent between 1989 and 1990, and edged up to 5.2 percent in 1993. The future, however, is uncertain. The United Kingdom and China signed an agreement in late 1984 to return Hong Kong to China on July 1, 1997. In exchange, China agreed to respect Hong Kong’s existing social, economic, and political practices for at least 50 years.

Singapore, like Hong Kong, has prospered as a trading port whose lack of natural resources forces it to rely on
international trade as a means to economic growth. In 1988, Singapore claimed the world's busiest port, the highest savings rate—a formidable 42 percent of income—and the highest rate of annual growth. In 1993, Singapore exported $61.5 billion and imported $66.4 billion. As a net creditor and financial services leader, Singapore's reliance on international commerce is critical to its economic success. Consequently, 70 percent of manufacturing investments are foreign.

Singapore flourished, financially, under the leadership of Prime Minister Lee Kuan Yew. But the government's strict involvement in every aspect of society is among the most intrusive in the world. The Singapore government holds three quarters of the land, is the single largest employer, regulates wage levels, provides 88 percent of the population's housing and requires that at least a quarter of all workers' salaries be put into government-administered pension plans. Also, the government operates wholly-owned public businesses and holds stock ownership in many corporations.

**Neighbors to the North**

After World War II, Korea was divided into Soviet-backed North Korea and US-supported South Korea. A nation of 45 million, South Korea has grown significantly in its short history. In 1962, the government launched the Economic Development Plan to promote labor-intensive and export-oriented industries to compensate for poor natural resources, a low savings rate and small domestic market. In the 1970s, the government encouraged heavy and chemical industries. It also orchestrated a tightening of the money supply which caused growth to fluctuate from 30 percent to 15 percent by the early 1980s in order to control double-digit inflation. Between 1986 and 1991, real GDP was over 10 percent annually, slowed to 5 percent in 1992, 6.3 percent the following year and rebounded to 8 percent in 1994. In 1993, South Korea exported $81 billion worth of goods and imported $78 billion.

Taiwan's population of 21 million consists mostly of Chinese Nationalist supporters who fled the mainland in 1949 following the Communist takeover. The situation in Taiwan was very similar to South Korea's in that the government played a large role, not only in economic management, but also in maintaining domestic harmony by purging opposition to its policies. The Nationalists, the ruling Kuomintang Party, favored extensive economic involvement. The centralized planning, excessive banking controls and semi-government enterprises resembled more socialist than free market capitalism. For the past three decades, real GNP growth averaged 9 percent yearly. In 1993, Taiwan exported $85 billion and imported $77.1 billion.

**Tigers Change Their Stripes**

The second generation tigers differ significantly from the first generation. Hong Kong, Singapore, South Korea and Taiwan were characterized by a relatively equitable distribution of wealth, trade surpluses with developed nations and an export-driven economy. The second generation, on the other hand, has a larger gap between rich and poor, a history of domestic ethnic tensions and just recently emphasized manufactured exports. But it has the advantages of plentiful natural resources and greater diversity in agriculture and industry, growing foreign investments and, possibly most important, the first generation's experiences from which to draw.

Malaysia's population of 19.28 million consists of 59 percent Malay and indigenous peoples, 32 percent Chinese, and 9 percent Indian. Its location and ethnic diversity have directly affected its development. From 1987 to 1993, Malaysia posted annual GDP growth rates between 8 percent and 9 percent. In 1991, Malaysia had a $6.4 billion trade surplus.

Indonesia, a former Dutch colony, is the largest archipelago in the world. With a population of over 200 million, it is also, the world's largest predominantly Moslem nation. Its economic prosperity began under President Suharto in 1966. Indonesia used the revenues from its natural resources to fund rapid industrial growth. By the mid-1980s, production of steel, aluminum and cement exceeded the pre-Suharto economy of agricultural products. Suharto modernized agriculture, introducing high-yield seeds, fertilizers.
and pesticides. His economic policy called for the government to direct investments, regulate businesses and protect targeted industries.

Indonesia is abundant in natural resources. In 1992, it exported $38.2 billion and imported $28.3 billion, mostly in machinery and semi-finished goods. From 1985 to 1993, real GDP growth averaged about 6 percent. In 1993, industrial output accounted for 40 percent of GDP while agriculture accounted for 21 percent (mainly in subsistence and plantation food production). Realizing the fluctuating world prices for its commodities, Indonesia has recently started promoting private enterprises and foreign investments.

Thailand posted 7.5 percent GDP real growth in 1992 and 7.8 percent for the following year. In 1992, it had a trade surplus of $9.2 million.

Second Generation Woes

With astonishing growth rates and supply of natural resources, Indonesia, Malaysia and Thailand have great potential for economic development. These nations are confronted with additional difficulties not experienced by the first generation. In their early stages of industrialization, the first generation tigers did not have to deal with the problems of an interdependent global economy.

Foreign investments, especially from Japan, will be a major factor in fostering economic growth in the region. The wave of offshore Japanese investments began in the 1980s as the yen doubled from 238.05 to 128.20 against the US dollar between 1985 and 1988.

Since most of the East Asian currencies are linked to the dollar, these nations should see increasing production capacity and capital investments from Japan. The Bank of Japan reported that 16 percent of Japanese manufacturing was located overseas in 1993, up from 14.3 percent in 1992. In that same year, Japan investments overseas totaled 40 percent in the US, 20 percent in Europe and 18 percent in Asia. With present trends, BusinessWeek projects that by 2002, Japan’s investments in the US will decline to 35 percent, dip to 19 percent in Europe, and soar to 28 percent in Asia.

An Achilles Heel?

Following worldwide trends, East Asian economies are promoting free trade by cutting down trade barriers and reducing tariffs. In the long term, freer trade should benefit all economies as comparative advantages and economies of scale are put into effect. Foreign markets and investments are the lifeblood of growth. At the same time, this interdependence makes the East Asian economies particularly vulnerable to global market conditions.

Overall, the tigers run a large trade deficit with Japan while having huge trade surpluses with the US. In 1994, Japan had a $130 billion surplus while the US had a $150 billion trade deficit—in substantial part to East Asia. This sort of reliance may hinder the region’s ability to handle global market fluctuations.

For East Asian nations, maintaining economic success is not without its challenges. With economic success, egalitarian concerns inevitably follow. The calls for political, economic, and social justice will increasingly put a burden on economic interests. In addition, the East Asian economies must keep inflation low and maintain small fiscal deficits, while maintaining economic activity high. In order to do so, they must decrease bureaucratic corruption, invest more in higher education and improve infrastructure.

East Asian economies have exceeded even the most optimistic predictions, achieving a phenomenal pace of growth in such a narrow time frame. The tigers are emerging players in global economic trade. With enduring high growth rates, they will represent an ever-expanding market and attractive investment opportunities. In time, the tigers could create an economic super region that may well surpass the European Union, Japan and the United States.
Dialing for Dollars

The networks are finding that talk radio sells. Who's buying?

by Eric Lopez, Jr.
illustrations by Mitsue Ito
Even though it’s fashionable, talk radio is not a new phenomenon. Despite predictions of its demise, radio is once again a force to be reckoned with. It’s been around for four decades but, in terms of ratings and advertising dollars, it only recently hit its peak. Due to the inexpensive advertising and production costs compared to other forms of advertising, radio talk shows have been cropping up everywhere.

There are talk shows devoted to an astonishing variety of subjects, including anything from love lines and sex to interest rates and mortgages. The most high-profile shows are on hot-button subjects, especially politics. The heart of today’s talk radio is disagreement. What else besides politics can get people into arguments so compelling that the whole country would want to hear?

**Tapping an Angry Audience**

The audience of talk shows is as varied as the topics covered, and media researchers are devoting their resources to tracking the phenomenon. As John Crittendon, a media guru, points out in his article, “Democratic Functions of the Open Radio Forum,” “The people who listen to talk radio are more socially peripheral, less affluent and less educated than non-listeners.”

Among the reasons for listening to talk radio are “entertainment, escapism, relaxation, passing time and information seeking,” according to Cameron Armstrong and Alan Rubin, the authors of *Talk Radio as an Interpersonal Phenomenon*. All early research and studies based on talk radio warn that if people listen to talk radio, it will lead to alienation, social and political isolation, cynicism and political withdrawal. But experts say that is not so.

Just ask Howard Stern, arguably the most high-profile and hated of the “shock jocks.” Stern insists that people who listen to talk radio are not socially or politically isolated; in fact, he says it is just the opposite. Talk radio listeners are “white collar workers, young and affluent,” claims Stern, whose daily four-and-a-half hour program (or tirade, depending on your point of view) is syndicated and airs in major markets coast-to-coast. Stern’s show pulls in millions a year for Infinity Broadcasting, which owns the rights. Add to that the millions that Stern makes in royalties on his two hard cover books, both bestsellers, and the economic arguments for shock tactics become clear.

People may doubt Stern’s authority as a media expert, but he’s right according to a study of political talk radio conducted by an academic team that included Richard Hofstetter, Mark C. Donovan, Melville R. Klauber Alexandra Cole, Carolyn J. Huie and Toshiyuki Yusa. This study proved all the old stereotypes false. “Exposure to political talk radio was associated with political involvement and activity,” it noted. The study also points out, “Frequent listeners to political talk radio are more interested in politics, pay more attention to politics in mass media, vote more and participate more than others on a variety of political activities.”

**Political Clout**

With a presidential election approaching, experts are watching—make that listening to—talk radio with particular interest. Political talk radio has a questionable influence on the political opinions of the public, although no one is exactly sure how big an impact it has on public opinion. Rush Limbaugh, the ultra-conservative, and Howard Stern, the self-proclaimed “King of All Media,” flaunt their political heft.

One never-to-be-forgotten example of how talk radio can influence public opinion occurred in November 1989 when Congress attempted to pass a law that would lead to a 40 percent pay raise for themselves. Radio talk show hosts across the nation urged public protest against the proposed law. They encouraged their listeners to mail letters with a tea bag attached and to voice their opinions. The latter-day Boston Tea Party had its impact: the pay raise was squelched.

There is another aspect of talk radio that gives it an immediacy that other forms of media simply don’t have: real-time interactivity. Talk shows encourage their listeners to call in and give their opinions on the topic. The audience is an active participant, involved in the format of talk radio shows.
"The truth is most liberals are lazy mealy-mouthed wimps who think we need to hear more than one opinion on everything. Liberals don’t kick ass. And if they don’t kick ass, their ass is going to get kicked."

—Tom Leykis

The interactivity of radio shows outstrips the newer mediums. Yes, interactivity, the buzzword of the ‘90s, most commonly associated with computers and multimedia applications, is found on the airwaves of talk radio. The interactivity of other mediums pales by comparison. Television talk shows have people call in, but it is only for a small snippet of time, and it doesn’t happen too often, usually when something special is happening on the show or a guest appears.

The audience has a huge impact on talk radio, they can make or break the shows. Certain shows can be dictated by audience participation, it can be a hate-filled diatribe or a soothing conversation. This is all controlled by the call-in audience, whose enthusiasm varies depending on the content.

Local Heroes
Although precise figures are hard to come by, the political power of talk radio on the national level is more than matched by its immediate impact on local markets. This is one of the great powers of talk radio, it can take a seemingly small issue, such as a bill or policy, and turn the spotlight on it, making the audience aware of policies that aren’t directly in the public eye and that usually result in audience action.

