From the Editor’s Desk

No topic in the business world attracted more attention during the past year than wireless communications. In spite of all the ink spilled by experts and hacks, media specialists and hucksters over the various issues—financial, political, social and legal—stirred up by technological breakthroughs and communication mega-mergers, one thing remains clear: Nobody really knows where we’re going.

Such an issue might seem a tall order for an undergraduate business magazine, but our writers take on the challenge in their own individual ways. The result is a cover package that approaches this intricate puzzle from many angles. The issue also seems appropriate since Baruch College is about to go full speed into cyberspace with Dollars and Sense magazine launching a CD-ROM version and the opening of a new high-tech building at 151 East 25th Street this spring, fully equipped with state-of-the-art computer networks, electronic classrooms and interactive media centers, all linked by fiber-optic cable.

One of the articles in our cover package, “Cable TV’s New Frontier,” offers a technological overview of the ongoing merger-mania and its effect on the cable industry. “Mixed Signals” concentrates on how Asian governments cope with the so-called “cultural invasion” of satellite television from the West, while the legal and regulatory issues raised by this virtual terra incognita are discussed in “Telecom on The Fast Track.” The final article in our cover package brings yet another emerging giant on the superhighway—the video game industry.

In our feature section, we try to address a variety of topics affecting business and society, conveniently divided into six areas: corporate profiles, international, industry, management, society and ethics. We deem the two last categories more important than ever, especially since social policies have an ever-increasing impact on business around the globe. Capitalism might have won the Cold War but forward-looking corporations are finding that business, politics and social issues have to be confronted if we are to enter the 20th century with stable global economic growth. In our corporate section we profile two emerging giants: Snapple and Staples. The global risks and rewards of oil exploration are surveyed in “High Stakes Poker.” In our industry section, we zoom in on Scholastic Corporation, one of the nation’s largest players in children’s book publishing with “More Than Child’s Play.” However, a much grimmer side of childhood is exposed in “Fallen Through the Cracks?” in our society section.

In the departments, we take a close look at some of the more inconspicuous and indirect aspects of the business and the people behind it. While our photo essay takes a look at how new communications technology affects the life and work of people today, Cutting Edge features scientific innovations. All About tells you all the little secrets you always wanted to know about familiar products. Spotlight brings you three of the unsung heroes of business today and in Off the Beat we turn up a handful of small businesses that find their niche a little off the beaten path. Our Inside Out department differs from the rest of the magazine in that its writers reveal personal experiences providing insight into urban life and conflicts and possibilities confronting young people today.

We’d like to thank The Reuter Foundation for its generous support of the Baruch College journalism program, Dollars and Sense and the journalism lecture series. We would also like to thank them for The Reuter Travel Fund, which sends talented student journalists on international summer internships worldwide. With their assistance Baruch journalism undergraduates have gained remarkable hands-on experience around the globe.

For their vision and their faith in us, Baruch student journalists salute the Reuter Foundation.

Björg Pálsdóttir
Editor-in-Chief
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Songs from the Source

A hush falls over the capacity crowd as the music begins. It's so quiet you can hear the bartender mixing drinks. On stage, Janie Barnett plays acoustic guitar under rose-colored spotlights, singing like Joni Mitchell as five other guest artists await their turn.

Every other Monday night at the Bitter End, a Greenwich Village club, the Songwriters' Circle brings together some of New York's best local composers, taking music back to its roots—lyrics and melody. Drawing at least 100 listeners including representatives from leading record labels and publishing companies, the Circle has served the writing community as a networking base since it first hit the stage in April of 1992.

It's also popular at the box office, with guests paying a $5 cover and honoring the two drink minimum at the tables. An average tab runs $10. Ken Gorka, manager and booking agent at the Bitter End, says, "There's never been a night below average, and some nights are really good."

Tina Shafer, the Circle's coordinator and a writer herself, says the Circle offers the sort of camaraderie that is hard to find in the dog-eat-dog music business. "It's much easier to get people to come to the Circle than it is to get a song cut," says Shafer.

The performance lasts an hour—and—a-half as four or five writers line the stage in an informal, spontaneous show. Thanks to industry support and Shafer's promotional prowess, deals have been going down. Shafer, who makes sure the business knows who's playing, hand-picks the performers from an ever-widening pool of talent, including out-of-state writers. Jill Sobule, an L.A. writer, hooked up with N.Y.-based manager David Passic. Larry John McNally, whose "Nobody's Girl" can be heard on Bonnie Raitt's album Nick of Time, signed with Private Music, an L.A.-based publishing company.

Shafer has been known to contribute half the airfare of some of her traveling guests to entice hot L.A. and Nashville writers. Those unplugged shows can cost her $300 out-of-pocket, while bringing in about $400 at the door. Often the writers do the show for free, using it as exposure. "Usually you're sitting in your living room writing. It's nice to get a chance to see crowd reaction," says Peter Bliss, who lives in New York City and recently performed for the Circle with Jennifer Marks, a 21-year-old songwriter.

Quality is the hallmark of the Songwriters' Circle. Shafer and partner Kathy Beers, by day an executive in the financial world, sift through scores of tapes and take referrals. "I try to book six months apart but there are some wonderful performers I love to put in often," says Shafer. She mentions Jane Williams, a soft-spoken southerner with a folk style who snared a deal with Polygram, and David Broza, a folk superstar from Israel who is promoting his U.S. release on November Records.

With events like a Nashville night and a writer/producer night in the works, Shafer hopes to attract corporate sponsorship from publishing and record companies so she can fly in more name writers. But she doesn't want to change too much: "I think the Bitter End is great. It really lends itself to this kind of music. Publishers feel like they're finding a diamond in the rough."

Although other writers' nights have sprouted since the Circle came about, like George Wurtzbach's at the New Music Cafe and Cissy Ciero's woman's night, Shafer's Circle stands out. Part of a phenomenon racing around the country from Nashville to New York, Austin to L.A., it's bringing the bare bones acoustical sound back to music, balancing the high-tech, over-produced world of MTV, where the song gets lost in a sea of synthesized sensations.

—Valerie Black
Spiritual Barber

The Doctor, in his white coat, greets all who step inside his barber shop with a nonaggressive and subtly soothing, “How you doing, brother? You want to get a fresh one?”

Roberto B. Amoros, 30, owner of The Doctor’s Barber Shop in Corona, has established himself as the best barber in Queens. His walls are full of pictures of customers who are among rap’s elite, like Kid N’ Play, Rakim, Kool G. Rap, Salt-N-Pepa and dozens of others. He calls his happy customers “walking billboards” for his business. “I have plenty of brothers who come in and tell me that people asked where they got their haircut,” says Amoros. He offers a free haircut to any client who brings in two new customers.

You might expect to hear hip-hop, R&B or reggae music inside his shop but the Doc plays gospel music and sermons from The Bible Christian Church of East New York. “I don’t think anyone has any problems with listening to gospel music or taped sermons,” says Amoros, who is known to preach the gospel a little while on the job. “But I’m making that judgment based on the lack of any complaints.”

Eight years ago he got his start giving free haircuts to young church members. Two years later, after receiving his state license, he saved $15,000 to buy barber equipment and renovate the space he rented for his shop. Amoros saved money by doing all of the renovation work himself. “My church supported me financially in many ways over the past five years,” he explains. His customer base is about 65 percent African-American men, 30 percent Hispanic men and 5 percent women, most under the age of 25.

Most customers express more concern about the prices than about the music that plays. Prices can range from $13 to $25 for a haircut and shave. But the customers are devoted. “I live in New Jersey now but I still come over to get my haircut from Doc,” says parishioner Anthony Cruz, 26. “Nobody has a better feel for what should be done to my hair. And besides, Doc provides me with updates on what’s happening in church.”

—Michael Wilson

World Link
North America

Move over Robo-Cop. There’s a new cyborg on the block: Robo-Lobbyist. It goes by the name of World Link North America and it’s ready to change the way we voice our opinions. “World Link is like a nonprofit Western Union,” says Bill Ryan, who founded the company with his father. “Our primary goal is to provide an information distribution service for human rights, environmental and peace groups.”

Calling it information distribution could well be an understatement. World Link provides special interest giants such as Greenpeace and Amnesty International with specialized voice, e-mail and fax services.

In most cases, constituents of participating interest groups subscribe privately to World Link, since the expense can be too heavy a burden for interest groups with tight budgets. World Link provides a computer modem call-in number as well as an 800 number for access. For personal computer owners, bulletin boards where special interest “alerts” are posted, as well as an information file library and “shareware” area are public domain. The key feature of World Link that distinguishes it from other on-line services is the automated lobbying service.

For a fee, World Link will send off a letter to the proper elected officials at the proper time on behalf of the subscriber. For example, during the Clarence Thomas hearings, the National Organization for Women produced a prefabricated message for its members to send. The subscribers had the option of letting the letter go out as is, modifying the text of the letter or composing one on their own. For subscribers with open credit card accounts, the letters are zipped off electronically to the target official’s e-mailbox, or for those without electronic mail capabilities, the letter may be faxed or even delivered by voice mail. Ryan boasts, “We can get a message to practically any public figure in the world, any place, any where.” What better way to chat with Arafat?

Members without open credit card accounts have to act each time they send a message, whereas members with accounts just sit back and watch the data fly. A domestic message costs $3.50 using e-mail, $5.00 using fax or voice mail. An international message costs $8.50, although there is a $2.00 discount for open credit card account holders.

Does a public official view an automated letter any differently than a personalized one? According to one New York state legislator who spoke on condition of anonymity, the answer is a swift and succinct “Yes.” “There can be no doubt that there is a dissimilarity between a personalized letter that someone sits down to write with pen in hand, or even word processes, and a standardized form letter,” he says. “It takes a higher degree of concern and interest to go about lobbying by way of the pen or typewriter than by subscription. It’s a touchy situation where you say that some
constituent contacts mean more than others.”

While World Link may provide a quick and efficient method for dropping your elected official a note of opinion, the phenomenon Ryan speaks of was present before the advent of World Link, when special interest groups, small and large, instituted form letter or postcard campaigns to lobby elected officials. “Of course, a form letter has some impact. The sheer size of any campaign is certain to determine its influence on a lawmaker, even if the method used is unconventional,” says a Congressional staffer, who spoke on condition of anonymity. Also, if the text of an automated letter is sufficiently distinct from other correspondence on the same issue its status as an automated letter may be overlooked. With legislators being inundated by mail daily, being different is the challenge.

In the future World Link may have the effect of moving our government more towards a direct democracy, with town hall meetings being replaced by on-line computer conferences. World Link will either go down in history as a pioneer, or go down in flames. If trends to date are any indication, World Link is likely to be a harbinger for a new era in worldwide communications.

—Jonathan Kingston and Helene Patterson

**Actors Get the Message**

You’re an actor and haven’t had a steady gig in a few months. Who are you going to call? Actorfone, a unique midtown Manhattan-based phone answering service created, staffed and run by thespians. For $24 a month, New York-based actors, writers, business types and just plain busy people can have a round-the-clock, seven day a week live answering service at their disposal. The service is the brainchild of Larry Chase, an actor with keen business instincts and a devout belief in the theater community.

Back in 1961, Chase was doing bit parts and voice-over work—the staple of many aspiring stars—and looking for a way to supplement his income. He hit on the idea of Actorfone after being dissatisfied with the services available at that time.