A perfect example of talk radio turning the tide on a political issue occurred in February 1994 on Marlin Maddoux’s talk show in Texas. A caller asked the office of representative Dick Armey, R-TX, about an amendment to an upcoming House education bill that would have forced home-school parents to be certified to teach. This would effectively kill home-school teaching nationwide, a tender topic in talk-radio land. Within a couple of days, this issue took up all the space on the airwaves of various shows. Maddoux’s show was stuffed with critiques from politicians, home-school leaders and religious freedom lawyers. The response was overwhelming. House members were inundated with phone calls and faxes, some offices had thousands of calls. Needless to say, the amendment didn’t pass.

A more recent example of talk show’s political might was dramatized by the 1994 election of Governor George Pataki in New York. With Howard Stern in his corner morning after morning, Pataki had the decisive edge. There was a certain degree of shock felt by those who had not tuned into Stern’s program when they saw Stern on stage at Pataki’s inauguration. It made a lot of believers of talk radio’s influence, especially among those who saw the risk Pataki ran by associating with Stern, whose popularity borders on infamy.

Turn That Dial to the Right
Political talk radio is a medium that is dominated by Republicans. With Rush Limbaugh, Bob Grant and a slew of other hosts in their vanguard, they have left the Democrats trying to catch up. The Democrats are counting on retired politicians, like Gary Hart and Mario Cuomo, to balance the scales against heavyweights such as Limbaugh.

Limbaugh, arguably the most fanatically conservative and provocative personality on the air, is also the most famous political talk show host. He does not blindly support Republicans though. He will rip them apart when they stumble just as fast as anyone else. He has a large audience because his show is syndicated in more than 600 stations nationwide, generating $50 million in revenue for his syndicator, EFM Media Inc.

One of the few outspoken hosts that the Democrats can depend on is Tom Leykis, who is more than capable of withholding the overwhelming power of Limbaugh. At one time, when the shows were scheduled to air head-to-head, Leykis beat him in the ratings. This success is what led broadcast company Westwood One to offer to syndicate his show.

In less than a year Leykis’s show has been broadcast to over 135 stations, including major markets in L.A., Chicago, Detroit and Sacramento. Leykis’s most ardent supporters are not known for their moderation, either. Like Limbaugh’s, they are, more than anything, angry. Leykis himself may be more anti-establishment and anti-corporate than anything else. According to Micah L. Sifry’s article in The Nation, Leykis is “pro-homo, pro-drug legalization and anti-death penalty,” and doesn’t care to be linked with liberals. In the article, Leykis is quoted as saying, “The truth is, most liberals are lazy, mealy-mouthed wimps who think we need to hear more than one opinion on everything. Liberals don’t kick ass. And if they don’t kick ass, their ass is going to get kicked. And that is what happened to liberalism.” Leykis may not be the most soft-spoken host, but that isn’t what the Republican opposition needs. They need someone who is going to shake things up. Yet even after Leykis won the ratings duel temporarily, Rush is still the biggest voice in radio.

A Potent Podium
The potential for the talk radio audience is not lost on politicians in or out of office. President Clinton has made comments on and off the talk radio forum with the full knowledge that many politically aware voters are listening. Since many of
the comments made concerning the President are quite critical, Clinton has been known to view talk radio in a negative light. He states that it is "a medium that breeds negativism and cynicism about this administration."

Despite the President's comments, talk show hosts stick to their guns. Limbaugh responded to this comment by saying, "You want to talk about cynicism . . . negativism . . . pessimism? This administration leads the league. There is no pessimism . . . cynicism or negativism about this country on this program." Patrick Buchanan responded by saying that Clinton was resorting to "politics of desperation." He continued, "Talk radio is a form of democracy in the media. It allows for public participation, and talks about issues people want to hear about—but on the biased format of big media." Talk show hosts across the nation have similar feelings and claim that they are not the sources of "cynicism and negativism." They defend themselves by saying that they reflect public opinion rather than create it.

Switching Hats
As talk radio has gained in popularity, a trend has developed: Former politicians have thrown their hats into the talk radio show forum. Cuomo is on the air once a week, and Hart, former senator from Colorado and one-time presidential candidate, has his own show called Heartland. He said that his show would be a relaxed one with "no screaming and shouting." Other politicians currently in the radio business include former presidential candidate Ross Perot, former governors Jerry Brown of California and L. Douglas Wilder of Virginia.

The fact that these former politicians are no longer vying for votes gives them a whole new freedom that they never had before; a true freedom of speech. The hosts no longer have to worry about pleasing everyone all of the time. They can actually speak their minds without worrying about career-damaging retribution from anyone who doesn't share their opinion.

How will all these long-winded politicians fare in the world of talk radio? Can they be successful with the knowledge that not all of their ideas and opinions will be turned into bite-sized portions for the public? They are talking politics, how easily can it be condensed without losing some of its force and importance?

The hosts that will be left standing will be extremely successful. They will be the former politicians who know how to convey their thoughts to a diverse audience, able to take all the mystery and woe out of politics. These hosts might do the country a great service by bringing far-flung political ideas down to earth for the common man to understand. This may lead to a more democratic nation in the long run, helping people to actually understand politicians and their policies, and motivating them to vote. It is well known that only small percentages of the public actually vote. If more people vote, the nation's leaders will better represent the general public.

Talk radio can be a very important tool for politicians or anyone else who wants to be heard by the American people. It has the ability to take things that are abstract and make them practical. It seems that politics and talk radio were destined to go together, for politicians want to bend everyone's ear, and that is talk radio's forte.
The phone rings at nine in the evening, reminding you of the start time for the fight. You push a few buttons, or make a phone call, and sit back on the couch with a beer and bowl of pretzels. No tickets, no parking, no worries about traffic getting to the arena. The concession stand is your refrigerator, and the long restroom line becomes a detour to the bathroom. It seems too easy. Then the bill comes: 50 bucks!

Boxing fans, fighters, promoters and other sports junkies have been affected by the advent of pay-per-view, a medium of broadcasting that cashes in on live events via a satellite port. Boxing has been the mainstay of the PPV industry, far outstripping all entertainment programs in income generation.

"In 1994, boxing accounted for 49.3 percent of all pay-per-view revenue," says Bill Wymns, director of the PPV programing for Comcast cable of New Jersey. It is expected to hit the 65 percent mark this year.

THE ERA OF THE MONEY BOXER

PPV has become such a significant part of boxing that fighters now mark their first appearance on it as a rite of passage to recognition and financial freedom. With purses ranging from $2 million to $30 million per fight, some fighters even retire after one event. Buster Douglas, the only man to beat Mike Tyson, retired after his first title fight against Evander Holyfield. He made $20 million in six minutes!

While producers and fighters are making tons of money from PPV promotions, the question of whether consumers are being given a fair shake for their money remains prevalent in most gatekeepers’ minds. At $40 per event, fight fans feel cheated when main events end within minutes of the opening bell. Sometimes a solid undercard compensates for main event rip-offs. Ultimately, most fans feel cheated but can do nothing about it, except skip the next fight. On the bright side, PPV has helped turn fight-night into a social occasion. Like football's Super Bowl party, a group of buddies gather at one individual's house, often chipping in to pay for the fight. As many friends as can be summoned are gathered and all are able to see the fight in comfortable, familiar surroundings. "It's not that bad a deal, especially when you consider the cheapest ticket at Trump Plaza in Atlantic City, to see Jones-Thomas live was $200, and $2,000 for ringside," says Wymns.

Wymns's assistant Leslie Piasanti, says to improve and promote consumer-friendliness, most organizers of PPV are trying to feature three, four and sometimes as many as five title bouts on the same show. SET, Showtime's PPV arm, is specializing in this sort of marketing strategy, and it seems to be working. Viewers get plenty of entertainment for their dollar, and the smorgasbord generally turns up one or two outstanding bouts.

For the fight fans who can't afford PPV, there are alternatives. Among the options are fights on standard cable stations...
(ESPN, USA, PRIME) and premium channels such as HBO and Showtime. Aside from broadcasting some good fights on their own, these channels re-broadcast some events a few days after premiering on PPV.

PPV has changed the rules of fight promotions. Because it compensates fighters at 10 times the rate of regular broadcast television, boxers are willing to break their contractual arrangements with the sanctioning bodies to take on opponents they would otherwise never meet. “Chiquita Gonzalez Jesus Zuñiga, is a prime example,” says Lou Davi, a broadcast analyst at Comcast. PPV made it possible to promote that fight by buying Zuñiga out of a five-year binding contract with HBO. After the buyout, they paid Showtime to grant Gonzalez a one-fight permit out of his contract with them to take on Zuñiga. The fight grossed $8 million.

Before PPV, American fans rarely got to see such noteworthy fighters along the lines of a Jorge Paez, Marco Barrera or Cesar Chavez of Mexico. Only those on hand at the Great Western Forum would have been able to see fights featuring these bright stars. With PPV, their fights are now open to all couch fans.

TAKING A SHOT AT PPV
Boxing promoters have taken advantage of the expanding Latino population to feature boxing events designed specifically to appeal to that market. PPV has been especially successful working this angle. Its “Mucho Machismo” show featuring only Latino fighters in March '95 at Caesars Palace cornered around $1.5 million in domestic sales.

Despite the public’s perception that PPV has taken over boxing, Bill Wym says PPV hasn’t changed boxing as dramatically as people might think. He says it’s a misconception that PPV forced big time boxing off free TV. Decades before the advent of PPV, there was closed-circuit television. What PPV has done is lay the groundwork for competition among networks resulting in increased premium fights. Networks unable to promote exciting fights are left in the cold.

According to TVKO magazine, there are approximately 100 million homes in the United States, but only 24 million are wired for PPV. Although growth is steady, it hasn’t been spectacular. There are only about 4 million more homes tapped into PPV now than in 1991. This means that there are an awful lot of boxing fans who can’t buy PPV fights even if they want to. This is unfortunate when you consider how many classic boxing moments have been on PPV in the last three years, like the fan who parachuted into the ring during Bowe-Holyfield.

As PPV’s territory gradually expands, this will change. But for the time being, a boxing fan without PPV is like a fighter with his eyes swollen shut. By the time you read about the knockout punch in the paper the next morning, it’s too late.

Like other broadcast media, PPV has not escaped the tentacles of cable pirates. Illegal unscrambling of the signal is costing the industry millions annually. Theft guards have proven useless. As safeguards are put into place, hackers just come up with more sophisticated ways to beat the system. To date, no organization has come up with a successful idea on how to stem the problem.

While it’s impossible to pin down exactly how much money is being drained by theft, there is obviously enough left to make PPV boxing a profitable venture. “Network TV will never pay enough to get the big events back,” says Wym. “Pay-Per-View is here to stay.”
Managing the Medicare Mess

As The Struggle Over Medicare Continues...
It's the Elderly Who Pay

by Wayne Anderson
illustrations by Alexa Blanco

Medicare is in deep trouble. The popular federal health insurance program for the elderly is projected to run out of money in seven years if the government does not come to its rescue. Just how Medicare will be cured in this era of budget deficit sensitivity remains a mystery, as democrats and republicans continue to wrangle over the shape and scope of reform. Yet, as the national discourse on Medicare reform intensifies, policy makers on both sides of the issue are touting managed care as the answer to the nation's skyrocketing Medicare costs.