“I started on a shoestring and I’m still on a shoestring,” says Chase. Though he still retains the original office of three small rooms and a tiny lobby on the 26th floor of 1501 Broadway, the business now serves over 1,000 subscribers in the New York area and grosses Chase about $300,000 annually.

What set Actorfone apart from other answering services at its inception was its niche. Actors liked the way the service catered to them—and employed them, since Chase’s entire 10 member staff is made up of people in the profession. Also, by using Actorfone, it would send a message to industry contacts that they were serious.

There are now Actorfone branches in both New York and Hollywood. Chase remains in New York running Actorfone East, while a manager takes care of the West coast office. In the Fall of 1993, Chase changed the way Actorfone records incoming messages. Clients’ names are entered into a computer and messages are typed in and stored until the client calls to pick them up. Although clients are given a code number, Chase still encourages them to give their names. The human touch—that’s what allows Actorfone to be a part of Broadway history.

—Sal Vaccarino

**Reach Out For Less**

Go out to Jackson Heights, Queens on just about any Saturday afternoon and you’re bound to find dozens of eager folks waiting to use a battery of phones to contact family in the Caribbean or South America. Since mid-1992, a new type of business has proliferated in this thriving commercial community. Immigrant entrepreneurs have opened international telephone call centers that offer long-distance usage at greater discounts than those normally offered by the industry leaders: AT&T, MCI or Sprint.

The idea was an overnight success and these call centers currently make up 10 percent of all businesses in Jackson Heights. There are at least five calling centers per block in the 30 or so blocks that run along the bustling commercial strips of Roosevelt and 37th Avenues.

The appeal of the calling centers is their relatively low rates which are prominently displayed on day-glo storefront signs. Along both avenues, a customer can expect to pay anywhere from 18 to 60 cents for the first 10 minutes to Brazil, Colombia or Peru, as compared to 66 cents on AT&T’s highly touted Reach Out America Plan. Both charge AT&T’s standard rate of 63 cents for every minute extra. Many of the calling centers are licensed by AT&T, but unlike that company’s rates, their rates remain fairly constant. “The rates, that’s what I like,” says Myra Salgado, one of the regular customers at Teleparranda—a chain of calling centers along Roosevelt Avenue. “I can just come in and sit down in a quiet booth and call my sisters in Ecuador without having to worry how much it is going to cost.”

The services Salgado and other customers like her now enjoy would not have been pos-
sible if a scam to exploit the telephone lines had not been halted two years ago.

From the period of 1987 to 1992, certain ingenious individuals who wanted to make a quick buck began tampering with the public phones along two busy avenues in Jackson Heights. They rewired them so that the phones could only make international calls. Anyone wishing to make a local call could not do so because the telephone would not accept change. The telephones were then taken over by the pirates who had the codes to access the telephone. And as they were always near their particular telephone, they would entice passersbys with their relatively cheap illegal services.

For many individuals who could not afford to wait for the special discount rates of AT&T, Sprint and other telecommunications companies to get them through to South America at the appropriate hour, the thought of making illegal phone calls was starting to sound like a very good idea. But the telephone company as well as the police caught word of the illegal activities, and both began to take strong measures against the telephone pirates. On several occasions Nynex attempted to rewire and change codes of telephones in order to make tampering more difficult for the pirates. When the pirates learned how to get around that, police began patrolling along 37th and Roosevelt Avenues, busting many operations.

Realizing that tampering with the phones was becoming more trouble than it was worth, most pirates gave up their operations. But the promise of lower rates for telephone calls abroad was still on the mind of Jackson Heights' predominantly working class community. To replace the pirate services, individuals who wanted to invest in opening a small business saw this as a way to easily capitalize on what has become a very popular and profitable idea—that to date has not failed to attract customers.

Not only have the call centers attracted customers, but they're also attracting a variety of other businesses. Following the lead of the telecommunication entrepreneurs, travel and real estate agency owners have adopted the idea of offering the telephone service in their agencies. One such entrepreneur, Hector Luciano Delgado, owner of the Delgado Travel chain, has successfully incorporated the service into his agency. At only 18 cents per minute, Delgado Travel has one of the lowest rates going. As other types of businesses subscribe to this novel idea, they, like the calling centers, will surely be sending out a busy signal.

—Fernando Luján

Greeting Cards

Hallmark doesn't always say it best. Through market research and sales figures, Beverly DeCaires discovered that young adults in the inner city who don't usually buy, would if cards reflected their real thoughts and language. The $5.3 billion retail card market is dominated by the industry's big three: Hallmark Cards, American Greetings and Gibson Greetings, who control a heart-warming 85 percent of the market. There are more than 1,000 smaller publishers vying for the remaining 15 percent. Many of these smaller companies are targeting niche markets.

One of them is CornerStone. The company got started in December 1992 with $6,000 of DeCaires savings. She hired local artists to express ideas that affect inner-city youths on greeting cards. "I felt it was necessary because there were no cards for minority inner-city kids," says DeCaires, who also works as a director of customer service at a satellite company. "I felt they were not represented in print media at all."

In her first year DeCaires sold over 3,000 cards and increased her staff from three to five free-lance student artists. The cards were distributed through New York area high schools and colleges and sold at stores such as Sticks and Stones, 4W and the Union Store. The response was enthusiastic. DeCaires has expanded the selection and cards now come in color.

Corner-Stone cards present timely topics for its audience, such as staying in school and preventing violence. Because the company employs artists who have firsthand knowledge of inner-city life, it produces designs which speak directly to city kids. "The cards communicate our feelings to our friends in the way we normally do face to face," says Sean Foote, an 18-year-old freshman at SUNY University at New Paltz.

DeCaires, 36, is originally from Guyana and not an inner-city youth herself, but became aware of its issues through her 16-year-old daughter. "I have an obligation to young people. I am in a position to do something for them," she says.

DeCaires is looking for wider distribution. "The philosophy of CornerStone is for each card to be a source of empowerment," she says. Hopefully, the message is getting through loud and clear.

—Gail Anderson
For more than a year now, the new wonders of the wireless age have been welcomed with loud fanfare in the press and the executive suite.

While the emphasis so far has been on major corporations—their mergers and massive network projects—it is increasingly clear that the impact will be felt by all. Across the spectrum, individuals from CEOs to messengers look like computer junkies carrying their laptops and pocket-phones, receiving their messages by e-mail or voice-mail, via fax-modem or by satellite. Will this new technology provide us with more leisure time or will we find ourselves on duty 24 hours a day? Will it bring us together or will it isolate us? Will it create a global village or global war?

The unrelenting pace of change has left many questions untouched. Access is one. Without fully knowing how much it will cost to travel the data superhighway, nobody can safely predict who gets on and who will be left off. Inevitably, access costs money and requires education, excluding the poor and less-educated segments of the world population. For others it builds opportunities, adding another dimension to international debates about immigration and trade. A whole new class of telecommuters could emerge—never leaving home and working for cut-rate wages in their own countries competing with workers half a globe away. The international Autobahn has the potential to promote world peace and harmony or could, paradoxically, result in permanently disenfranchising certain members of a society or even certain regions of the worlds.

The impact is also geopolitical. Governments are increasingly aware that control of information means preservation of political and economic power. This problem is compounded by issues of the accuracy of information, focusing attention on what and who puts material on the system. It may be that in the next decade, information protectionism will replace product protectionism.

The sheer volume of information—which is, after all, the product—can still be a bit intimidating, and the language of high technology is nearly as impenetrable as the circuitry inside the computer. In our cover package, we have attempted to explore the new world of wireless communications. We have also prepared a small guide to some of the more arcane jargon that adds to the mystique of this phenomenon.

WELCOME TO THE NEW AGE!

—Maxwell Rodriguez and Björg Pálsdóttir
**Booting:** This does not mean kick it when it doesn't work. When you turn on the computer it loads its own operating system into memory.

**bit:** Smallest unit of information in the binary system: either 1 or 0. All the information your computer holds is expressed through these tiny units. There are eight to ten bits in a byte.

**bps:** Bits per second.

**Bus:** A pathway for groups of bytes to travel on: Think of the bus to work.

**Cache:** A waiting room for instructions or data while a processor is busy. This room keeps the processor from being overwhelmed with info and increases the processing speed.

**CD-ROM:** Compact Disk, Read Only Memory. Just like the CDs you buy at the record store except these are used to store information that can be read by a computer.

**CPU:** Central Processing Unit is the “brain” of the computer. All commands and operations are performed through the CPU.

**Cyberspace:** The world created by people transmitting computer data on networks globally. This world has no tangible reality yet it constantly increases in size as computer users add information to it. It’s like heaven for computer junkies.

**D/A Converter:** Digital to Analog Converter. A device that changes the digital encoded signals to analog ones.

**e-mail:** Short for electronic mail, it is mail on a computer network instead of paper. No stamps are needed.

**Fiber Optics:** Used for the transfer of information by carrying light pulses through cables made of thousands of strands of glass.

**Gigabyte:** One billion bytes. A byte is one space or printed character on a computer.

**GUI:** Short for graphic user interface, the cute little pictures that make computers easier to use.

**Hardware:** Not a hammer or nail but the computer itself and any physical device connected to it that you can touch.

**Processor:** A mini-brain in all modern computers. Many have the power to process millions of instructions per second even though they are only one cubic inch in size.

**Software:** Data that only exists as 0s and 1s. All the programs.

**Super Highway:** A term used to describe the worldwide movement of data through the use of fiber optic cables, satellites and microwave signals.

**Transponder:** A radio or radar device that automatically transmits electrical signals when it receives a specific one. The word itself is a combination of two other terms (transmitter and responder).

**Virtual Reality:** A computer program that immerses the user in an electronic world that mimics actual reality. It allows the user to interact within that world which is usually more exciting than actual reality.
the telephone equipment and your television becomes a passport to the world, receiving and transmitting information. The new box, which requires the processing power and three-dimensional graphics capabilities of a computer work station, must be simple enough for the average home viewer to easily master. Tiny 3DO has been chosen by U.S. West Communications to design the technology for its interactive trial in Omaha, Nebraska that is scheduled to begin in 1994. Silicon Graphics has landed the job for Time Warner’s experiment in Florida. Other companies vying for this potentially lucrative market include Intel, Hewlett Packard, Microsoft and Motorola.

Most crucial to building the information highway is the road itself. Thousands of miles of optical fiber, primarily used for long distance telephone, already connect most American cities. What’s missing are the local links to carry signals into homes. Although Vice President Gore hailed the superhighway as the marketplace of the 21st century, the government can’t afford the $90 billion plus to lay the fiber. It’s up to the cable and telecommunications firms to build the infrastructure. TCI has committed $2 billion and Time Warner is investing $5 billion in new fiber and digitization—the process of converting analog to digital impulses which can be compressed, enabling huge amounts of data to travel over fiber optic cable in minutes.

“There’s no doubt that being able to deliver entertainment and information into homes is the way of the future,” says DePeau of Nynex. The Baby Bells want to deliver video programming and invade long distance markets. Cable operators want to steal a large percentage of the $12 billion per year home video business. Test markets are currently in the works.

**Trailblazers**

In Orlando, Florida, Time Warner, the nation’s second largest cable carrier serving 7.1 million homes across 36 states, will unveil its Full Service Cable, carrying 500 channels of programming on fiber optic network cable. Still in its nascence, Full Service should be operating by late Spring 1994, but there’s no set date. “We’re under construction right now,” says Susan Miller, assistant to the vice president of programming at Time Warner’s Orlando office. “We’re just putting the network together, setting up servers, monster computers and digitizing.” Supercomputers with one trillion bytes of memory will run the system. Microsoft is developing “Cablesoft,” a navigating software to aid channel selection, while Scientific Atlanta will make channel switching hardware and Qualcomm is working on a long-distance telephone system.

Less than two years ago, Time Warner introduced Quantum, a 150-channel experimental network in Queens, selling for $23.95, the same price as regular Brooklyn-Queens cable. Serving 5,000 customers in Bellerose and Whitestone, it continues to offer 57 pay-per-view channels creating the closest thing yet to video-on-demand, where viewers access huge libraries of films in seconds. Pay-per-view, available since the 1970s, has been limited in its programming and earnings. Although Quantum has markedly boosted usage in its test area, it is already outdated.

Time Warner’s Full Service experiment in Orlando will bring 500 channels of interactive T.V. into the homes of 4,000 South Florida residents, linking schools, homes and offices. “There will be a basic cable package, but additional services will be billed on...
ON THE ENTRANCE RAMP
In addition to the threat of monopolies, consumer advocates are scared by the cost of access to the information superhighway. The Consumer Federation of America, a Washington, D.C. based advocacy group, made clear its concerns in a letter to Senator Howard Metzenbaum, chairman of the Senate antitrust subcommittee, following the announcement that Bell Atlantic and TCI were getting together. According to the letter, “Instead of receiving the benefits of the information superhighway after the forced investments are made, rate payers will be forced to pay for access at rates set by the monopoly company.”

The access issue is not only under scrutiny from consumer groups, the Senate and the House are also looking into the problem. Metzenbaum, according to the Washington Telecom News, is expected to encourage the Federal Trade Commission’s
attorneys to aggressively monitor "merger mania" among the telecommunications companies. His goal is to ensure competition so that consumers will have more choices.

Mary Lou Steptoe, acting director of the FTC's bureau of competition, told a subcommittee hearing last October, "The commission is committed to vigorous merger enforcement against all transactions that threaten substantial competitive harm to consumers." She added the goal of the commission is to "determine whether there are anti-competitive problems as well as pro-competitive benefits."

Assistant Attorney General for Antitrust Anne Bingham told The Wall Street Journal in January, "In a particular case, it is conceivable that economics of scale or scope may justify allowing a merger that is demonstrably necessary to sustain incentives for innovation or to bring the benefits of significant innovation to market more quickly." She added that she rejects mergers that threaten anti-trust standards simply because they are in high-technology industries.

TRAFFIC AHEAD

The Clinton administration is playing it cautious when it comes to the mergers, which fit into their goal of creating a massive information superhighway, but without the ugly image of monopolies. Vice President Al Gore, who is running the show on the information highway, issued a statement last October: "The administration supports any development in the communications marketplace that is pro-competitive and fosters the development of an open, interactive information infrastructure." He added, "Subsequent formal reviews will determine whether this proposal meets those goals."

The White House's caution annoys the telecommunications industry which feels that the government can not adequately monitor the industry for violations. Cheryl Tritt, former head of the Federal Communications Commissions common carrier bureau and now a Washington lawyer, told the St. Louis Post Dispatch, "Technology and mega mergers are testing the government's ability to monitor the telecommunications industry. Regulators need to make sure cable and telephone companies don't align in every market so that there's no competition."

Members of Congress are also worried about the formation of monopolies which would violate the Sherman Antitrust Act of 1890 and the Communications Act of 1934. The most vocal consumer advocate is Metzenbaum, who said, "The merger is a double whammy for consumers. They could face overcharges for both TV and local phone services." He blasted cable and telephone companies for "rejecting competition for combination." Another concerned member of Congress is Representative Edward J. Markey (D-Mass.), chairman of the House telecom subcommittee, who along with Jack Fields (R-Tex.) and Rich Boucher (D-Vir.) is sponsoring a bill in the House that suggests that phone companies could provide cable TV over their networks, but would be forced to open them to competing phone companies and video programmers. Markey is concerned monopolies will create an "information aristocracy" that will freeze out those who can not afford to be hooked into the system.

However, Boucher is more positive. "The mergers underscore more than any other events to date the need for repeal of the cross ownership restrictions to allow full competition in cable and phone service." He believes the telecommunications industry is entering a new age. "Within a handful of years the traditional distinction between teleco's, cable and motion picture companies will be completely obliterated."

Another bill in the House, sponsored by Jack Brooks (D-Tex.) and John Dingell (D-Mich.), focuses on the Bell companies. It would allow them to enter long-distance service inside their regions upon approval of the Justice Department and the Federal Communication Commission. They could resell services from other carriers outside their own regions after 18 months and build their own national networks after five years. In the Senate, Ernest Hollings, Senator from South Carolina, Daniel K. Inouye (D-Hawaii) and John C. Danforth (R-Missouri) combined elements of both House bills. They want phone companies to compete in long-distance, but only if they convince the FCC that they faced "actual and demonstrable competition." They would allow phone companies to enter
the video market in exchange for letting other companies enter the local phone business. A new "universal service" would keep the price of basic service low and the FCC would then review restrictions on TV broadcasters, including rules limiting the number of stations a single company could own.

ALTERNATE ROUTES

Meanwhile, cable television companies want to keep local phone companies from providing video services and lobbyists for long distance carriers such as AT&T want to prevent regional Bells from competing in the long-distance market. Adding to the conundrum television broadcasters, feeling left out of the debate, demand that they be allowed to use their airwaves for data services. Until now, broadcasting has been considered a side issue, far from being as glamorous as building the superhighway. But as technological advances make it possible for each industry to enter the other's arena, competition has become a buzzword in political and industry debates.

New regulations will change life for both the phone companies and consumers. So far, regulators have been able to keep costs low by subsidizing rates through higher charges to business customers. These subsidies may be lost as more companies move into the market.

The looser regulatory environment may give local telephone companies such as Nynex a better edge in competing against companies such as Teleport Communications. The Manhattan-based Baby Bell is considered the most sluggish of the group with flat revenues of $3.3 billion and $298.3 million in profits for a past quarter, a drop of 7 percent.

Nynex, despite high revenues, is facing mounting expenses. Payroll is one major problem. The average employee receives $44,500 in wages and benefits annually, compared to $40,700 for the other Baby Bells. Taxes have also hit the bottom line hard. The company paid $860 million in local taxes, the highest of all the Bells. "We used to own the marketplace—the customer had no place to go but us," said William C. Ferguson, chairman of Nynex. "Competition has changed all that forever, yet we continue to be regulated as if all of our subsidies will remain forever." The new services mean new markets and new sources of revenue. Nynex wants to be able to set its rates freely, own cable TV providers in its service area and offer long distance service. It plans to offer interactive services on an upgraded network that will also carry local phone service. "What happens to Nynex will say a great deal about the future of competition in telecommunications," says Daniel Reingold, a telecommunication analyst at Merrill Lynch.

BUMPy RIDE

Nynex is not alone in wanting to have more toys to play with. As Washington is learning, the other Baby Bells also have ideas about new games, posing a problem for the growth-minded White House administration which has its eyes on re-election and knows that economic resurgence is the key to votes in 1996. Gore is on record in favor of a hands-off policy: "We want to serve the public interest with a minimalist approach." But striking a balance between the interests of consumers and big business is always tricky. The administration wants to provide guaranteed access to all Americans but the funding is problematic. The price could run well into the billions. To make it happen, companies may have to pay higher fees, which in turn will be passed along to the consumer leading to consumer backlash.

It's a confusing legislative picture, because of rapid development in communications technology, better computers and software and the breakup of AT&T, which created the capital and the need for better technology. Traditional, cumbersome but well-meaning regulatory politics could throw arcane and technical roadblocks onto the information track. But while Congress and the White House can set speed limits or detours, technology and global competition will eventually put America on a highway that heads straight into the digital age.
MIXED SIGNALS

Satellite television networks are opening up Southeast Asia—and driving governments crazy

By Karen Lam

Illustrations by Timothy I. Jones

In Southeast Asia, close to a billion viewers religiously sit in front of the tube as satellites beam everything from Japanese soap operas to Dynasty into their living rooms. That's great news for consumers who are addicted to Western-style soaps, but sociologists and media critics are beginning to wonder when the influx of foreign tastes is going to have a detrimental effect on national cultures.

Some nations have been watching satellite-fed boxes for years. Others still hanker to get a taste of it as governments deregulate the airwaves, spend on infrastructure, gear up for high-tech advances like fiber optic cable and play host to a new slew of media-focused entrepreneurs. Among the better-known international networks already in Southeast Asia are the Discovery Channel, CNN, ESPN, MTV HBO and BBC World Service. Asia Business News joined the highflyers in early 1994. And there are promises of more to come.

After two decades of strong economic growth, Asian consumers will make up almost 60 percent of the world's population by the end of the century. They're already bored with state-run television and their limited options on the boob tube. Pan-Asian entrepreneurs already see the signals. Welcomed by viewers wherever they've ventured, and having their product stolen from the airwaves by those who can, these stations may still find quite a wait ahead of them before making many parts of the Eastern world their stage.

GOVERNMENT PULLS THE PLUG

One problem for foreign media pushers is that they have to reckon with some of the world's most overbearing governments. In South Korea, the government has been waffling for years over whether or not to block the transmission of Japan's Nihon Hoso Kyokai television broadcasts. Thanks to Japan's trade links with Seoul, no moves have been made to actually reject Japanese television's presence.

There are now more than 200,000 satellite dishes scattered throughout South Korea, a number that continues to grow. Despite the boom, and a ministry of culture that is moving rapidly to control the release of American-made films, Korean lawmakers have yet to come up with any legislation covering satellite broadcasting. Proposed bills in
the Korean parliament are far from ratification. As one unidentified academic source told the New York Times in late 1993, those outlines were just too ambiguous to make any sense out of. Currently, there are only a few satellite broadcasters that have managed to make a home in the Korean sector, such as CNN and MTV.

Until the government loosens up, satellite signals in Korea will largely be restricted to conglomerates and deluxe hotels. But even hotels are not safe havens. Satellite Television Asia Region, or StarTV, a satellite launched by Hong Kong holding company Hutchinson Whampoa, has had its plug pulled in hotels without reason. In its place, Korean authorities in 1991 finally gave the green light to Seoul Broadcasting System, their first independent station. The next step, cautiously being taken by the state, is the testing of a cable service from coast to coast.

HURDLING SATELLITE REGULATIONS

Whether the Korean government likes it or not, there is an unstoppable trend toward increased aerial transmissions in the East. One man’s dogged actions reveals the intensity of this big-money game. Just ask Newsorp’s media mogul, Rupert Murdoch.

In October 1993, Murdoch sold his 50 percent share in the South China Morning Post, a Hong Kong daily that often irks Beijing with its views and criticisms of the Mainland, and is called “Hong Kong’s, if not the world’s, most profitable newspaper” by Advertising Age. An incentive for parting with his share of the successful paper was acquiring a 63.6 percent stake of Hong Kong-based HutchVision, parent of StarTV, for $525 million from conglomerate Hutchinson Whampoa and Hong Kong billionaire Li Ka Shing. StarTV reaches 11 million households in 38 countries along Asia carrying five 24-hour, “free-to-air” channels including Prime Sports, BBC World Service and MTV Asia. Though StarTV’s current audience size is about 13 million, it has the potential to reach 3 billion viewers in footprints — satellite jargon for aerial range — from Tokyo to Tel Aviv.