Seniors, however, are not enthusiastic about the prescription. Content with the traditional "fee-for-service" insurance, in which they are free to choose any doctor they want and have any treatment that he or she recommends, many Medicare beneficiaries are leery of managed care plans that contain health care costs, in part, by limiting access to specialized treatment.

"There is some fear of the unknown involved," Philip Jones, a spokesman for the American Association of Retired Persons, says in explaining that seniors are reluctant to consider managed care because they are generally pleased with the availability of choice and overall quality of care from which they benefit under Medicare.

The fear, however, goes beyond the unknown. That managed care operations emphasize the bottom line troubles many seniors for whom quality health care is important.

"Anytime you have a profit-motive operation involved in areas like health care, there is a tendency to sacrifice quality for quantity," says James Dean, a 62-year-old magazine editor who will be eligible for Medicare in three years. "I don't believe in medicine being practiced on a conveyor belt."

Dean speaks from experience. Several years ago when he was a member of an HMO, he visited his primary care physician after being involved in a car accident. The doctor examined him, and told him that, except for some "tender spots" due to muscle spasms, everything was fine. Dean became nauseous on his way home, so he returned to the doctor who, without further examination, attributed the nausea to something he had eaten. He requested to see an orthopedist. The doctor refused him a referral. He went to see one, anyway. It turned out he had suffered a dislocated vertebrae. He paid for the specialist and was never reimbursed.

"You're not treated as an individual," he says. "You are treated as a number."

Managed care's reputation regarding getting appointments does not help. A study in the May 25, 1994 Journal of the American Medical Association found that 37 percent of HMO
patients complained that it took too long to get an appointment compared with 18 percent of fee-for-service patients.

"I can't deal with that," says Frances Reteguiz, a 62-year-old Medicare recipient who processes Medicaid applications at New York's Montefiore Hospital. "You should have access to your doctor when you need him."

By hanging on to fee-for-service insurance, Medicare recipients buck the national trend toward managed care. Only 9 percent, or 3.5 million, of the nation's 37 million Medicare beneficiaries have enrolled in HMOs and other managed care plans, compared to 63 percent of Americans with employer sponsored health insurance.

That may change, however, if the Republican-led congress, dominated by balanced-budget zealots, has its way. Though the Republicans dropped their plan to force Medicare recipients into managed care organizations after the AARP objected, they are still counting on a significant number joining the managed care ranks to allow them to slow the growth in Medicare spending by $270 million in seven years.

The Republican Party has launched a nationwide campaign preaching the impending doom of the program—a remarkable about-face from last year when they insisted there was no crisis—and positioning themselves as its saviors. They now refer to enrollment in a managed care plan as a Medi-choice, and House Speaker Newt Gingrich meets regularly with the AARP to gauge the 33-million member organization's mood.

Where sweet talk might not persuade some recipients to switch, however, the Republicans' plan to increase Medicare part B premiums (that cover doctors' fees) may prove to be a not-so-gentle coercion.

For its part, the AARP does not oppose managed care plans. In a recent newsletter, the association encouraged its members to consider the relatively low costs of HMOs in making their health decisions. The organization is, however, against any mandated enrollment for Medicare recipients.

"The need to control health care cost has made managed care an increasingly attractive option for private insurers as well as Medicare," says AARP's executive director, Horace B. Deets. "But managed care is not for everyone."

Still, the AARP's response to the Republicans' proposed $270 million dollar cut in Medicare spending has been temperate for the usually boisterous seniors' lobby—perhaps because the details of the plan are only slowly trickling out. That has not stopped the Democrats from screaming that the republicans are robbing the elderly to pay for a tax cut for the rich.

But the AARP has time. Its members, who would prefer to keep their treasured fee-for-service insurance, are easy to rally. Seniors vote. The AARP, Democrats and Republicans know that.
Beauty Has Its Price

With lawsuits still raging, and the government staying clear of the controversy, the problem of breast implants is not going away

by Tracy Oliver
photos by Tracy Young

Do you think my breasts are too small? That is a question that, somewhere, some woman asks every day. Amid a barrage of advertisements for products ranging from the Wonderbra to foam padding to pills and creams that claim to provide an instantaneous beautiful bust, women are consumed by a social fascination with breast size. Victoria’s Secret “Miracle Bra” sells in their catalog for only $12. But for those with money to spend, implants are the way to go.

Despite a global wave of negative publicity, hundreds of thousands of women continue to undergo augmentation every year. According to Dr. Terry Knapp, Chairman and CEO of tk-based LipoMatrix, 1995 sales of implants are estimated at 255,000 units and 1997 sales are estimated to be around 350,000 units. LipoMatrix is 30 percent-owned by Collagen Corp., a pharmaceuticals manufacturer.

These thousands of women have already gotten implants and are now being bombarded with information—from nonprofit organizations, lawyers looking for clients, and the media—on whether or not their implants are a health risk. Manufacturers contend there is minimal risk. But the Food and Drug Administration banned implants. Who’s right?

FDA PUTS THE SQUEEZE ON IMPLANTS
In 1991, the FDA banned the use of silicone-gel implants except for reconstructive surgery. The FDA charged that the implant manufacturers failed to prove that their products were safe. Because the FDA never said that the implants were unsafe, lawyers are able to claim negligence on the part of the manufacturers.

The announcement from the FDA instigated a flood of lawsuits. Dow Corning, Minnesota Mining & Manufacturing, and Bristol-Myers agreed to handle massive class-action lawsuits after they realized that they were faced with $10 million individual suits. In September 1993, a $4.23 billion fund was set up to cover some 400,000 women. Depending on the severity of their illnesses, each woman was expected to receive between $200,000 and $2 million. Many women have since opted out of that deal to pursue their own cases. Other women have joined the suit and on May 17, 1995, United States District Court Judge Sam C. Pointer Jr., in Birmingham, Ala. said that the fund may need an additional $3 billion to cover the suits.

In a surprise legal maneuver, on May 16, 1995, Dow Corning, the joint venture between Dow Chemical and Corning, filed for bankruptcy.

All of the plaintiffs were claiming physical illness caused by the breast implants. Yet, in 1994, the American Medical Association published a report that read in part, “No clinical data are available that definitively prove that an increased evidence of breast cancer or any other type of cancer is associated with silicone-gel breast implants.” They also discounted the claims that implants cause immune disorders. And in June
1995, Harvard Medical School researchers and the FDA, within one week of each other, said that risk of illness from implants is minimal.

IDENTIFYING THE RISK
It started with the suspicion of a link between breast cancer and implants. While it is still true that implants may block a clear view in a mammogram, there is no evidence that shows that women with implants have a higher rate of breast cancer. Studies show that these women experience a lower incidence of cancer than would be expected when compared with the general population. To date only 130 cases listed in medical literature that involve women with implants. Despite the lack of solid evidence, it is well known that the implants are not problem-free, however. As with any major surgical procedure, there is possible danger from infections and anesthesiology. There is also a well-documented possibility of tissue scarring around the implant.

Interference with mammograms is a serious concern. While there are no documented cases of breast-cancer diagnosis having been obscured by implants, radiation does not pass through the implants. Radiologists have improved their technique over the years, but women with implants may require more extensive X-rays.

There is also the risk that can be associate with placing any foreign object in the body. The evidence overwhelmingly indicates that the risk with silicone, which is used in many other procedures, is slight. Silicone is used for everything from needlle coating to penile implants to Norplant birth control.

THE CHOICES THAT ARE LEFT
While the cases roll on, both patients and manufacturers wait for clear government guidelines. FDA regulations still limit the insertion of silicone-gel implants to reconstructive surgery, and patients must agree to participate in a controlled clinical study. A panel formed by the FDA said, "At present, there is no reason to discourage women from considering breast augmentation on the basis of the risk of acquiring or exacerbating a disease."

Women do have more of a choice though than just whether or not to consider silicone-gel implants. There are two other fillers used for implants. Saline implants are legal, the difference being that if they break, the salt-water solution passes through the body without any possible risk. The saline implants, which don't appear as natural as the silicone implants, are a silicone sac filled with the saline solution. The same groups that have argued against the silicone-filled implants are against the use of even a silicone sac.

There are also reports that saline-filled implants should be removed every three to five years. While doctors are sketchy on reasons for this, reports about everything from the filling turning black to letting off an odor have been turning up on the talk-show circuit. There are also implants that are filled with triglycerides. Like the saline filling, the triglyceride filling will pass through your body if the implant ruptures. But, once again, the sac is silicone. As with saline implants, these implants are raising the question of whether they should be replaced after a certain amount of time.

Industry experts are questioning whether bacteria can form inside the sac and cause problems should the sac rupture. Researchers are now looking for alternatives to implants for women who chose reconstructive surgery after a mastectomy. The procedure, currently gaining popularity involves moving abdominal muscle from its natural position to the breast. It remains controversial because of the strain that it puts on the remaining abdominal muscles in the healing process.

THE JURY IS STILL OUT
Law suits are running rampant. While the suits are continuing against Dow Corning, Bristol-Myers and 3M, there are other cases that will be brought against Dow Chemical, one of the parents of Dow Corning. During the latter part of 1995, a Nevada jury ordered Dow Chemical to pay $14.1 million to a woman who claims to have had problems with her implants. This case opens the door to what may be a flood of lawsuits against Dow Chemical.

In New York, a doctor won a case exempting him from any responsibility in breast implant damage cases. This is a big win for plastic surgeons who were being faced with the possibility of suits.

For now the cases are being settled out of court but the controversy is far from over. In the end there are no winners, only plaintiffs and defendants. And women who are left wondering if it was all worth it—these are the true victims.
The Queen of Stock

Before she ever learned about civil rights, Barbara B. Roberts was on the front lines fighting for the rights of the excluded at her grammar school in New Jersey. When the girls in her second-grade class weren't allowed to carry the flag in school ceremonies, she launched a strike — and won.

Today, at 48, Roberts is at the helm of the second largest stock photography company in the world, Manhattan based FPG International. The wars she fights are harder, the stakes are higher, and the rewards are greater.

FPG, formerly Freelance Photographers Guild, first began acquiring photographs and other images from photographers, and licensing them to advertisers and magazines in 1936. During that time it was clear that, for the most part, corporate America wanted homogenous depictions of mainstream life—white and middle-class.

"There are some photographers that I know who would rather do nothing than photograph beautiful white women," Roberts says of her first experiences at FPG. "They thought that was the only way they could make money." But when Roberts became the president of FPG in 1990, she thought it was time for a shakeup. White people accounted for a smaller percentage of the population every year, she reasoned, minorities were gaining economic power and she knew advertising companies would want images detailing life the burgeoning groups could relate to.

Today, FPG's inventory of more than 6 million photographs includes images of gay and interracial couples, handicapped executives, minority doctors and elderly athletes. Observers say these images, dubbed "real-life" photography, offer a non-stereotypical view of life throughout America. The diversity has increased in direct proportion to the company's profitability. Sales have more than quadrupled from $7 million in 1990 to about $35 million last year, according to Roberts.

Clients include the Ad Council which launched the successful "Stop The Hate" campaign in New York with the help of real-life photographs from FPG. The pictures depicted children of various races living and playing together and urged adults to be like these children. The company's all-time best selling photo is an image of an elderly couple sitting in beach chairs. The photo has been sold over 300 times to companies including Time Inc., Conrail and J.C. Penney bringing in more than $150,000.