In China, StarTV hopes that it will further infiltrate a market where there are already an estimated 500,000 satellite dishes in the country with an estimated 15 million subscribers to multi-channel systems carrying English language programs. Confronted with these attractive numbers, Murdoch quickly came to the conclusion that he would have to get in good standing with Beijing by shedding the Hong Kong daily—which he believed was a political liability. Giving up the paper, of course, also helped finance his share of the satellite deal. But China presents its own regulatory hurdles, and trying to decipher Beijing’s contradictory signals on regulation can be a nightmare. Almost immediately after Murdoch signed off on the Post, Li Peng, China’s prime minister, put his signature on State Proclamation No. 129, banning the use of satellite dishes by Chinese citizens. But there were reports in late 1993 of further satellite purchases being banned and still other reports saying the proclamation simply restricts using any existing satellite dishes to pick up foreign channels. What ever the details, such legislation was regarded by many as a direct response to Murdoch’s ambitions. Said officials after a state security conference in October 1993, “Hostile forces outside our country have never stopped endangering the safety of our country,” using, “all means to infiltrate, split and damage us.”

Although the general population hoped that it was another announced but unenforced law, this time they may be wrong. Penalties for failing to remove satellite dishes were reported to be anywhere from $900 to $90,000. Still, according to the New York Times, “The fact that the government is moving deliberately to enforce the ban reflects the struggle in the leadership between those who believe China should continue to open up to Western influences and those who believe China’s economic boom can be sealed in a cocoon of Communist ideology.” And foreign observers have their doubts about the effectiveness of centralized control. Governments may dish out the rules, but enforcing them is another issue. The Chinese people want and like their MTV, their CNN, and their daily slew of satellite transmitted soap operas and
have been known to shrug off the ban on aerial television by moving their dishes to more inconspicuous spots. It's a given in China that the further you get from Beijing the more relaxed the business and legal atmosphere becomes. That's why it's easier to have your MTV in the provincial southwest than in the heart of the Forbidden City.

Ann Thompson, a media analyst for Mees Pierson Securities in Hong Kong, told Time magazine, "This has considerable political, social, and cultural implications. Repressive governments can't control what information people get, can't control what people see."

FOLLOW THE LEADER
For many, the Chinese stronghold on its people is worrisome. Concerns about Hong Kong's freedom of the press after China regains control of the British colony are looming large. There is no real certainty that StarTV would ever be able to remain in Hong Kong after 1997, not to mention China. But undeterred by the possible lack of broadcasting rights, StarTV is steadfastly working toward its penetration into the awakening giant. Humming the same tune, is Ted Turner's global giant, CNN.

CNN, with 24-hour worldwide news coverage broadcast from Atlanta, Georgia, plans to open its Asian production center in Hong Kong by late 1994. Such a move requires a waiver by the Hong Kong government of regulations that prohibit international broadcasters from beaming their signals out of the colony. During an investigatory trip to Asia, Tom Johnson, CNN's president, stopped in Beijing where he notified the state-owned Chinese Central Television and Chinese ministry of his plans. During the meetings with top officials, Johnson did not manage to receive any assurances that CNN would be able to continue broadcasting from Hong Kong once the colony returns to Chinese sovereignty before the turn of the century—but there were no objections voiced either.

Understandably, CNN decided to play it safe. Rather than any major capital investments in the Hong Kong production studio, CNN will be leasing their broadcasting equipment and renting their space. "We chose Hong Kong with an awareness of 1997. But we have no real idea of the ramifications and really can't until the time approaches," says Peter Vesey, vice president at CNN International. "Some are optimistic about the area and there are pessimists." But adds Vesey, "If any problems happen to arise, we are prepared to relocate to another part of the region." Singapore, India, Indonesia—the list continues and options for CNN loom large.

But many Japanese believe that any wide regional news service in Asia should be provided by Asians. And after years of non-action, Japan still holds fast to their idea of a Global News Network, an idea that would require an estimated $1 billion in start up costs. According to the Far Eastern Economic Review, "The theory behind CNN is that news is essentially diverse and the idea would be to provide a global platform for diverse versions of the news, especially from Asian broadcasters. What is meant by diverse news remains unclear."

Not-quite-definable terms are not the only problem. Since Japan is an outsider to other Asians, some feel such a venture should be avoided since it may provoke cries of cultural invasion and news control from countries potentially included in the GNN footprint. Such thoughts may not simply be attributed to paranoia on Japan's part. They're already echoed in other parts of the region. In The Christian Science Monitor, Prime Minister Mahathir bin Mohamad of Malaysia makes a charge the Japanese are glad aren't directed at them: "Why has Rupert Murdoch bought a 64 percent stake of StarTV for $500 million? If he is not going to control news that we are going to receive, then what is it?"

ASIA POP: VIA EXPRESS AIR
Japan surprised nobody with its ambitious plans to export from the island. And although generations of the island nation are swallowing up western culture, much of their fascination lies in America's past. As the whirls of Nirvana and reggae beats shake underground Beijing, a large part of Japan's youth prefers fluffing up the pompadours and poodle skirts as they gyrate their hips to the crooning of Elvis Presley. To reach Japanese eyes and ears, media salespeople need only to read the entertainment listings to see how Japanese taste differs from much of the Asian region. More than a year after the launching of MTV Asia, MTV brought their video jockeys onto Japanese screens following their philosophy of having to "think globally, but act locally."

"MTV Japan takes off from its Tokyo base with music video line-ups customized for the Japanese youth audience," says Paul De Beneditis, a spokesperson for MTV International. While MTV Asia reaches over 11.5 million households in 30 countries, bringing the tunes of American and regional artists including Japanese, Taiwanese, Indian and Hong Kong stars, MTV Japan airs primarily English and Japanese songsters.

Also keeping Japan at a different pace is use of the Ku-band, rather than the popular C-band used throughout Asia, making the transmission from venture such as CNN and StarTV impossible without costly scramblers.

CENSORING THE IDIOT BOX
Other countries don't have their waves under such control. In India, turning to free market methods to quicken its economic growth, there are already over $4 billion in new investments. With the cash comes a slew of new problems for the Pacific Rim nation.

There is a chorus of objections to the Western—and therefore decadent—content of shows aired via satellite.
Parents, teachers and psychiatrists are up in arms against Western shows that leave their children mesmerized. They're not at all happy with the side effects of having news from the other side at the touch of a fingertip either.

One children's favorite in India is the American program, Knights and Warriors, a take-off of the one-hour, futuristic sports competition show, American Gladiators. Despite loud complaints, the show is staying put, to the happy cheers of Indian children. But the country is taking steps to impose restrictions on television operators airing shows they deem inappropriate.

India is not alone in the desire to put a gladiator-style chokehold on foreign broadcasters. Indonesia, Malaysia and Singapore are also working on legislation that will clean up programming. Indonesia, for example, has launched its own satellite to broadcast its own pre-censored, government-edited and most important, 100 percent Indonesian shows that will crowd out the foreign offerings. In Singapore, where the Wall Street Journal and The Economist have faced restrictions whenever they have run a story even remotely critical of official policy, even tighter strictures are in the works.

With all the scrambling about for new markets and all the government doors wavering between open and closed, the tube viewers themselves are befuddled. "Like most parents here, I have pretty mixed feelings about censoring the idiot box," says Peter Wong, a resident of Hong Kong. "I'm not at all happy about my kids sneaking off to watch Madonna or Li Ming when they should be doing their homework. But I definitely don't like the idea of someone censoring what I may want to watch. I'm old enough to think and judge for myself." Ideally, Wong's children will grow into adults who can also make their own decisions on the content of their information and recreational intake. But in the meantime, Wong merely watches with curious amusement as his children choose dressing in grunge one day and sporting the looks of gangsta rap the next, while his tradition-holding mother complains daily about her MTV-influenced grandchildren's dress and attitudes.

Pushing past the opinion of parents, teachers and government, satellite television in Asia is steadfastly headed toward its zenith. Even those who find the Asian market overrated find themselves testing the waters. Billions of dollars are already sunk by foreign interests on satellite broadcasting and the cash is still continuously rolling in. Countries that don't have international cable suffer from a kind of competitive anxiety out of fear that they could be left behind. For predators like Ted Turner and Rupert Murdoch, that fear is all they need.
CASHLESS AMERICA
With electronic banking so easy, who needs paper?
by Christine Zotinis

Has the dawn of a cashless America arrived? Visa and Mastercard are banking on it. Even now, debit cards and electronic banking account for a big chunk of the estimated $300 billion annual check and cash transactions market. Debit transactions, still limited to gas stations, supermarkets and convenience stores, are a major area for potential growth. In October of 1992, Visa’s Interlink debit card network signed up more than 350 U.S. financial institutions representing at least 65 million cards. In head-to-head competition, Mastercard’s Maestro picked up 300 U.S. banks and 10 million cards, and estimates it will have 80 million cardholders worldwide by 1997. Visa predicts that Interlink will have its mark on 100 million U.S. cardholders by 1996. “We believe debit will be the dominant payment method of the future,” predicts Peter Gustafson, senior vice president of Visa Debit Products.

These massive client bases are served by state-of-the-art computer and telecommunication systems. On-line point-of-sale terminals process nearly two billion credit card transactions annually, translating into roughly $375 million, a staggering 15 percent of the Gross Domestic Product. While debit transactions accounted for only $250 million or seven percent of POS transactions in 1992, the number of terminals handling debit surged from 24,204 to 93,000. Of the 2.5 million retailers in the U.S., over 50 percent accept some type of credit card, and nearly all use a POS system.
Some experts maintain that debit will storm America in the 1990s, completely replacing cash and credit. Anthony Campesi, a specialist in cash management services at Chemical Bank, says, “As credit interest rates rise, grace periods shorten and consumers become more concerned about revolving debt. Debit cards will become more attractive to the point of rivalling cash.”

CASH OR CREDIT—ON THE WAY OUT

Several high-tech trends are converging to make cash and credit obsolete. The expansion of ATM cards—200 million are now in circulation—the demand and adoption of phone banking by most national banks, the moderate success of Prodigy's and Compuserve's on-line home banking, indicate that consumers are likely to accept new money management technologies. Julie Murray, a bookkeeper at Rivas Construction in Flushing, New York, says, “I love using Citibank's pay-by-phone system. For only $6.50 a month, I can pay all my bills with one telephone call.”

In the '90s, banking will probably depend on interactive television and screen-based telephone systems. For $166 billion, TV Answer, based in Reston, Virginia will provide customers of Meridian Bank Corp., of Reading, Pennsylvania, with interactive systems for banking and shopping via a mouse device installed on the customer's T.V. set. A market survey conducted by Payment Systems Inc., in Tampa, Florida concluded that 68 percent of households would use a screen-based phone system. Already, AT&T is developing a “Smart Phone” that will include banking services.

Many major companies already offer direct depositing of payroll checks and transfer operations. Even modest-sized firms like Scalmandre Silks, a family-owned textile manufacturer based in Long Island City, N.Y., which dishes out wages in excess of $10 million a year, uses electronic fund transfer systems. Joanne Mackin, payroll supervisor at the 400-employee strong company, says, “Sixty percent of our employees take advantage of direct depositing. It is convenient and safer for them and more cost efficient for the company.” Mackin expects that remaining payroll checks will be phased out within the next two years. Liz Pegodda, an assistant to the controller, says, “I hated going to the bank to deposit my check and then waiting two—three days for it to clear. Now, I get most of my pay deposited and the rest I get in cash for spending money.”