Just a few years ago, you wouldn't see commercials for condoms or Monistat, or the other kinds of things you're seeing now," says Kevin Tedesco, a spokesman for N.W. Ayer & Partners, an ad agency in Manhattan. "Society as a whole is more open to diverse images and information. The culture is changing."

Besides the demographic earthquake, FPG is at the center of a seismic shift in imaging technology. Photos can be scanned by computer and stored electronically, allowing clients greater access to the company's inventory through on-line services. Staff and clients can access two compact discs storing 6,000 photos each, the equivalent of several catalogs, in half the time it would take manually.

However, even as the new technology makes it easier to store and access images, it also poses copyright problems. Scanners and sophisticated color copiers make it possible to duplicate almost any image and transmit it via...
phone line, satellite or computer disk.

The costs of unauthorized use of their copyrighted images has amounted to thousands in legal fees for FPG. "Half my job is lawsuits," Roberts says.

One lawsuit involved a photograph used without permission by Newsday in November, 1993. FPG accused Newsday of electronically duplicating, from a photo directory, without authorization, a special effects photograph by James Porto, in order to illustrate a story about virtual reality.

In a press release from FPG, Roberts is quoted as saying, "The idea that millions of published photographs—printed in copyrighted periodicals—may be free for the picking by anyone using a scanner, is a terribly unsettling concept to us, one we believe needed testing in the courts." The suit was settled out of court for a payment of $20,000 and legal fees.

Bruce Keller, a partner with the Manhattan law firm of Debevoise & Plimpton which represented Newsday, says the lawsuit "had very little to do with digital scanning technology." He adds that, "The issues were basic fundamental copyright issues that could have come up if digital scanners were used or paste and scissors were used."

Nevertheless, some observers say the case showed how easy it is to reproduce and alter copyrighted images. "The industry has to establish legal and ethical codes concerning copyrights," says Charles Trauv, director of the Masters in Photography program at the School of Visual Arts in Manhattan.

Trauv says there is presently no technological remedy to inhibit the physical scanning of a photograph, but says, "there are means to encode images and lots of people are working on that now."

FPG has a bounty program in which it will pay 10 percent of a resulting settlement to anyone who finds one of their photographs illegally used. "We generally find one or two a day," Roberts says. "It's been very successful." When used legally, FPG's images are generally less expensive than the cost of a lawsuit. The cost to clients is mainly determined by how many people will potentially see the photo. Fees range from $300 for a photo to be used on the cover of a pamphlet to $30,000 for a billboard in Times Square.

FPG was founded 60 years ago by photographer and magazine editor, Arthur Brackman. It began as a small group of photographers but quickly became a fledgling stock photo agency, acting as a catalyst between its members, publicists and advertisers. Brackman, who died in 1982, is survived by his wife Selma Brackman, vice-chairman of FPG and two daughters, FPG chairwoman Jessica Brackman and her older sister, Rebecca Brackman, vice-president.

The Brackmans corresponded with several women's groups to find someone to fill the position of chief operating officer in 1990. Roberts was coming off a failed entrepreneurial venture and the presidency of Pryor Catalogs when she answered the Brackmans' call and was hired. Six months later, she was named president of the 100 percent woman-owned company.

Roberts says her move into the executive ranks at FPG was easy compared to her tenure on Wall Street.

In 1967, just out of Goucher College in Baltimore with an economics degree, she landed a job as a researcher and financial writer with Blyth Eastman Dillon & Company (which has since been acquired by Paine Webber). She later moved into marketing and senior management with Dean Witter.

Roberts says she encountered sexism several times during her years on Wall Street. For example one executive, whom she wouldn't name, told her he would not recommend her for a position as vice-president because she was a woman. Nevertheless, she would later become a senior vice-president at Dean Witter and a member of the firm's board of directors. But even then, she felt her chances for advancing to the executive committee were slim. She thought hard and on a Monday morning, ended her 18-year career. "Being a woman on Wall Street was not always fun," Roberts says, insisting the experience did not leave her bitter. "I try to run FPG diametrically opposed to the experiences I had personally on Wall Street."

And she does. The diversity within FPG's offices, mirrors that of its real-life photo archives. Besides the company's efforts to recruit more minority photographers, 60 percent of FPG's employees and executives are women. Some may say that this is Roberts's own brand of affirmative action, but she would beg to differ.

"We really pride ourselves at FPG that the culture here is 100 percent merit," says Roberts "That it does not make any difference who you are, whether you are a man or woman, gay or straight, Vietnamese or American, Caribbean black or American black, Latino, if you have one arm or if you are blind, absolutely nothing matters as long as you do your job well."

And by all accounts so far, Roberts has done hers very well.

—Dwight R. Worley
The Hipper Face of Cable Television

The huge frame, bearing Bob Marley’s likeness, hanging in front of Doug Herzog’s office could be considered a signpost for the unexpected. Then you see the oversized slinky and the velvet painting of Frank Sinatra inside and you realize this is no ordinary network CEO.

Comedy Central is poised to be the next gotta see, gotta have network and Doug Herzog is the man who will lead us into a 500 channel universe,” says Laura Nelson, the station’s corporate affairs and publicity director.

The 34 year-old self described TV junkie and reggae fan is now the president and CEO of Comedy Central, a direct result of the 1991 merger between HA! and the Comedy Channel. With moderate success compared to sister stations MTV, Nickleodeon and HBO, the powers that be at Viacom and Time Warner Entertainment have placed Herzog at the helm of Comedy Central. Replacing Bob Kreek this past July, Herzog now faces the daunting responsibility of creating a new Golden Age of television comedy.

Herzog is an 11 year veteran of MTV, where he was executive vice president of programming and production. He supervised MTV News, specials, original programming, and production groups. Under Herzog’s guidance, MTV developed innovative programs and franchises including The MTV Video Music Awards, The MTV Movie Awards, The Real World, MTV Unplugged and Remote Control.

The challenge with branded networks such as MTV or Comedy Central is in developing original programming without straying from your niche. This is a lesson that American Movie Classics learned in 1988, when the network premiered The Critics Corner, a series in which film critics reviewed classic films. Viewers grew to despise the series. Tuning in to relive Hollywood’s glory days, viewers did not care for the opinions of critics with regard to cherished films.

“The way we’re going to get there is programming. That will affect everything that we do. I want to make it more interesting, more topical, more current, more urgent and more plugged in on a day-to-day basis,” says Herzog in Cable Vision. Herzog has reshaped the network’s programming department, hiring several former MTV associates including Eileen Katz as senior vice president of programming. While the network continues it’s programming overhaul, it will have to rely on its irreverent “Indecision.
96 political coverage led by Dennis Miller. Politically Incorrect (described by its creator as McLaughlin Group on and talk show and set to move to ABC's late night schedule in 1997), the hit animated series Dr. Katz, reruns of HBO's Dream on and Fox's Ben Stiller Show, It's Garry Shandling's Show, The Tracy Ullman Show and Comedy Product hosted by Janeane Garofalo.

Although the Emmy award winning British hit series Absolutely Fabulous has received rave reviews, its fate remains in question. This is probably due to the network's largely male audience.

With almost one year on the job, Herzog has made at least one questionable call. Comedy Central was flooded with mail from irate Mystery Science Theater 3000 fans at the news of the staple program's imminent cancellation. The misconception that the show was being canceled (six new episodes along with reruns were slated to air) drew ire from the fans and earned the network unwanted negative publicity.

Among the new series currently under development for Comedy Central are The Network, a weekly half-hour series which parodies the behind-the-scenes workings of a fictional television network and a daily news show and a nightly half-hour series with a comedic spin on social commentary.

Comedy Central has also made ventures into publishing and cyberspace. Spoofing an institution, the network has published Sports Immolated: The Swimsuit Parody—Baking in the Big Apple. The magazine is a bizarre look at the world of modeling through the twisted vision of Comedy Central.

There will also be a special page on the Comedy Central Web site (http://www.comcentral.com) and the Boulevard site (http://www.berkley.com) devoted to outtakes and other unprintables from the magazine.

With a few years of moderate success under its belt, Comedy Central along with many other cable networks, is ready to focus itself towards a vision of entertainment and recognition in all forms of media.

—Rafael Garcia
In the sum, the nine articles in this year’s Inside/Out read as one long article—a rich narrative about coping on ground level in New York City. Personal decisions, intimate thoughts and actions, attitudes and reactions to attitudes are the grist of this issue’s Inside/Out. Only by coming to grips with the amazing diversity, in all its meanings, of this city can we settle down to the business of living here, of contributing to its economy and of excelling here. Hence, writer Marjorie Valle attempts to come to terms with her Haitian heritage in “Where Are You From?” and Robert Warren reflects on the economic abyss between elevator operators and residents in a luxury apartment building.

Wendy Hong, meanwhile, tries to fathom in “Figuring Times Square” the endurance of one of this city’s most notorious neighborhoods.

Living in New York means making decisions about one’s life as well as about the city itself. In her article, “The Right One,” Allison Marx provides a glimpse of a very personal decision she made in a style befitting to New Yorkers. Donald Kingston shares his views towards giving to the increasing numbers of homeless people and Linda Ferrara explains how she made a personal decision about drinking alcoholic beverages. On a different level, Mirlende Jean-Gilles reflects on how Afro-American attitudes towards hair style relates to feelings of personal freedom.

In the end, we all try to lead lives that we think will make our lives more meaningful in this complex environment. If we succeed in that ambition, we have triumphed. These articles attest to valiant effort in personal choice and thought, the necessary step towards becoming master of one’s life.

—Christopher Hallowell

A few years ago a friend told me that his parents were treating their Taiwanese house guest to something very special on his last day in New York. They were going to give him a tour of Times Square highlighted by viewing an X-rated film. I was young (around 16) and innocent at the time, and the idea of a decent, hard-working middle-class couple showing a visitor one of the sleaziest neighborhoods of New York struck me as truly strange. My friend explained that the peep shows and X-rated theaters of Times Square were just as representative of New York City as the Statue of Liberty or a Broadway show.

During the following years, our conversation kept resurfacing in my mind like the memory of some childhood embarrassment that just won’t go away. A couple of months ago, I passed through those streets on my way to a night club with some friends, and sure enough, the same memory came back to me accompanied by those questions which have lingered on my mind ever since that day: “What is the attraction of this place? Is it merely sex?” The underside of Times Square is not only a purgatory where junkies, runaways and hookers gather and wait for death to
snatch them up; it is also a haven for a
diverse clientele ranging from Wall
Street gray-suits to Japanese tourists
with high-tech cameras wrapped around
their necks.

What does this neighborhood offer
which makes so many people so eager to
flock to these seemingly identical X-
rated video shops and dingy theaters? I
suppose having a girl shake her “goods”
in front of you and offering her body at
the mere mention of money could be
considered as an ego-booster, if one is
that self-deceitful. And I suppose viewing
a hard-to-find video of a favorite
porn-star for as little as a quarter could
be an exhilarating experience, for a 17-
year-old.

But what about all those who are
excluded from these circumstances?
What about the family man? Does the
thought even flash through his mind
that his little daughter or son might
someday end up on the same stage he is
currently staring at, stripping for a dol-
ar? I suppose many men go to these
places to forget it all. But how can
somebody forget anything when sur-
rounded by such filth? I guess the ques-
tion really comes down to what gives
people a thrill. Obviously, if no one was
getting what they wanted, then this red-
light district would have shut down a
long time ago.