The innovation reflects an economic reality in America. Revolving debt as a percentage of total debt has risen dramatically from 6 percent in 1971 to 32 percent in 1991. As consumers use their credit cards more often and pay back balances by check or different credit cards, the need for cash declined. Is debit the answer? Maybe not quite yet. Flea markets, street vendors and newspaper stands could have trouble processing debit card transactions today. For some, cash is still sacred. “I give a big discount to large orders that pay with cash because I don't have to report it and I can use it to subsidize some off the book wages to my employees,” says a Manhattan retailer. The only time he would encourage the use of a debit card would be in place of a check or credit card, never cash.

The continuous global move towards a completely cashless society clearly has advantages. Using debit cards with personal identification numbers might limit the hefty $600 billion in cash reported stolen from the merchants and consumers each year. And the drug trade would suffer, as traffickers lose the ability to hide the paper trail of their transactions. Proponents of debit say that the savings for business, health care, education, social services, police and the courts would be in the hundreds of billions of dollars.

WIPING OUT THE NATIONAL DEBT

The IRS sure would be happy to see debit take hold. The underground economy generates between 10 and 28 percent of U.S. GDP, an estimated $2.5 to $7 trillion in 1993. If a national electronic fund system replaced cash, the IRS could expect an additional $10 billion in revenues each year from tax avoiders and off-the-book activities. Perhaps the IRS could use the additional income to wipe out the federal deficit. It would only take about 300 years.

Other government agencies have discovered the benefits of debit cards, credit cards and electronic funds. At the Paris Island Marine Corps base in South Carolina, debit cards are the only means of payment. Since 1988 the Federal government has been wiring funds every month into the 7,000 accounts on the base, and everything on the island is paid for with a debit card. The Federal government also uses a debit card system for food stamp recipients and will soon expand the program to Social Security and Medicare payments. Even the New York City Parking Violations Bureau, notorious for its cash-only policy, now embraces credit card payments and surely debit cards are likely to follow.

For a smooth transition to a completely cashless America, a federally or even internationally regulated on-line system would have to be established. In a country where the computer systems of the Department of Motor Vehicles in New York and its counterpart in Los Angeles don’t talk, the transition could take a while.
HOW RISKY IS RISC?
Clash Over Market Ground

Written and illustrated by Bill J. Tomaras

Motorola, Inc., IBM Corp. and Apple Computer, Inc. have come together to produce the next generation of personal computers based on the new Power PC chip. Their hope is, especially for IBM and Apple, to recapture lost ground. Their main competitor, Intel Corporation, now commands over 85 percent of the $200 billion plus microprocessor market. Together with Motorola, IBM and Apple hope that this new line of computers, with their RISC family processors, will catch on and reestablish them as industry giants.

Historically, IBM and Apple have had good starts, but floundered along the way. By licensing away its operating system to Microsoft Corp. and its microprocessor manufacturing to Intel, IBM found itself in the backseat as its licensees reaped the rewards. But their licensing did not just stop there. Dell, AST and other computer manufacturers got to eat the rest of the pie. On the other end of the spectrum, Apple made the mistake of not sharing. Because of their wariness of Apple clones, they held on to their operating system and computer designs—causing them to lose out in a market that was ready for their user-friendly innovations. Now they're trying to make up for lost time with Apple's line of RISC computers, the Power Macintoshes, and IBM's expected release of their Power PC versions.

RISC, or Reduced Instruction Set Computing, does exactly what its name says. It uses less instructions per function, which consequently speeds up its processing time. Complex Instruction Set Computing, or CISC, which is the current standard, uses more instructions and is limiting when it comes to certain applications. Although all computers are currently based on CISC technology, RISC is not a new concept. However it is the first time a manufacturer has tried to bring this technology to the everyday consumer and the first time that a mass-marketed personal computer has been based on this architecture.

SUPERIOR PERFORMER vs. NUMBER CRUNCHER
The first Power PC computers are based on the PPC 601 microprocessor. This chip, going head to head with Intel's newest computer chip the Pentium, is the chip giant's newest threat. The Pentium, like all previous Intel chips, uses CISC architecture. However it also uses RISC technology in certain areas. RISC uses the philosophy "Keep It Simple, Stupid" or KISS. Each instruction is simple and all are about the same length. RISC processors are based on faster chips that move data through pipelines. This doesn't result in speedie
execution of instructions, but allows for a larger flow of instructions at any given moment.

A RISC chip finishes the first instruction in four cycles which is no faster than the other chips, but it actually starts working on the next instruction before it finishes with the first. The other PC chips have to wait for the first instruction to be completed before they can start on the next. RISC processors can finish two instructions in five cycles, while the other processors will take eight cycles to perform the same two instructions.

In this area, the Pentium is “RISCy” because it uses multiple pipelines to speed up operation within the chip. The Pentium uses two different pipelines. This means that instead of concentrating on one instruction per cycle, it can work on two different instructions simultaneously. It is this innovation that helps make the Pentium one of the fastest microprocessors, leaving all other Intel and Motorola chips in the dust.

The Power PC alliance has an ace up its sleeve since the 601 chip has three pipelines. It can handle three instructions per cycle, instead of two, which helps it outperform the Pentium. The 601 has other advantages over Intel’s Pentium chip—the first being size. The PPC 601 has a die area of 1.85 square inches as opposed to the Pentium’s die size of .416 square inches. This makes the PPC 601 less than half the Pentium’s size (44 percent the size of the Intel chip). In other words, Motorola can make at least twice as many chips per semiconductor wafer, yielding at least twice the revenue that Intel can off the Pentium. This allows Motorola to sell its CPU at a lower price: $520 instead of the $750 for the Pentium, which dropped from $965 in early March with the introduction of Apple’s Power Macintoshes, the first personal computers based on the PPC 601 chip.

Another advantage that the PPC 601 has over Pentium is the number of transistors per chip. The 601 has 2.8 million transistors as compared to 3.1 million for the Pentium, which again leads to lower costs, a point downplayed by David House, Intel’s senior vice president for corporate strategy.

CHANGING THE RULES OF THE GAME
The industry is moving away from integer-based calculations (how fast a CPU handles basic computer functions) and closer to floating-point operations (the speed you need to crunch numbers, run graphics, video, voice, etc.).

Phil Pompa, director of marketing for Motorola’s RISC microprocessor division, says that floating-point capabilities have been neglected by application developers with reason. “Intel has no floating point. But there is a market for it,” he maintains.

Jerry Butler, Aldus Corporation’s chief technical officer, agrees with Pompa. “The Power PC microprocessor changes the rules of the game. Historically, graphics application have done as much as possible in integer arithmetic because the previous processors have had better performance there. What we’re seeing with the Power PC is a move to floating-point for our graphics applications and getting better performance.” The Pentium is pushing the limits of an architecture that is 15 years old, while Power PC’s architecture is only now being defined. They’re just getting started.

The computer chip that is being offered is smaller, faster and costs less. But what about the power costs? It may be a very powerful microprocessor, but how much power does it need? Who cares if the chip is cheaper to buy, if in the long haul it will cost more to run?

The 601 draws only 3.6 watts (8.5 watts/worst-case scenario), compared to the Pentium’s 5 watts (16 watts/worst-case scenario). The 601 uses half of the power that a Pentium does in some cases, and also runs cooler. It generates 8.5 watts of heat as compared to the 14 watts of Intel’s larger chip. This means that less money will have to be spent on cooling systems for the CPU, such as heat sinks and circulating fans.

With the way prices are dropping, consumers are trying to get the most power for their dollar. By the end of 1993, Apple’s prices had already fallen down to the level of Intel-based computers. The configurations of the new Power Macs determine their pricing. The first Power Mac, dubbed the Power Macintosh 6100, that Apple introduced can be found for less than $1,600—defying earlier analysts’ predictions of a unit retailing at over $2,000. This unit houses the 60 megahertz version of the RISC chip and a 160 megahertz hard drive. The second unit, the 7100, houses 23
the 66 MHz version of the chip and comes with 8 Mbytes of RAM and a 250 Mbyte hard drive with CD-ROM and audio/visual options, priced over $2,500. The higher-end model, the Power Mac 8100, includes the 80 MHz version of the 601 with 8 Mbytes of RAM and a 250 Mbyte hard drive with CD and AV options. This model runs just over $3,500.

There is not only the price of the computer to consider, but software availability. The Power Mac has cross-platform capabilities and can run most existing software through emulation. Of course this will slow down the processing speed of the chip while it is in the emulation mode. The real speed is in the native language of the RISC processor. What applications will be available for these new computers when they hit the streets?

There are a number of programmers that have announced upgraded versions of their applications that will be available at the time of the Power Mac's release. They include Adobe, Aldus, Claris, Frame Technology Corp., Quark, Specular International and Wolfram Research. For users who rely heavily on mainstream applications such as Microsoft Word and Excel, the programmers promise to have versions of their applications available for the Power Mac shortly after its release. Of course, this may be up to six months after the PPCs hit the streets.

**INTEL—THE UNDISPUTED PC CHAMP**

The Power Mac has a lot going for it, but Intel is not so easily removed. As advanced as the 601 chips are (the 601-60, 601-66, and 601-80), the Pentium is not exactly outdated. It has a number of innovations. These include Superscaler architecture, separate code and data caches, branch prediction, a high-performance floating-point unit, an enhanced 64-bit data bus, multiprocessing support, memory page size options, error detection and functional redundancy, performance monitoring and Intel Overdrive processor upgrading ability. Intel did not become the industry leader by just sitting idly by. Intel was able to capture the market by being the innovator and a leader in research and development. Evidence of their leadership gained through continual enhancements was seen again when they introduced the Pentium 90, an upgraded version of their super chip running at 90 MHz.

The Intel-based computers, as well as their Pentium processors, run all the current and most advanced operating systems available today. They include UNIX, Windows-NT, OS/2, and NEXTstep. The 601 computer will be able to run these as well as Apple’s System 7. The Pentium has set performance milestones, as has the 601, but it has also retained its compatibility with the large base of existing Intel architecture application software. The company also enjoys an advantage that no other manufacturer can claim: complete compatibility with over 50,000 software applications, which are worth billions of dollars and have been written for the Intel architecture. This combination of performance and compatibility has placed Intel’s line of Pentium processors in a unique position to match and support emerging technologies while maintaining service for today’s existing hardware and software. All Intel processors are upgradeable and fully supported, while the Power PC will have to build this base almost from scratch.

Stephen Pieraccini, an investor who monitors computer stocks, doesn’t think that Intel has anything to worry about. “It’s already there,” he says. “Intel is already there in the 386s and 486s. They are all upgradeable and have been around. The Pentium is fully compatible with them. Even programmers that used to make applications exclusively for the Macs have started making versions for Intel-based PCs. That’s how they will make their money—by going mainstream—and Intel is the mainstream. In terms of units out there today, Intel owns 85 percent of the market.” No one else can make that claim.