My fascination with this neighbor-
hood has tempted me to waltz into one
of these places and see for myself what
makes them such magnets to so many.
My courage has yet to surpass my
curiosity, however. Besides, I was
warned that not only would it be diffi-
cult to get into these dark palaces of sin,
but if I were to be able to, I’d make all
the men very uncomfortable doing
whatever they were doing. So, it appears
to me that these men are searching for
their respective “forbidden fruit” in a
very old and exclusive club built into the
dark corners of Times Square.

Sometimes I think that this part of
New York will always remain a mystery
to me. Even if I were to cruise all the
shops and theaters, I still wouldn’t
understand their appeal. When I look at
the endless neon signs advertising their
triple x-rated films and live nude girls, I
always think of musicals flashing their
Broadway marquees over the fixed
image of Times Square. But that
imagery usually signifies the success of
an up- and-coming performer or perfor-
ance. What do the neon signs of 42nd
Street represent—some ruined life,
some lost dream? It’s scary to stop and
think about it. I suppose no one really
ever knows. That’s why there’s always
that special hustle and bustle in this area
which reminds me of New Orleans’s
Bourbon Street, only on a much larger
scale. Everybody just goes about doing
their own business—getting what they
want and hurrying out of there in case
someone familiar should spot them.

So every now and then, when I think
back on that conversation with my
friend, I smirk to myself, shake my head,
and wonder if anyone can really explain
the duality which characterizes this
place—the curiosity which it evokes in
tourists and the desire felt by those lone-
ly people who buy compassion from
strangers. The pain and humiliation of
runaways who have to sell their bodies
to stay alive is always accompanied by
the pleasure of a customer’s cheap thrill.
This is New York’s own version of the
nitty-gritty real world without the
expensive veneer that shields most of us
from the glare of basic human nature.

Wendy (Wei) Hong

Harlem

I was born in Harlem. My family and
I lived in a brownstone located on
West 123rd Street. We later moved
to another brownstone located fur-
ther west on 123rd Street. Later, I
lived in the Bronx and then in Queens.
But now I am back in Harlem, on West
124th Street and St. Nicholas Avenue.
I’m quite content; I’m home.

Reflecting back on my childhood in
Harlem, I have fond memories. I hear
laughter, the laughter of children on a
Saturday afternoon. As I look down at
my hands to see if my fingers are on the
computer’s home keys, I remember lit-
tle hands that were enriched by eight
silver colored rings won at the 125th
Street Penny Arcade where I played
Skee Ball.

I enjoy taking this trip back into yest-
year. There’s a girlish smile on my
face. I’ve just crossed my legs. My foot
swings back and forth. I’m reminded of
my bare feet resting on a stool while my
shoes are being repaired at the 125th
Street Shoe Repair Shop, right next to
the penny arcade. I’ve yet to see a shoe
repair shop that had as many booths as
this one—at least 20.

When I outgrew the penny arcade, I
sought entertainment at the movie-
houses on 125th Street. I first learned what
rated R means at the RKO, Renegade,
Loews and the West End. When I was
allowed to date, I was escorted to the
world famous Apollo Theater.

Released from a curfew, I ventured
into places that were made famous by
basketball and baseball greats, blues and
ejazz artists, and big time hustlers.
Small’s Paradise, once owned by New
York Knicks’ Walt Frazier, was one.
Campinella’s, then a liquor store, used
to belong to baseball star Roy
Campinella. The Baby Grand, named
for its baby grand piano shaped bar,
boasted customers like Nickie Barnes
(the drug hustler of Harlem and some-
times called the Black Al Capone). Yes,
I stopped by the Cotton Club, sipped at
the Top Club, stomped at the
Renaissance, dined at Sylvia’s, and
watched two of my girlfriends get bap-
tized at Abyssinian Baptist Church.

As I reread the above, I’m also sadly
reminded of the embarrassment I used
to feel when former co-workers asked
me where I lived. I’d faintly say,
“Uptown.” They’d ask me again.
Slightly louder I’d say, “Uptown.”
“Uptown where?” they’d ask. When I’d answer, “Harlem,” my inquisitors would back off. It was as though they regarded me as an untouchable. They asked no more questions and said nothing else to me.

Surely, I thought to myself, I couldn’t go around being ashamed of where I live. How could I handle this? The answer was to do what I do in most situations. If I see something good, I look for the bad. If I see something bad, I look for the good.

So I had to remember the substance that made Harlem monumental: the Harlem Renaissance, the Apollo Theatre, the Cotton Club, the headquarters of the NAACP, the Harlem Globetrotters, Freedom National Bank—the nation’s first Negro-owned and run bank, and Carver Federal Savings Bank. This institution gave Ossie Davis and Ruby Dee their first home mortgage. The actors are still depositors.

As for my own memorials, I’ve been in the presence of Jesse Jackson and danced to his theme song “Ain’t No Stopping Us Now,” enraptured by the fact that he was the first black man to run for president. And when Nelson Mandela appeared a decade and a half later, I stood directly in front in him with my fist thrust in the air and yelled “No Justice, No Peace.” During the Rodney King incident, I stood outside of 125th Street stores yelling “Shut ‘Em Down, Shut ‘Em Down,” until the shop owners closed their doors.

I live in a building which is also rich with history. Its tenants were boxer Sugar Ray Robinson and “Cookie,” a tap dancer with a group called the Copestetics. Currently, Birdie Johnson lives in my building. She’s 92-years-old. She and five other dancers were the first black females to dance in the Apollo Theater. Adam Clayton Powell’s first wife, Mrs. Sylvia Powell, also lives in my building. She too is over 90.

These things I’ve witnessed, know about, and taken part in. I’m proud that I live in Harlem. I’m proud that it’s my home. Now, when asked where do I live, I lift my head, stick out my chest and say, “I live in Harlem.”

Joyce DeShazo

To Give Or Not To Give

ike a cat, he approached me from the rear. Like the wind, he whispered his request in my ear: “A nickel, a dime, sir?” Standing on the 116th Street subway platform at 9:30 at night, it was the first time that I can recall being approached from the rear. I did not sense his presence.

Without lifting my head from my book, I responded with an unconditional “No.” Without protest he continued on his way. I remember being aware that he did not possess the usual stench associated with the homeless. However, that thought was dismissed when his smell also came to me. It was as though his smell knew the importance of his mission and did not want to compromise him in any way. Therefore, it stood back and waited for the eventual success or failure of its master.

The attention I had given my novel wavered over to my intruder. He walked toward the end of the platform, his gaze fixed on the tracks, his mission of attaining riches from me having shifted to the treasures he hoped were hidden between the rails. Something caught his eye, and without a care for his safety, he leaped onto the tracks to retrieve the fruits of his efforts.
After returning to the platform, he remained headed in the same direction, still intent on the tracks. The ease with which he entered and left the tracks said he had done this many times before. He possessed a strong walk. There did not seem to be anything physically wrong with him. So I saw no reason why he had to beg.

I have seen the homeless every day of my life since living in New York City. I have been plagued by the homeless everyday since I have lived in New York City. Some I have given a "donation" to, others I have not, depending upon my mood. I have never felt that I was obligated to give away money I worked to attain. Rather, I have given for the sake of giving. Other than helping those less fortunate than myself as my moral directive, and also the belief that God rewards those who give to others, I have not felt an obligation to give to anyone out of the kindness of my heart.

Quite honestly, I always believed the homeless to be homeless because they found that state to be easier to accept than one of paying bills and dealing with ever-mounting stress. Of course I now realize that there are some homeless individuals who do not fit my definition. The "a nickel, a dime sir?" man did not.

After he reached the end of the platform, he turned and came back in my direction. It was the first time since our encounter that I had seen his face. He appeared to be in his lower to mid-twenties. As he drew closer, it became evident that he was not "all there"—for lack of a more sensitive description. He seemed to be suffering from some form of mental illness. It was then that I realized that he had no control over his current situation. He was not the type of homeless person I was used to seeing. I could not directly blame him for his situation. He appeared lost and confused. Momentarily, I wanted to take care of this child.

Why had I refused him so quickly? He was completely unaware of my internal struggle. Had I not looked up, he would have remained just another voice asking for money. I couldn’t take care of him, but could, at the least, grant him his wish. I fished into my pocket and retrieved a nickel, a dime and a quarter. God knows that this could not solve his problem, but it stifled my guilt.

It is my belief that we give because it is the “right thing to do.” As children we are brought up with the teaching that it is good to give to those less fortunate than ourselves. This belief is both morally and religiously driven with the latter possessing the greater influence. It leaves one wondering whether or not kindness is an innate or learned trait. The “a nickel, a dime, sir” man offered me an answer to this dilemma.

The fact that I said “No” initially meant that I made a conscious decision not to follow my teachings. However, when I observed this individual whom I saw as less fortunate than I, the least I could do was to satisfy his request. This was thus an innate reaction.

I am not going to volunteer at homeless shelters. I am not about to feed the homeless on the street. I am not going to give money to anyone who extends a hand for five cents. I will give, however, to those whom I believe have no control over their situation and not simply for the benefit of my soul. I will no longer give just for the sake of giving. At some place or time in our lives, we stop being robots, and our conscious minds take control. For some this occurs early in life, for others late in life, and sadly for some, never.

Donald Kingston

The Right One

I was sitting in a bar one Sunday when the bartender walked up and said “Hi, Allison. Hi Mike,” (to this guy sitting caddy corner from me at the bar). “Allison, Mike. Mike, Allison.” We were properly introduced. He asked me to watch his bike while he went downstairs to the bathroom.

We talked and then we stopped talking. He was staring at me and not saying a word. I stared back. Was this guy weird or, dare I say, deep? I thought about staring contests from when I was a little kid, and tried not to giggle. Did this mean he liked me or was I reading too much into his lack of conversation? I have to say it was a unique approach. He leaned over and kissed me. I said
“Want to go?”

I’ve thought long and hard about those words. They make me sound rather easy, but the truth is I haven’t a clue where they came from. It isn’t that I don’t sleep with men on the first date, when people ask “How did you know he was the one?” then I think, I knew because I said that. Actually, I didn’t have a clue at the time.

I just went to work and vowed not to obsess. I think I believed myself this time. I thought, “They never call so why not write him off now and get on with my life.” It sounded like a very sane plan at the time.

But even during those few days, there were signs that this man was different. He let me pay for myself when we went out to dinner. No fuss, no argument; he just let me pay. That was a first for me. We sat on my couch doing a crossword puzzle, and he rubbed my feet when I got home from waitressing; afterwards he fell asleep in my arms.

And I was different, too. I didn’t order salad at dinner, or say, “I’m really not that hungry.” I ordered linguine with clam sauce. Not the most ladylike food in the world.

After three days he left. Please let me not think about this man.

The next weekend he called. He got my answering machine, but he didn’t leave a number. What did that mean? I did know his last name from when the doorman had buzzed him up to my apartment, so I called information. At his home a machine gave me another number where he could be reached. I called that number. It could have been his girlfriend’s house for all I knew. Not only was I not sitting home by the phone, I was calling him.

On our next date I laid down the law and law went like this: “For as long as you want to continue seeing me, you don’t have to call, but when you decide you’ve had enough then you have to call and let me know so I won’t ever have to be sitting waiting by the phone wondering if you’re going to call.” This was the first time I had ever used “the law.”

I was so casual about this relationship. I kept waiting for it to end. We even joked about it. When I saw him scrapping butter from the top of the stick, instead of cutting off a pat, I told him that was it. This would be what
would break us up. One day I just wouldn't be able to take it. He said my bed filled with eight pillows and four blankets would smother him to death before I got the chance. Well, if it wasn't grounds for divorce, it was grounds for a pillow fight.

One weekend he arrived at my house looking not so happy. I braved asking him whether he was sick of seeing me. I'm enough of an egotistical pessimist that at the time I thought it had to be something I had done. As the question came from my mouth, I thought: "This is it. He's going to say he doesn't want to see me anymore, but I would rather hear him say it." (Remember, the law.)

He said he was feeling drained and trapped spending every minute together. I told him to go home, thinking I would never see him again. Why didn't I keep my mouth shut? Basically I was shaking in my boots in the fear that the inevitable end had arrived. He was back the next weekend.

Friends have always said, "The minute you stop wanting it so badly it will happen." I always said, "Easier said than done." My friends were so good at dating, falling in love, getting the guy, so to speak. Me, I never was. One friend told me that she thought getting boyfriends was a talent like playing the piano. It was a talent I didn't have. I remember my journal entries after she told me that. I was devastated. I believed I had been told I would never get the chance to love and be loved.

I watched and wondered how other people did it. Now people look at me, madly in love, and they ask how I did it. I tell people that when you can't explain your behavior, when the old dating habits are broken without your even having tried to change them, then this is the one. And when you think of all the people who date all the time and fall in love every other week, remember, you only have to get this right once.

Happy anniversary, honey. We never did get the chance to thank that bartender who introduced us.

Allison Marx

Elevator Men

They're all bastards," Bob Muller once said of the tenants at One Beekman Place. Not knowing them as people, I couldn't say whether Muller was being fair. But being human, and not born into money, part of me had to agree with him. Although I never heard the bastards talk down to me or any of the other guys, the bottom line was that they were millionaires and we were the doormen, elevator operators, and porters who serviced them.

It's easy to resent these bastards. They are shielded from reality, their lives structured such that they scarcely need to leave the building, which has a gym and a swimming pool in the basement. Though they live in Manhattan, crime is not a big issue for them. A private security force patrols their block and a walkie-talkie line connects the lobby directly to the 17th Precinct.

The apartments they live in are huge, with each room bigger than the entire residence of most New Yorkers. Sometimes I'd see the inside of one when an occupant wanted some bags carried or when a maid needed help moving furniture. Their groceries are delivered to them and they have limos with chauffeurs who wait on call for the doorman to whistle, signaling that the bastard's on the way down and it's time to pull the car up. When they do their own driving, they park in the garage beneath the building instead of having to hunt for a parking spot on the congested streets of the Upper East Side, like the building employees with cars have to.

I didn't know Muller that well. He worked 8:00 to 4:00 and I worked 4:00 to 12:00. We only exchanged small talk in the locker room when he was changing to go home and I was putting my uniform on to start work. He was in his 30s and I could only assume that this was what he aspired to be when he was younger: being an elevator operator, having to stand up when a tenant entered the lobby, seeing them with their chauffeurs, maids and all their money, and being stuck in the same job with no chance of ever approaching a level of income that would afford him the same standard of living.

Granted, the job is an easy one, not nearly worth the $12 an hour or so that it paid. The majority of your time is spent sitting around and bullshitting with other guys on your shift. What little work there is to do, such as pulling a lever of the elevator or opening a car door, requires a minimum amount of mental and physical exertion. There's no room for advancement, however. The guy who's been here 30 years does not hold a higher position than the one who started last week.

I was only working there for the summer, filling in for the regulars on vacation. For a student between semesters at college, it's a great job compared to other no-skill jobs like McDonald's. Living at home and having relatively few expenses, the $360 I cleared each week was a lot of money. But what made the job bearable for me was knowing that I'd be returning to school at the end of August, still with a chance of doing a little more with my life than Muller, and still, at 19, with a remote chance of becoming a bastard.

Even though there are a lot of jobs that require more work and pay less, I felt bad for the full-timers. They seemed happy with what they were doing, and perhaps realized that they were overpaid. But I wondered how they could stand having this job for ten or twenty years while being exposed to the bastards and seeing what it's like to have money.
How Do You Love A Black Woman?

ow do you love a black woman?” the radio asked me. Easily, I answered. I respect my mother because she carried and delivered me. I rejoice in my only sister who stands by me in times of trouble, and I embrace my female friends who are like my sisters because they give me comfort. The radio advertised for a new musical and then asked again: “How do you love a black woman?” I knew the question was not for me so I turned to my baby’s father laying next to me and asked him “Well, how do you love a black woman?”

I’m still waiting for the answer.

It’s amazing how easy it is for a woman to answer such a question and how impossible it seems for a black man. For him, the question “How do you love a black woman” is not an issue. Since he’s bashing you, he thinks he’s loving you. “As long as I screw her all night, she’s happy; that is how you love a black woman,” he says. Well, if this is the answer, please show me a way out.

The relationships between black men and women have always been a difficult. Compared to typical white society it’s easy to see the difference. Despite the numbers of working women, white men are by and large still considered the head of the family, the providers. Black men have not been the same providers. They are not considered “king of the castle,” and they know this.

Resentment simmers in “the black man,” who has a strong black woman. He tells his strong woman that she is the “baddest man” he knows. Just because I work all day, go to school afterwards, and still wear the title of mother, my strength somehow becomes a weakness when dealing with my man. I am not a rarity; what I do a lot of black women do. We can have 20 children, provide for them, and still work three jobs. Through life’s obstacles we become strong. We learn in childhood never to depend on anyone, especially a black man.

Stand by your man, and learn to carry him on your shoulders. This is the motto I’ve learned; this is what I must repeat whenever shit goes wrong. A black woman must have the courage to help her man when he’s down. It sometimes seem baffling to me why black women would stand by their men, but in a society where black men are the scapegoats, it’s hard not to reach out and comfort them. They are the most unemployed, the most feared, and of a breed that is slowly fading away. How can they not be angry? Because the closest people to them are black women, it is black women who feel the brunt of their anger. It’s easy enough to walk away from your man who puts you through these trials. He cheats, he lies, and he barely spends time with you, but it becomes impossible to turn your back on him. Just as a black woman learns strength, she also learns tolerance because so much more is hidden in the black man’s psyche. We try to help them realize the great gifts that they have.

The Million Man March was one step in the direction that black women have
been trying to take their men. This was a march for black men, organized by black men to hopefully help black men. This was the opportunity for black men to heal, a time for them to stop hating and to start loving not only themselves, but also their brothers, wives, children, and lovers. Maybe this could be a time for them to learn to love their sisters, who have loved them eternally, to be able to rejoice and say “Yes, I have a strong black woman” instead of “Oh, she acts like a man.” The key is for them to discover self-love and self-worth. If you do not love yourself, how is it possible to love someone else? The answer is simple; you cannot, you will not, and you do not.

The problems in a relationship between a black man and woman cannot disappear in one march, just as self-love cannot be found in one march. This was one step in the right direction, however. At some time in the future, when we ask our man, “How do you love a black woman?” the answer will be very simple. He will simply say, “In every way possible.”

Janice Telford

Where are you from?

Where are you from? A question I have always hated. I hate this question because I am Haitian. As a group, Haitian people are the least respected group of West Indians. Even other West Indian people do not respect Haitians as much as they should. To admit I am Haitian is to open myself up to the stereotypes that come along with being Haitian.

“Where are you from?” I am from Haiti, I answered a classmate. She responded by saying “Oh your people love to wear such bright colors.” I was stunned by this comment, all I could do was smile. I did not want to get upset. It seems like people think that the way Haitians dress is a big joke. The image that comes to mind, is of a woman in a bright, flower printed dress, thick white tube socks and shoes. My friends and I used to call these women “coconuts” or “just comes.” Just comes are people who have just arrived in the United States. I tried so hard to dress like an American. My mother, on the other hand, wanted to put colorful ribbons and bows in my hair. As I protested, she would tell me that the colors helped to make me look brighter and beautiful. Now that I think about it the whole colorful aspect of our clothes is a part of our African culture. Early on in my life, and still to this day, I avoid bright colors and loud floral prints. I refuse to live up to the stereotype in the minds of some people. But, by doing this I am rejecting my culture. So now, I wear colorful socks to stay in touch with my culture.

“Where are you from?” I am from Haiti. “Oh you do not look like a Haitian.” I do not understand, what am I supposed to look like? I come from an island that is populated by people of African descent, and that is what my features represent. I might not have the stereotypical full lips and wide mouth, but I am 100 percent Haitian. My boyfriend, John, on the other hand, thinks that all Haitians have very high and profound cheek bones. When he sees a person with high cheek bones he thinks that person is Haitian. Sorry, but not to bust his bubble, but if he took a closer look at my mother, her cheek bones are not high or profound. And yes, she is Haitian.

“Where are you from?” Does you family practice voodoo? Yes, voodoo is a big part of the Haitian culture. Yes, many Haitians are Christian and practice voodoo, and there are Haitian Christians who do not practice it. For my immediate family the answer to the question is no. But, other people in my family do practice voodoo. My only memory of a family member partaking in voodoo, is an aunt trying to give a gift to her spirit, so she could make more money. I can remember, while this was happening, my mother grabbing me and dragging me away from my aunts house. Voodoo goes hand and hand with the Haitian culture. Voodoo is a piece of our African culture, it has stayed with us long after we came off the slave ships.

Haitians are stereotyped in every way possible. I remember while watching the movie, The Serpent and the Rainbow, thinking how could they portray my people in such a negative image. Haitians were shown as being backwards, as if we have not moved into the 21st century. Times have changed, many homes have running water, people wear designer clothing and we are very literate. Even though the encyclopedia does not mention any of this.

I have learned to get over the typical stereotypes placed upon Haitians. I came to the realization that the only thing I can be is Haitian. Early on in my life I attempted to hide my Haitian identity by pretending to be a typical African-American girl. But, it is hard to be a regular African-American girl when your mother answers the phone with a very thick Haitian accent. It is even harder when friends come over and there is a group of my father’s friends holding a conversation in loud broken English and Creole. So, I have come to the simple fact that due to my background and culture the only thing I can be is Haitian.

The dream of being the regular African-American girl has vanished. The best thing I could do is take pride in who I am, a Haitian woman. Now I just blend both cultures, actually I try to assimilate American culture into my Haitian one. Now the question, “Where are you from?” does not bother me. I just go with the flow of the conversation, by answering “Haiti.” Then I just smile because being Haitian is something to be proud of.

Marjorie Valle
Black Hair

I think our love/hate relationship with our hair began in the bowels of slave ships. Our hair became the perfect way to hurt us, especially for ill slaves or for healthy ones who just could not take it anymore. White fingers would dig into our wholly hair, which offered a firm grip, and we were dragged off.

For African women our once beautiful locks became a source of torture. The white men who used to slither into the slave quarters to rape the women dug their pale hands into our braids, to insure that we would stay still. Then these men proceeded to do whatever their vile hearts desired. What once was a source of so much beauty—adorned with beads, jewels and flowers—had now turned into a physical and emotional burden. We were being smacked in the face with our hair. We really could not cut our hair too short because our hair protected our scalps from the sweltering sun and the freezing cold.