John Tan, from Andersen Consulting’s Media Center, doesn’t agree. “True that Intel is big,” he starts. “But it still can’t match Motorola’s floating-point capabilities, much less the Power PCs. Intel is good for day-to-day functions such as word processing, but when it comes to graphics and big number crunching the Power PC will outperform it. I’m not saying that the Pentium will not be able to perform in these areas. It will, better than any chip before it. But the PPC chips are specifically targeted in this area and will be able to do the job faster.”

**WHO WILL EMERGE VICTORIOUS?**

Each camp has its supporters. The technologies in both camps are proven. It is a marketing war more than anything now. If the Power PC is not marketed correctly, it can go the way of Sony’s Beta. Beta was a better system than VHS. The quality of the picture and the sound were superior to that of VHS. But Sony miscalculated. Apple and IBM would do well if they learn from someone else’s mistakes. However, David is taking on Goliath. But the Motorola/Apple/IBM alliance does not have to completely defeat Intel. To win, all it has to do is survive.
THE VIDEO GAME BONANZA

Video games take the spotlight from arcades to the silver screen

By Jessica James
Illustrations by Kan Lee

Since their introduction 20 years ago, video games have evolved into an entertainment giant, raking in $5.3 billion in annual sales in the U.S. alone. Atari exploded onto the screen in 1972 with the first video game, “Pong.” When growth began stalling in the early 1990s, new applications were vital to the industry’s survival. Since finding a twist to video games that is practically blowing the minds of people all over the world, the industry keeps on thriving.

Video games in the United States are even bigger than movies, bringing in $400 million more than the total ticket sales to the nation’s cinemas. Worldwide, at least 40 million game machines are attached to television sets. Japanese consumer electronics companies lead the industry. Sega has almost 60 percent of the market share and arch-rival Nintendo follows at close to 40 percent. Video game software retails from $15 to $75.

LONG WAY FROM 3-D GLASSES
The key to keeping the momentum is virtual reality. For over a decade VR has been used by the military to help
envision objects in three-dimensional graphics and to map out strategic maneuvers. The non-military VR industry, commonly called cyberspace, is a $110 million business. John Latta, president of 4th Wave, a market research firm, predicts a fivefold increase by 1997. VR allows players to feel as if they are inside the video game by using 3-D goggles and a stereo headset while joysticks and sensor-equipped gloves manipulate the actions of the players. A few games, like Sega CD, use a computer helmet that directs the player's wrap-around view and empowers the player to move objects in the game.

Another way to experience VR is desktop VR. The users are not encircled by the scene, but are seated in front of a screen which acts as a window into cyberspace. A remote control maneuvers the player's actions.

**HOORAY FOR HOLLYWOOD!**

Video games are counting on interactive TV systems for their next boost in popularity. Hollywood and other participants who want to get in on the action have to know what potential consumers like and why. Most importantly, they need to determine how much the public is willing to pay. How much more will they spend to play with a real movie instead of cartoon characters?

Silicon Valley programmers and Hollywood movie producers have united to produce movie-like video games. This union created a new market where Hollywood, Silicon Valley and the information highway crash into unknown lands. The territory being explored, new grounds which still remain nameless, may contain a pot of gold for each of the entertainment sectors. Philip Elmer Dewitt of *Time* magazine says there is room for everyone: "Hollywood executives tend to see the emerging market as a way to distribute movies and TV shows. Computer types see it as a way to get their machines into every home. Cable TV companies see it as a Pied Piper that will lure a generation of young viewers onto the data superhighway." He concludes that such ventures have a similar goal: "To get their parents to pay for pricey service connections and set-top cable boxes that might otherwise seem intimidating."

Hollywood is hitting the books to learn more about the new CD-ROM technology, which makes it possible to put film footage on compact disks for computers. However, CD-ROM will have to overcome some of its limitations, such as speed. The fastest CD game machines require about seven seconds to fill a television screen with nearly life-like color images.

Joining Hollywood are telemedia companies like Paramount Communications, AT&T, Viacom and Time Warner, which are investing billions of dollars in bringing everything from movies to news programs to video games onto interactive systems. Last July AT&T, the nation's leading long-distance company, bought the majority stake in Sierra Network, game developers in California, and immediately dished out $5 million to develop new games. Their goal is to let phone users play Sega games with their friends around the block and around the world.

Initially, the largest chunk of the video game audience consisted of boys between the ages of 8 and 14. The second-largest group plugging in the car tridges are men drawn by sports games. Recently, games targeting girls have appeared on the market. At any nearby Blockbuster, one can find games like Barbie Super Model available for Super Nintendo or Sega Genesis. There have yet to be games aimed at the group that spends the most money on books, movies, and television dramas—adult women.

**CONCERNS FOCUS ON KIDS.**

Mortal Kombat, retailing from $35 to $75, comes in two versions: with extreme violence or without. The highlight of both versions is in discovering the "fatality move," and learning how to use it for a much bloodier TKO. In the original version, the ultimate kill involves decapitating the opponent and holding up the severed head with a wiggling spinal cord and bare-handed ripplings of still beating hearts from the victims' bodies. The carnage looks more like photographic images than cartoons because it is contrived from digitized video footage of actors and martial artists. Sega of America, which distributes the violent original, tried working past the complaints by instituting a movie-style rating system for their video games: GA for General Audiences contains no fighting games, while MA-13 for teens 13-to-17 years old has some brutality without decapitations or other explicit violence. In the case of MA-17, which is for adults only, the rating permits more blood and gore and adult themes involving "real" filmed characters, graphic killings, nudity, ethnic and other stereotypes.

But rating systems are not the solution. Peter T. Main, Nintendo's vice-president of marketing, told *Business Week*, "We want to produce general-audience games. A rating system is not acceptable." Peggy Charren, founder of Action for Children's Television, told *Time* magazine that she believes the warning labels will actually make the games more attrac-
tive to kids: "It’s a warning to the children that tells them, ‘This is what I want.’"

How do the games affect children? According to Parker V. Page, president of the San Francisco-based, non-profit Children’s Television Resource and Education Center, little research has been conducted on the effects of interactive games on kids, yet studies have suggested that after children played violent video games, they tend to play more aggressively on the playground than those who had played less violent games or none at all. "These games move violence into a new area of the media spectrum," Page told the New York Times. He added, "The higher the levels of realism, the more likely children will internalize it and imitate it."

If Page’s theory is in fact correct, then that sentiment may be exactly what the makers of Mortal Kombat are banking on. They released the game in mid-September 1993 with what Time magazine called a "$10 million Hollywood-style media blitz." By Christmas time last year, Mortal Kombat had already brought in $150 million, an amount comparable to the kind of big bucks brought in by Hollywood blockbusters at the ticket window.

Hoping to follow the money-making example, but by a different beat, Walt Disney Studios drew up a quick sequel to their blockbuster cartoon, Aladdin—a picture they predict will be their biggest seller yet on home video tape. In their second showing of the musical delight, this time the audience finds itself joining in on the action, and manipulating the outcomes by way of a joystick. Disney’s studio artists kept the Aladdin game very close to the movie itself.

WHO WILL PREVAIL?
Atari hopes to get back into the video entertainment market by introducing its new 64-bit Jaguar home entertainment system. IBM will manufacture the Jaguar System player under a contract worth $500 million. The $250 Jaguar System has a custom microprocessor, and its 64-bit internal operations enable it to produce more vivid graphics. Atari president Sam Tramiel told Billboard Magazine, "The Jaguar will revolutionize the state of home entertainment as we see it today. We are proud that our entry into the multimedia entertainment category will be fully made in America." While video game-designers are impressed with the Jaguar technically, they worry about Atari. Sales plunged in 1985, wiping out its then-parent company, Warner. Denise Caruso, an editorial director of a media investment firm in New York, stated in the New York Times, "A lot of people still can smell the singed hairs on their body from the last time Atari went south."

In August 1993, Nintendo Company and Silicon Graphics Inc. announced a united effort to produce a next-generation of game systems with phenomenal speed and graphics. The product will be unveiled in arcades in 1994 and then made available for home television use by late 1995, retailing at approximately $250. The new-generation player will include a version of the MIPS microprocessor, used in Silicon Graphics’ workstations permitting photorealistic images and high velocity. These MIPS microprocessor chips are ordinarily used to create special effects. Howard Lincoln, Nintendo’s senior vice president, told the New York Times, "We are combining our resources to leapfrog all existing and planned video game systems. This project dissolves the limits of video playing."

In October 1993, 3DO, founded by Trip Hawkins, a small video game start-up company, came out with the eagerly awaited REAL Multiplayer. This game player is a VCR-size black box with a 32-bit processor and two special-purpose graphic chips. It is a device that combines an assortment of home entertainment appliances like video games, stereos and cable converters. The Multiplayer, manufactured by Panasonic, is priced at $699 while most video game players are sold in units that range anywhere from $120 to $250. Analysts say that price is not an issue because consumers will be receiving more for the money. Dewitt calls the Multiplayer the most powerful video-game system ever marketed to homes. Still, with the Nintendo-Silicon collaboration and Atari’s Jaguar, investors can only guess which video game device will prevail. 3DO contends that the company is offering not just another video game machine, but a new kind of multiple home entertainment device. Moreover, 3DO concludes that it has enough time to make a place for itself in the market before Nintendo introduces its new-generation system. But if Nintendo pulls out all the stops, as it’s done in the past, it could mean a premature game over for 3DO.
She's My Mother

Hurry up, I'm hurting! Give me my shit!' "All right, let me tie the belt around your arm," says the man. Shaking and cussing, the woman holds out an arm so skinny it looks as if it belongs on a five-year-old. Weariness fills her face. Tons of pain seem to burden her eyes.

"Make sure you hit the vein!" The needle punctures her arm, allowing the clear liquid to flow into a vein. After a few seconds, the woman's eyes grow distant. It is as though the needle took something out of her instead of putting something into her. Her eyes no longer look pained. Tranquility takes over. She doesn't notice when the man she just gave her body to leaves. After all, it was only business.

"Mama I'm hungry." The whisper comes from behind what is left of a door. "Damn it, there ain't no food and I ain't got no money. Hurry up and take your ass to school if you want some lunch!" The woman no longer feels good and the pain seems to have taken on twice the weight. Fear overwhelms the whispering child. Her brown eyes are furtive. She knows her mother has just received her relief check but she assumes that it is lost or has somehow disappeared.

The child makes a desperate dash for her barren bedroom. There is no TV or radio; they were sold for food although she doesn't recall eating a meal recently. She begins to get dressed. All her clothes are dirty and her hair needs to be brushed but she dares not say anything. The frail girl makes do with what she has and this time escapes without any bodily harm.

"Nickels, dimes, buddah, crack, we got it all," echoes in the path in which the child walks. The faces are familiar but she walks by as if they weren't there.

"Just say no" is the topic in class. As she takes her seat, she fights back tears that the name-calling by the other kids are beginning to make flow. The teacher brings the class to order and
the little girl falls into a daze as her eyes lock onto her teacher. She begins to reminisce; she can remember the days when her mother would come to school for PTA meetings. She remembers how pretty her mother used to be and she wishes that she could make her mother’s pain disappear.

“Children, it is important to remember drugs are bad and if anyone offers them to you or does them in front of you, you must run and tell someone.” This advice does not help the little girl. Telling on her mother would only mean that she would lose her mother. In her eyes her mommy is just sick and it will soon go away.

“This here cabbage patch doll...I spent a lot of money to buy that little bitch this garbage!” Her anger is twice as desperate as before and the pain in her eyes seems to have tripled. She blames her daughter for messing up her life and feels no remorse as she tries to sell the only thing that has been able to put her daughter to sleep at night. At this point she blames her daughter for everything that has gone wrong in her life. She sees her drugs as her only escape. Nothing hurts when she is high.

She blames her failure to sell the doll on its condition. “That little ungrateful thing, she can’t take care of nothing I give her. Should’ve did away with her a long time ago. She’s worthless just like her father!”

Across the street it is recess time and the children are in the playground. The enraged woman spots her daughter. She runs into the playground. “You little waste, come here.” Before the frightened child can react, her body is hurled to the ground. “Please stop!” The plea narrowly escapes her daughter’s lungs. But it goes unheard as her mother repeatedly kicks the child in the face and ribs.

“Somebody help, call the cops,” a teacher who has managed to heave the woman off of the child’s almost motionless body yells. As another teacher runs up, she explains, “This crackhead almost killed the child.” Her face badly battered, ribs broken, and tears flowing uncontrollably, the little girl reaches out and screams, “She’s not a crackhead, she’s my mother!”

April Leong

Glimpse of Welfare

The chatter of case workers and clients fills the dimly-lit second floor of the welfare office.

In the waiting area, an older woman harangues a younger woman about her experiences with the various case workers. “That Mr. Matthews, he’s a nasty one—you got to look out for him. Ms. Santiago, she don’t know how to talk to nobody. Oh yeah, and that Ms. Williams, short lady with da’ braids in her hair. She’ll make you tell all ya’ business.” Half-listening, the younger woman nods her head in agreement, looking as if she hopes the conversation will end as quickly as it began. Turning her head, she appears to listen for her name to be called.

In the corner a 19-year-old mother contends with her 3-year-old, a 15-month-old and a newborn. The two older children are sitting in a two-seat stroller. When they jump out, it falls backwards from the weight of a huge baby bag hanging on the handles. The mother curses at them, picks up the stroller, and clutches the newborn strapped to her front. Immune to their mother’s piercing words, the children wander away. A woman nearby rolls her eyes. “You shouldn’t had all them kids then,” she murmurs.

A couple huddles together, desperately shuffling forms and instructions. They argue over what was written on last year’s forms. At different times their heads quickly jerk, bringing them back from their uncontrollable urge to sleep which mars them as heroin addicts.

Two little girls befriend each other. The long wait encourages a game of “Miss Mary Mack.” They laugh about who messes up first. Their playful voices escalate into high pitched squeals in the middle of the dreary surroundings. As their fun heightens, a voice shoots across the room, “Girl, didn’t I tell you to sit your behind down and be quiet! Now come over here!” Reluctantly saying good-bye, the young girl obediently moves across the room to sit alongside her mother. The other little girl motions for her new friend to come back and play. “I can’t” is the expression on her raised eyebrows as she shakes her head from side to side.

To entice her friend with a toy, the little girl runs to her mother, yelling, “Mommy, can I have my Shani? Mommy...Ma...Maamie?!”

Grabbing her by the arm, her mother yells, “Didn’t I tell you to say ‘excuse me’ when you see me talkin’!” The girl’s loosely curled bangs fall down over her face as she raises her free hand to block any sudden blows. Ignoring her mother, she again makes her request, “All right, here. And don’t get on the floor. You’re gonna mess up your clothes!” The little girl breaks into a smile as she snatches the doll and spins around, looking for the other girl. But the chairs where she and her mother sat a moment ago are now empty. Her friend’s mom had been called by her case worker.

Dull gray metal desks line the crowded interviewing area inside the waiting room. Argument is constant. Mostly case workers debate with welfare recipients about missing documentation and I.D.s. An older man, rising to his feet, his frustration apparent, blurs out to a female case worker, “I’m a man, you don’t have to
talk to me like that. If it wasn't for people like me, you wouldn't have a job!"

Other welfare recipients egg him on as a security guard and male co-worker rush to the woman's aid. "If you don't sit down we can't continue," her voice is now shaky. The older man sits down in disgust, grumbling under his breath.

At another table, a worker finishes his present case, then counts the remaining folders. Seven are left. He lets out a yawn and stretches, his eyes watering. As he stands over his desk, he yells out the name of his next case. A woman quickly rushes past his approaching client and yells into his face. "I was here before her so she has to wait!"

The case worker frowns. "I called your name earlier and I didn't get no response."

"I was in the bathroom, that's why," barked the woman. "When I get back around to your name again, make sure you hear it." On this note the caseworker turns to his now nervous client, pointing the way to his desk.

For the remainder of the day parents lock horns with children, caseworkers with clients and clients with each other. Anxiety, over the possibility of having to return the next day because of a forgotten document or being bombarded by endless personal questions, seems permanently etched into the welfare office's dim dreariness.

Frustration, disgust and humiliation have been and will always be the backdrop for all who become members of the city's welfare system.

Starr Wilder

My Neighborhood

Unguns ring and everyone scurries about looking for a safe place to hide. The exchange stops after about half a minute. No one was shot this time. Last week, a two-year-old was killed across the street and last month a young mother was shot dead. For some, the reality of "it could be you" doesn't set in. Others don't feel safe in their own homes; they know that bullets travel through windows.

After the shooting stops, people resume their normal lives, or what is considered normal on the corners of this particular intersection. Over on the benches a group of women continue their daily routine of getting drunk, playing cards, and gossiping. Their tired faces seem to magnify their hard years; a wrinkle for each worry. Not far from them a bunch of tight-skirted teenage girls, some, the daughters of the women getting drunk, attract the attention of the local drug dealers on one corner. A couple of them enjoy the attention but their smiles do not suggest happiness. Rather, they suggest a desperate plea to escape. They see the dealer with the fast money as the ticket out.

As the drug dealers yell out vulgar phrases to the young girls, a cluster of older men—considered "round-the-way-winos"—tell them to have some respect for women. It is hard for these old men. They have nothing but their bottles of liquor. They cannot compete or be respected by the young generation with their expensive clothes, nice cars, and pockets full of money.

Over on the basketball courts the balls are bouncing, the adrenaline is
flowing and the sweat is pouring. The talent is deep and games are so intense one must remind oneself that this is not the NBA. During short breaks, weeding out the potentials from the wasted talent is easy to do. The former quench their thirst with juice or water; the latter with 40 ounce bottles of beer.

“Bitch, suck my d—” pierces the wind as it escapes the vocal cords of an eight-year-old boy nearby who has become enraged at a much younger frail girl. She wanted to use the only hanging swing in a forlorn playground. He is occupying it. The little girl with her large sullen eyes seems unfazed by his comment, only disappointed that she can’t use the swing. Over on the monkey-bars two children swing from pole to pole, not appearing to care if they fall on the unpadded ground beneath them. One of them, possessing the body of a ten-year-old, but a face as stern as a man’s, proceeds to do flips off the bars. He and the others just want to have fun like any other kid, but danger is something they have come to expect as part of the fun.

Crack addicts patrol their beat across from the park, offering themselves for five dollars or trying to sell stolen merchandise. They are not looked upon as outcasts. They are the parents of the children playing; they are the children of the parents on the benches; they are part of the community; they are the victims of our society.

It is the people heading for church trying to spread the holy gospel on their way who are sometimes looked upon strangely. Poverty is what all these people know best and pain is what they commonly feel. Their houses are barely standing. There is not enough love here to make a home. The thought of believing in a God at this point becomes impossible to consider.

Once again an explosion of gunfire erupts. “Hit the floor!”

“Where’s my baby?” People scream. Silence, except for sobs of terror. The drug dealers on the corner and the thugs in the basketball court have all fled. They were shooting at each other but none of them lies dead. A young potential NBA star on his way to college with an academic and sports scholarship, and a young child whose first steps were his last are the ones who lie dead. This is sad and tragic but it is not new. This is the ghetto. There is not much neighborliness about this neighborhood.

Love is hard to find, caring hard to give, faith hard to keep, but poverty is there forever.

April Leong

Driven Away

Time has brought about many drastic changes to the Brooklyn neighborhood I call home. The years have been cruel to this once safe place. I have seen the once clean streets turn dirty and have listened as the music from the cars has blared louder and louder. The neighborhood’s safety and security has vanished. Now the streets have become crowded and dangerous. I stop to wonder how it happened so suddenly.

As a child, I felt comfort and security here. My mother would pick me up from school and at the same time socialize with the other mothers who picked up their children. While the women chatted, we children played in the leaves or chased one another from one street corner to the next.

Perhaps my mother was the first to bring my attention to the changes in the neighborhood. As her friends began to move out, new people moved in. “You can’t play outside anymore, just stay here and watch TV,” my mother began telling me.

“Why?” I cried desperately. I wanted to play outside with the other children.

As I got older, I noticed that those children I had wanted to play with were now doing other things. They were busy cutting classes, stealing, getting pregnant and using or selling drugs. I was finishing school, was involved in church activities, and was basically a well mannered kid. I had high expectations and knew that I would attend college when I was finished with high school. I had goals. The other kids didn’t seem to have any. Their biggest goal was to see how much money they could steal from the elderly people coming out of the bank.

Here is just one change I saw. At the Newkirk Avenue train station, teenagers would sit on the turnstiles waiting for the buzz that signals an upcoming train. When they heard it, they would just jump over. The station became their hangout. I had just started college and rode the train every day. The faces of the young teen-aged hoods became too familiar to me. I wasn’t the typical home-girl type these guys waited to see. I had my own style. The guys wanted to see girls with lots of attitude, big baggy pants falling off of their hips and wearing gold door-knocker earrings. These guys saw me as someone to ridicule. They would say “ill” in my face and once even called me “punk rock bitch.” The daily confrontation made me feel helpless and angry. Why should I be intimidated in my home. Soon after, the cops told them to leave. They were gone but I did not forget them.

Increasingly, incidents proved to me that the neighborhood was going downhill. The little grocery stores I had known have turned into convenience stores with cameras everywhere. The children playing outside no longer talk about cartoons and toys. They talk about whose gun is bigger and about their older, drug dealer brothers. I cannot help but to feel anger. Every night I fall asleep to the sound of loud music,
screaming voices and blaring police sirens. My home has become a place just to sleep. But escape is almost impossible. I have become too comfortable with the stabilized rent. Moving out would mean paying twice as much for a place half the size.

Nevertheless, the last straw came just a couple of weeks ago. I found a note taped to the hallway wall of my building, placed there by an anonymous tenant. It was a warning by this person that she had almost been raped in the elevator by an outsider. She pleaded for tenants not to allow strangers in. I walked away disgusted. Feeling mad and sad, I realized that a place of discomfort and danger cannot be called home. It’s time to get out, to search for a place I can call home.

Alexa Blanco

Mall Misery

Another day at the mall, a world unto itself. Just as cars of all different shapes and sizes congest the parking garage beneath, people of all different orientations and intensities crowd the stores.

As I walk from my car parked on Level 3 East at the Galleria Mall, White Plains, I hear a woman in a black 4 X 4 loudly curse a young man with slicked black hair in a yellow Ferrari as he steals her spot. She flips him and honks as she drives on.

I hold the door leading into the mall for an elderly woman who does not say “thank you.” As I walk into Software, Etc.—my part-time employer—a woman is yelling at our manager, Donna, about her dissatisfaction with the return policy. Donna promptly yells back: “If you can’t be civilized, leave the store now!” As I head for the back room, their argument flares.