African slave children began seeing that the mulatto children with the straighter or curlier hair were treated differently, better. They got the easier jobs; they were allowed to work closer to “ massa,” thus making them the privileged class. Also, the oily slickness of mulatto hair made it much harder to hold on to. Alabaster fingers raked through it and slipped out, so it could not be used as an instrument of torture. This began our feeling that our hair was ugly. When you really wanted to insult someone, you talked about how “nappy” their hair was or how “kinky” their momma’s hair was. If day after day a part of me became a primary source of torture, I would grow to hate and despise it, also.

The slaves were given the discarded combs of the Europeans as “gifts.” This was a cruel joke to say the least. Our hair used to leave the combs with wide toothless grins. Our textured hair was not made to go through the teeth of combs. Breaking the teeth of combs became another source of humiliation for us. We are still trying to fit our hair through these fine-tooth combs. They hurt and cause massive pain and damage.

Madame C.J. Walker, a fabulous entrepreneur and the first black woman to become a millionaire, profited from our misery and insecurities. She patented the straightening comb, made of iron that could be put over an open flame, heated to scorching, and run through the hair slowly. She changed the dimension of black hair forever. Our hair could finally fit through the fine tooth comb!

Then came the barrage of miracle products that promised to give us silky soft or cornsilk-like hair, hair that blew in the wind. Actually, they had an adverse effect, causing blindness and baldness. These “conks” and relaxers, came in a thick foul-smelling cream, which was applied to the hair then washed out. Whatever ingredients they contained, they had the power to eat through hair, leaving massive pus-filled sores all over the scalp.

We didn’t see our real hair until the late ’60s and ’70s when the “Black Power” and “Black is Beautiful” movement began. Blacks allowed their relaxed hair to disintegrate and let nature take her course. What emerged were Afro’s, massive Afro’s that stood proudly erect and defiant. They grew out of our heads with a growth rate that we had never before experienced. We were so beautiful, we were like black angels with our “fros, halos.” We represented a rebellion, a defiance to the Eurocentric concept of beauty. We defined ourselves as our ancestors had. Women began weaving beads into their tresses, they braided and plaited their hair. We were “nappy and happy,” we were walking confidently through the streets with picks tucked into our hair.

Then tragedy struck in the form of jheri curls and other smelly concoctions that tamed our hair and forced it into submission. Today, like the 70’s, we see a re-emergence of black pride and identity as black women tire of burning their scalps. We again feel it necessary to develop our own concept of beauty, one that reflects the many different faces that black people wear. Maybe the black concept of beauty will catch on and we won’t feel that our hair needs to lie flat and play dead. Our hair is indignant; it scoffs at the strongest of lies, defiant against all chemicals and continuing to grow nappy. The lie might relax it for about a month, but after that time a whole new crop of hair peaks through the slickness.

Yet we continue to hold on to old definitions of beauty. We still catagorize hair as “good” and “bad.” Good hair is hair that lies naturally flat naturally or curls or that is long. Bad hair is either tightly kinked against the scalp or sticks straight up into the air. As long as we continue to define ourselves by the texture and length of our hair, we will remain like puppies chasing their tails. Our children will be ridiculed for having “nappy” hair. The “momma jokes” will continue insult my mother. Until we can shake off the hair raising nightmare that slavery created, we will continue to hate ourselves....Naturally.

Mirlande Jean-Gilles

Just Have One

Come on, just have one. “That’s what I hear when I refuse an alcoholic beverage. In a social situation, I am constantly criticized for not drinking. People frown when I ask for a non-alcoholic strawberry daiquiri. What is it with these people? Why do I need to drink in
order to make them feel comfortable. I guess they feel that if they get drunk and act stupid, there's a sober person in the room who will remember.

I don't have a drinking problem. I chose not to drink. I decided to stop drinking three years ago mainly because of a family history of alcoholism. I felt that I could develop a problem. I had my share of alcohol growing up. In my neighborhood it was the thing to do.

I started drinking with my girlfriends when I was 14. We would buy a quart of Budweiser and drink it with a straw. Once when it was cold outside, we hung out the lobby of an apartment building and drank our beer. A tenant called the police. We were surprised when a bright flashlight shone on our faces and an officer asked what we were doing. Luckily, he didn't arrest us or take us home to our parents. He told us to dump the beer and leave the premises.

In other neighborhoods, kids graduated from high school and headed to college. Not in my neighborhood. After graduation or even sometimes before, kids I knew headed for the neighborhood bars. Every weekend we hung out and spent all our money. After graduation, most of the young women got secretarial jobs and the men, union jobs. If anyone was a college student, we weren't aware of it. No one I know from my neighborhood has become a doctor or a lawyer. It's sad when you think that there may have been a good doctor or a good lawyer in the bunch but we'll never know.

I don't condemn drinking but you can see that in my neighborhood, it got in the way of many lives. If one was to take a tally of all the alcoholics and recovering alcoholics in my neighborhood, the statistics would be alarming. I know half a dozen guys and two young women who had to go away to rehab. One guy who drank morning, noon, and night is dying now because his liver has failed and he needs a transplant.

My brother had to go away to rehab.

He was a victim of his environment. He started out drinking with his friends.

Then he went to smoking pot, then tripping on mescaline and flying on acid. Luckily, his story has a good ending.

After a long battle with alcohol and drugs, he wanted help and was admitted into rehab. He has been clean for over 10 years and is now a physical therapist. My brother is considered a legend in the neighborhood because he was the first one to admit he had a problem and asked for help.

My drinking during adolescence definitely kept me from going to college. I hung out with three of my close girlfriends and we all became secretaries after high school. One girlfriend was a straight A student but she opted for a secretarial career. There is something about my neighborhood that keeps people from bettering themselves. It truly is a phenomenon.

I still hear about "Joe drinking again" or "Lisa going off the wagon" but in a positive twist, some people have straightened themselves out. Some were just caught up in the drinking while they were growing up. I think that is what happened to my girlfriends and me.

Drinking never became a real problem for us but it did stunt our growth.

I decided that drinking got in the way of my dreams. If I continued, I might have developed a serious problem. Of my three girlfriends, I am the only one who decided to go to college and will have a B.A. this year. I am proud of the fact that I returned to school. I am constantly telling my friends that it's not too late. They tell me they would love to go back, but in their 30s they feel they are too old to go back to school.

When I hear someone tell me "Come on, just have one," I think to myself how selfish this person is to tell me to have a drink just because I said I don’t drink. I don’t need to drink to feel like I’m part of the crowd or to have a good time. I’m secure enough to say “I’m doing this for me” and I’m not going to have a drink for someone else in order for them to feel comfortable.
Adult Interactivity

Nobody has ever fathomed the origins of pornography. Some reckon it goes back to the days of ancient Egypt, when depictions of ample bosoms and divine phallices adorned temple walls. The glories of nineteenth-century Russian erotica will loom large in the minds of others, no doubt. For most historians of porn, however, 1965 was a modern milestone, for in that year European photographer Bert Moniuszko launched his worldwide empire of decadence.

It would seem to industry watchdogs that we are on the verge of a new era. What could be new about sex? The digital age has spawned new progeny in every phylum, and the adult entertainment business is a mutation in its own right. We find the pristine compact disc leading a double life, as a late night stroll to the adult entertainment complex reveals them to be chock full of interactive sexual imagery.

Interactivity! In the futuristic thriller “Virtuosity,” starring Denzel Washington, we uncover a multi-billion dollar virtual reality engine that creates not only algorithmic mass-murderers, but also swim-suit models who answer to your every beck and call. Unfortunately, virtual reality on such a level is far from the reality of today. One must make do with titles like “Virtual Vixens” and “The Adventures of Seymour Butt.”

Caution: CD-ROM technology has yet to be fully standardized. Different discs employ different built-in operating software which in turn needs to interface with the operating software on your respective computer. Often, all that is needed is Windows or a late version of the Mac operating system, but if the disc is written for DOS, Windows may interfere with the disc’s software. Careful tuning of one’s hardware is of the essence.

While CD-ROM video is full motion, it is not high quality. It is naturally digital and suffers from the pixellated, slo-mo look that much digital video has. The resolution of the picture isn’t even close to that of VHS tape, and it’s nowhere near the clarity of cable, broadcast, laser disc or other high quality sources. Many CD-ROM manufacturers try to overcome this problem by presenting the full-motion video in a window that uses only a small portion of your monitor’s screen. This increases the apparent resolution of the image—the flaws and imperfections of the image tend to disappear as the image gets smaller—and also requires less system power to update. But it also means that you are going to be looking at a relatively tiny picture.

The more sophisticated your set-up, the more likely you will be able to run the CD-ROM smoothly, and while earlier discs were made for either Macintosh or PC, more recent titles are designed to operate in both environments.

As virtual reality and interactivity become stale buzzwords of unrealized technology, it’s always nice to know that the porn industry is blazing the trail to an interactive future with instant-classics such as “Dream Machine,” “Pink Passion” and “Cyberstrip Poker.”

Plato Rasincz

Cybercafes

As I wrap my hand around a second cup of coffee, my next stop is Russia, where I can chat with a few of my comrades. With a click of the mouse and a sip of the Java, I travel through cyberspace at warp speed. I am entering my third hour on the World Wide Web and my tab is increasing rapidly. This is a typical night in a cybercafe, a
new concept spreading across the globe.

The concept of combining a comfortable atmosphere, coffee and cyberspace is nothing new. The phenomenon grew out of the San Francisco Bay area where coffee houses and the Internet first mixed. In 1991, entrepreneur Wayne Gregorian installed coin-operated computers into more than 20 local cafes. The system, called the SF-Net, launched a bulletin board system that still thrives.

Today, more than 80 full-service cyber cafes exist throughout the world. With coffee houses across the U.S. trying to boost profits by offering the Internet to their customers, New York is riding the coattails of the trend. Since April, the Big Apple has given rise to four Internet cafes: the @Cafe, Cyber Cafe, Internet Cafe and Heroic Sandwich.

The Internet is the key ingredient to the @Cafe's success. The @Cafe, which is named for the "at" symbol used on electronic mail addresses, is a 2,500-square-foot establishment located in the heart of the East Village in Manhattan. The restaurant/bar—with a capacity for 100 people—contains 15 computer terminals, mostly Macintosh units, utilizing Netscape, a navigational software package.

"We are very excited about the business," said Justin Lackey, a manager at @Cafe. "We have many regulars and business continues to remain steady." The cafe, which opened in April of last year, continues to attract customers through advertisements in the Village Voice, The New York Press and Time Out.

For a fee of $5 per half hour, a patron can surf the Net or send electronic mail; all while sipping on cappuccino or eating sushi. "Most customers average about an hour to an hour and a half," says Lackey. Customers with their own laptops can plug into high-speed line hookups available on the tables and surf the Net at a faster rate than at home. This is an especially important feature for traveling professionals who want to check their e-mail or work in a friendly atmosphere. "Very fast, very interesting," said one regular customer as he pointed to his screen which displayed a Web site.

@Cafe provides a chance for "net heads" and beginners alike, called "newbies," to enter this new realm. Instead of just sipping a cafe latte and staring out at 8th Street through a window, customers can stare at a computer screen displaying current sports scores or reviews of recent motion pictures. To make first-time net surfers, who might be intimidated by the concept, feel more at ease, staff people walk around offering help. In addition, classes are offered on such topics as how to retrieve information from the Net and how to create Web pages.

One rival of the @Cafe is the Cyber Cafe, SoHo's first Internet cafe located on Lafayette Street, which opened on June 25, 1995. In an area of town known for art galleries and ultra sophistication, the cafe is adding a touch of technology. "Our clientele range from five years of age to eighty," says Monica Nava, an employee at the Cyber Cafe. "They are mostly an artsy crowd, but we do get parents bringing in their children to play Disney CD-ROM games."

Located just a few blocks away from the @Cafe, the Internet Cafe is also attracting Internet coffee drinkers. A smaller cafe than its competition, the Internet Cafe serves up the Net at a lower cost. For only $3 per half hour, customers can browse the Web with coffee in hand. Customers wanting Network access for more advanced applications are charged $10 an hour. A $25 membership is also offered for full access to the Net.

In addition to the terminals, Ethernet jacks—a connector to the Internet—are available at any table for laptop owners, along with printing and scanning services. The relaxed atmosphere and full coffee bar complete the experience. Cultural events are also the norm, as the cafe sponsors online art shows.

CyberCafes are expanding at a record pace; there are currently some 80 Internet cafes worldwide. Eventually, perhaps, every city around the world will have a local cybercafe, where customers can grab a hot cup of Joe and chat with a buddy thousands of miles away. The sign outside of @Cafe says it all: Food. Drink. Net.
Computer Viruses

Eliza lives in .COM and is a bit of a problem child. She regularly trashes the place and then scrawls "+ Hi! I am Eliza. Good Luck! ++" everywhere. Another of .COM's unwanted denizens is hefty Alexander, who vacations in the .EXE neighborhood and is more of a prankster, content with playing his music loud and leaving little messages.

No, Eliza and Alexander are not neighborhood bullies. They're viruses. Not biological viruses, but their cybernetic counterparts. They are members of the much publicized and often misunderstood category of computer programs collectively known as computer viruses.

According to McAfee Inc., the California-based maker of anti-virus programs, "A computer virus is a software program that attaches itself to another program in computer memory or on a disk, and spreads from one program to another. Viruses can damage data, cause computers to crash, display offending or bothersome messages, or lie dormant until such time they are set to awaken." Does this sound familiar? The computer virus bears a surprising resemblance to its biological namesake, in that it needs a host to replicate and its sole function is to propagate.

Computer viruses have three main characteristics. They can replicate themselves, run a set of instructions set by the author and they can damage parts of the computer's hardware or software. They can do almost anything a hacker desires, from erasing a file or complete hard drive, to displaying graphics and text, to replicating itself until it takes control of all the system's resources.

To do their destructive work, viruses need hosts. Hosts can be computer networks, workstations, hard drives, diskette drives or programs. A virus is spread when one host comes in contact with another. So if a computer's hard drive is infected, using a diskette on that computer will infect the diskette without the user's knowledge. Once that infected diskette is used on any other computer, the virus then infects that computer.

Computer viruses are categorized by how they infect systems. Boot viruses infect the boot sector of diskettes or hard drives. According to David B. Hull, faculty outreach specialist for the office of information technology at Pomona College, in an online paper, "Safe Hex For The Nineties," Boot viruses usually replace the boot sector with a virus program which slashes itself in memory and moves the boot sector on the disk to another location. "Often the damage is done because the boot sector is moved blindly to another disk location, over-writing whatever is resident there," he says. Well known examples of boot sector viruses are Michelangelo and Stoned.

File viruses infect executable files, usually .exe or .com files. "Usually they just append the virus code to the file; but recent versions have gotten trickier, and hide their additions. Friday the 13th loads into memory on execution of the infected file, and if the date matches Friday the 13th, deletes .exe files—often itself included!" says Hull.

Some other types include Multpartite Viruses, which infect both the boot sector and executable files; Systemic Viruses, which attack system files; Polymorphic Viruses, which attack the operating system, and Stealth viruses which hide their presence.

Getting rid of a virus is a simple task, if you have the right tools. Anti-virus programs do what biologists have yet been unable to do for humans, kill the virus. The most popular anti-virus programs currently on the market are Norton Anti-Virus, McAfee and F-Prot. Norton is available on disk for between $79 and $100, or can be downloaded for a $15 registration on as shareware, or can be free from the Net, as in the case of F-Prot.

Perhaps the most troublesome, even dangerous aspect of
a virus is the fact that users don’t know their computers are infected. There are, however, a few things to look for if you think you have a virus. According to IBM researchers Steven R. White, Jimmy Cheng and David M. Chess, the first thing to look for is unexpected things happening, missing files or files that take up an unordinary amount of space (especially executable files), unexplained decreases in memory, workstations unexpectedly rebooting when certain programs are run, unusual things appearing on displays, and programs taking longer to start or running slow.

Experts agree that the best defense against viruses is education if users know what to look for, they can quickly diagnose a problem and disinfect a viral infection. Of course, safe computer sex (software exchange) should be practiced, when using a foreign disk on your system, you should always check for viruses.

So before you insert another diskette in your computer, remember this: You’re inserting every disk that’s been in every computer your disk has been in.

Kan Chan and Rosario Mastrogiacomo

Digital Sampling

In the ‘70s, at block parties in the Bronx and Brooklyn, urban kids would play records on two turntables, find a break in the song, and cut it back and forth while someone with a microphone began rhyning over the music. In a crude form, sampling was born.

Out of the technological boom that brought us the CD player and personal computer, the digital sampler emerged, paving the way for a major component of rap composition. Sampling is the process by which musicians, record producers and recording engineers incorporate portions of existing records into new ones. Carefully selected and manipulated samples are a key ingredient for making hit records.

For some, creating music using someone else’s recordings seems to represent a lack of creativity and originality. But others, like George Clinton, leader of the group Parliament-Funkadelic and a long-time fan of sampling, say “Sampling is a legitimate art.” Clinton encourages its use, and has had his work used in an estimated 500 recordings.

“I’ve heard sampling taken to a whole other level,” exclaims Carlos Rodriguez, a rap lyricist/producer/writer, who prefers simply to be called “C.” While conceding that not everyone uses it creatively, he believes sampling, if done well, is heightened to an art form, and predicts its continued use by rap artists.

“Good producers take time to listen to the range of music to produce real harmony with samples,” he says.

The creative aspect of the debate surrounding digital sampling in rap is often eclipsed by another issue; money. And despite its humble beginnings and what critics deemed to be a fleeting, degenerate phase in music, it has grown into a mammoth money maker.

Sampling royalties for music compositions generally range from 10 to 25 percent. If an artist decides to include samples from more than one source in a recording, the clearance fees can double or triple, making them prohibitively expensive.

James Mtume, a New York-based music producer and song-writer, insists that a sampling fee of 50 percent must be met before he will grant an artist permission to sample his songs. His 1983 song “Juicy Fruit” has been sampled on numerous rap records including hits by Notorious B.I.G. and Warren G. “A few Rap artists do great things with this technology, but it does come at a price,” he says.

Some artists credited with making full use of digital sampling technology have been guilty of its abuse — releasing songs that include uncleared samples. But that is changing in light of the copyright infringement lawsuits being brought against rappers who do not get authorization before releasing a sampled recording. In 1989, the rap group De La Soul and their label Tommy Boy Records was hit with a $1.7 million lawsuit by the Turtles for unauthorized use of their 1969 hit “You Showed Me.” Artists are becoming more diligent in getting samples cleared before releasing a record because, according to entertainment lawyer, Jeffrey Light, in a Time magazine interview, “If you go to somebody after you’ve got a hit and try to cut a deal, they’re going to take you to the cleaners.”

A long way from its beginnings in the ’70s, rap and sampling have given urban artists a medium of expression not usually afforded to them. “Poor black kids rarely have access to live instruments,” says Mtume. “Sampling has provided an avenue for them to create music despite their poverty and the decline in music education in schools.”
UPDATE

MTA

New York City's Metropolitan Transit Authority is experiencing setbacks due to the new $0.25 fare increase. The first month after the raise gives evidence of the drop.

MTA reports a 10 percent drop in customers because dissatisfied patrons are not utilizing the service. "It is not unusual to see a drop in customers after any fare hike," says MTA representative Tremaine Garden. "They show their disapproval by conducting boycotts and protest." Despite the drop, Garden maintains that ridership remains close to 10,000 per month. The new $1.50 token came in November, just before the Christmas season.

"I'd rather pay the new fare than ride those dollar vans," says Diane Lowe, a 23-year-old pregnant woman. The MTA's return fare program is still in effect. It allows riders who qualify for the discount to pay a standard $1.75 for round trips.

"Dollar vans are still posing a problem but they are now handled by police," says Charles Seaton of the MTA, in reference to competition between The MTA and dollar vans for riders. Some riders remain loyal to the vans because of the stable fare. "The fare increase is too much so the vans work great for me," states Brian Greene who takes them daily.

—Francine Phillips

Board of Education

Since the appointment of Rudolph Crew as New York City Schools Chancellor in October, relations between the office and Mayor Giuliani have improved dramatically. Crew and Giuliani joined forces to push a bill which would weaken what they view as corrupt Community School Boards several of which Crew quickly moved to suspend. The bill would give the Chancellor the power to block winners of school board elections from taking office, for up to a year.

But the honeymoon may be over. In March, Crew criticized the Mayor over his proposed budget for the fiscal year 1997. The budget calls for an official reduction of $181 million, but critics point out that the loss of one-time allotments will bring the total to over $500 million. The system is also slated to lose another $450 million in state and federal funding. Faced with a possible shortfall of $1 billion, Crew warned of potential teacher layoffs.

—Kenneth Chan

Microsoft

In the middle of January, Microsoft Corp., the world's leading software company, released its long awaited second quarterly financial report revealing just how well the public accepted the overdue Windows '95 operating system.

On the positive note, the software giant reported that its fiscal second quarter net income rose about 40 percent on strong sales of Windows '95 and other software products. Microsoft claims to have sold 17 million copies of the new operating system since August '95.

But even though these financial statistics appear impressive, there are camouflaging the true story of Windows '95. The program is not exactly selling like hot-cakes, partly because the product is not at all what Microsoft had promised the eager public. According to InfoWorld Magazine's June 12 cover story, Microsoft itself admits that Windows '95 expectations were overhyped.

One major flaw was the fact that to achieve the best backward compatibility, Windows '95 retained much of the Windows 3.X and DOS 16 bitcode.

—Yury Mashkovich

Aids

New AIDS drugs that are presumed more powerful have now surfaced. The new pill 3TC which was approved in November of 1995 and produced by Glaxo Wellcome Inc., is to be used in conjunction with AZT like its predecessors DDC and DDI. Studies show that it appears to boost the immune system and lower the amounts of HIV found in the blood for six months. This therapy was found to work best in patients who never tried AZT alone.

The big news now in the fight against AIDS is the development of three new drugs Saquinavir produced by Hoffman-LaRoche, Ritonavir produced by Abbot Laboratories and Indinavir (brand name Crixivan) developed by Merck & Co. These three drugs are part of the new class called protease inhibitors, which hinder HIV differently than previous aids medicines, they block the enzyme that the virus needs to replicate. "There is a great deal of hope that we haven't seen in the for a very long time," says Timothy Rodrigues of the San Francisco AIDS foundation. The newer drugs Ritonavir and Indinavir have been shown to be stronger than Saquinavir, which has been on the market longer. These drugs have been shown to kill at least 40 percent to 98 percent of the HIV virus in blood cells for up to six months.

This group of drugs received approval from the FDA in a matter of weeks of each other between February and March of 1996. They were approved in record time for market before final testing was finished.

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