After hanging my coat and tying my tie, I patiently explain to a customer how a program he is interested in buying works. Though the store is growing crowded, another clerk simply stands behind the register and sullenly stares at the keys, oblivious of the customers. The bossy assistant manager sneaks up behind him and barks orders. Several customers turn away in disgust.

After an hour, the surge of customers dies down and it is my turn to stand behind the register. A group of teenagers ask for an out-of-stock item. They leave without a “thank you” after I tell them that it will have to be ordered. My patience is wearing thin. I ring up the next customer on line and ask if she wants a bag for her item. When she nods her head affirmatively, a disheveled man waves his finger and yells shrilly at her, “You’re just supporting the Arabs, asking for their petroleum made bags! I can’t believe you asked for a bag!”

The woman turns her head and through pursed lips mutters, “I wanted a bag anyway, so shut the f— up.” I throw the disheveled man out of the store. I am able to get away from the register for a while to follow a suspicious-looking man carrying a shopping bag and wearing a big coat. He keeps casting sidelong glances at me and leaves after a minute or so. I ask the assistant manager for my break.

On the way to McDonald’s, I keep my head down so some guy won’t accuse me of staring at his girlfriend. A tall man cuts in front of me on line and places a large order. The unsmiling cashier rings up his purchase and then rings mine up. I smile and, carrying my small brown bag of greasy food, sit down at a table overlooking the escalator.

On the floor below I can see a woman with wild gray hair sitting by an automated teller machine, alone and ignored. Three young mothers pass her, gossiping. Four girls in high school plaid skirts mount the escala-

tor and, giggling, point at guys around the mall. A young couple and their daughter get off the escalator right next to me. The mother curses as she tells her daughter to stop wandering. The father, two steps ahead of them, appears oblivious.

I return to the store for more encounters with rude customers. Mercifully, my work shift ends three hours later. As I struggle to get my car out of the still-crowded parking garage, I think: “What a mall this could be if there were more people who cared about others than just about themselves.”

Hernani H. Castro

The Trouble with Men

My friend and I are sitting at a table in a crowded restaurant. In the back a few men are gathered along a bar, drinking beer and watching a football game. They are so loud even the bartender tells them to keep it down.

“I wonder if any of them are married,” wonders my friend.

“I doubt it,” I reply. “Nobody gets married anymore, at least not for love.”

Relationships no longer seem what they used to be. There was once a time when men respected women and treated them as human beings. Now men and women always seem to be in conflict. How come that we don’t know how to deal with one another anymore? Relationships are supposed to be an important part of our lives. What is it that has changed the way we feel about one another?

A guy I know called me one day not too long ago, and asked me a very
funny question. He told me that women are always complaining that
guys say all the wrong things to them.
"Women are always talking about
what you don't want a man to say or
do, so tell me, what is it that you like a
man to say?"

My natural impulse was to give him
a list of all the ludicrous, crass, and
nasty nonsense men have thrown at
me. I told him of all the pinching and
grabbing women have to endure.

"See, you can't even answer the
question," he said. "I asked you what
you want us to say, not what you don't
want to hear."

I thought about it and was actually
surprised that I didn't have an answer.
I told him I'd think about it and call him
later. After a while it dawned on me:
Today's Woman doesn't know what
she wants a man to say because she
doesn't really have any ideal experi-
ences to refer to. Women have become
so dulled to the rudeness of men that
they have come to expect it as a natu-
ral part of every man's character.

Women would like to aim for the
ideal. In a fantasy world they would
like to hear a man sincerely say to
them, "Excuse me I hate to bother
you, but I would really like to sit
down with you over a diet soda and
discuss world politics." A conver-
sation like this would definitely be
more appreciated than discussing
sex, which is an all too familiar topic
for men and women.

The problem is, we don't live in a
fantasy world. In this harsh world
women can expect a man to say,
"Excuse me miss, but you must be
tired cuz you've been running through
my mind all day!"

Once again, the question has to be
asked. What is it that today's woman
wants a man to say? To answer that
question, we have to ask what exactly
women want from a man in the first
place. Of course there are the obvious
answers. Most women want com-
nionship. Some need a personal money
center. The odd woman is looking for
a sex toy. Every woman has her own expectations when looking for a mate. The same holds true for men. The confusion lies in how they communicate these expectations to each other. This is the big problem with relationships today; we don't know how to communicate our needs.

In a time when disease and disarray have turned our lives upside down, it's a wonder relationships materialize at all.

Back at the restaurant my friend spots a handsome man looking at her. “Oh girl, you see him? Now, he’s fine!” “So go over there and talk to him. You see him looking at you.”

“Oh, no. Look at him!” my friend said. “You know a man like that has either too many women or some sort of disease. I ain’t touching it.”

Now, men and women are going to extremes when the possibility of a relationship surfaces. It’s funny because we haven’t yet mastered the art of the approach. When it comes to relationships, we either avoid them completely, or become seriously involved for fear of dating other people. We’re either afraid of each other or afraid to let each other go. Either way, dating and other relationships aren’t the same. The days of catch and kiss are gone. Now it’s catch, kiss and possibly get a disease. The 90s are a time of literal fatal attraction. It isn’t fun or healthy. One good aspect of women staying single is that the negative connotations are slowly disappearing. A woman is no longer seen as lonely or desperate if she doesn’t have a man joined at her hip.

There has to be one thing that can be agreed upon when discussing this confusing topic. What women want more than ever is respect. Women want men to approach and treat them in a decent manner. When this happens, we’ll all be able to communicate more effectively. Relationships will continue to flourish. Then my male friend will get a phone call. I’ll finally have the answer to his question.

Escape


My friend Monique is 24 and has two children, Shiasia, four, and Jamal, eight. The children have different fathers. Shiasia doesn’t know who her father is. Monique won’t tell her because she can’t stand the man and regrets ever messing around with him. She loves Shiasia, though, except when she gets on her nerves.

Jamal sees his daddy all the time. You can’t miss him, he’s on the same street corner everyday, selling crack. Monique was in love with Jamal’s father. She still is, but he doesn’t want anything to do with her. He calls her “bitch,” “ho,” and every other name he can possibly come up with. But Jamal? Jamal is his boy, his son. As long as he’s selling, Jamal will get a new pair of sneakers every week. Jamal will have more gold on his neck and fingers than is kept in Fort Knox.

Monique finished high school at the age of 20. It was hard because of her children. Her choice of friends didn’t help either. These girls, about the same age as Monique, never finished high school and have no intention of doing so.

It’s a hot August day and they are sitting on a bench in the 158th St. section of the South Bronx drinking malt liquor and discussing Monique. I’m with them, but I don’t drink that stuff. I quench my thirst with a Coors Light. Normally I wouldn’t be sitting out here, but they are my friends, too. And I haven’t hung out with them for a while.

“I don’t know why Monique’s pushing this school thing. Them teachers don’t give a shit about us. And all I learned in that f—in’ place was to carry a gun. It’s like a damn war zone is Morris High School,” one of them loudly exclaims.

Monique persisted and got her diploma. She hung it prominently on a wall of her apartment. Never mind the roaches that play on it.

Monique is on welfare but recently got a job working as an assistant in a home for the mentally ill. It’s great news for her but she’s scared. Her hourly wage will not be enough to support her and her children. If she had welfare and her paycheck, she’d be able to make ends meet. The problem is, welfare will cut her off once they know she’s got a job. She hopes they won’t find out, but they will. That’s because Monique will be paying taxes.

Monique tells me she wants to leave the Bronx. She wants a better life for her family. She’s even applied to John Jay College of Criminal Justice. But there is something that’s holding her back. She’s afraid of leaving her neighborhood because she won’t know anyone else in a new place. All of her friends are here. Her family lives here. They have helped her raise her children and are a source of comfort when she feels lonely. But even they pressure Monique to do something with herself. “What are you going to do, spend the rest of your life here? Ain’t nothing here but that sorry ass nigga you like. And he ain’t nothing.”

It’s true, Monique doesn’t want to leave her current love, Dre. It doesn’t matter that he’s got two other girlfriends. One of them is carrying his child now. It doesn’t matter that he doesn’t have a job, smokes pot every morning, and has given her several sexually transmitted diseases.

“You know how you just want someone to hold you and treat you like a queen?” she tells me. “Dre does that. All that other stuff doesn’t matter.”
ter, as long as he's with me when I need him, everything's cool."

The last week in August, Monique says she's ready to leave the neighborhood. Everything that could possibly go wrong, has. Jamal's asthma is worse. The social worker thinks Monique's apartment is the cause. She has roaches and mice like never before; one almost bit Jamal. Shiasia is picking up "dirty words" from the other children in the neighborhood. Every night is filled with gun-fire. Riding the elevator can be a frightening experience because you don't know who will be in it, or if the elevator will get stuck and leave you stranded. Crack addicts and other junkies litter the staircases. Jamal's dad has paternity questions. He's not sure Jamal is his son because he's heard rumors that Monique had been sleeping around before she got pregnant. Dre doesn't want to be bothered with her anymore. Monique tells me she's had enough. "People always complain and say they're leaving here, but they don't," she says. "This place echoes with 'I'm gonna's.' Monique doesn't want to be another ghetto stereotype. "I'm sick of people thinkin' people who live in the projects don't want to do better. They think we don't do anything but smoke crack and have kids. I'm trying to do better. I'm gonna go to school and I'm getting off welfare. I gotta chance with my new job and I ain't gonna mess it up."

In early October, Monique calls me. She now lives in Manhattan. She found an apartment through a real estate agent. Her building is clean and safe. Some of her neighbors have children so Shiasia and Jamal have new playmates. Monique says she likes her new apartment, and has met a few people in her new neighborhood who seem "cool." Her job is interesting. It still doesn't pay enough so public assistance helps pay her rent. She was accepted to John Jay and financial aid pays her tuition. Monique says she feels strange going to college because she's not used to doing so much work. But she enjoys being around people who want to succeed.

I visited Monique recently and for the first time she had a genuine smile on her face. She spoke with the enthusiasm of a seven-year-old. Her eyes were lit up and the words poured out of her mouth so fast I had to tell her to slow down!

It's stories like Monique's that puts faith in black neighborhoods when all the misery and destruction make you believe there isn't any hope for escape.

Chanize Thorpe

Black Men Blues

Why do young men refer to us as bitches, hoes and tricks? I mean, last summer's most popular tee-shirt read, "Bitches ain't nothing but trixs and hoes." How could young men wear a shirt that so boldly disrespects their girlfriends, their sisters, mothers and grandmothers?

Is that how black men really feel about their female counterparts?

Jason says, "Well you deserve it. You girls walk around thinking that you're all that. But you ain't."

"Yeah," interrupts Jemal, "You bitches walk around with a permanent attitude and act like you can't take a 35
few seconds to talk to a brother."

Jason and Jemal are seniors at Hampton University in Virginia. They say that it hurts when a young woman refuses to take a few moments to get to know them better. They wish women would give them a chance before coldly rejecting them. They say that women should stop walking around with their noses in the air and just take a compliment for what it is and nothing more.

It's not that we don't want to take time to talk to a brother, but it just gets annoying sometimes, especially if you have to put up with it at every street corner. For instance, how many times has this happened?

"Yo baby, what's your name? Can I talk to you for a second?"

"No, sorry I'm in a hurry."

"Forget you then. You need to go home and take off that weave."

And how many times have you walked into a party only to have brothers grabbing and hissing at you? Brothers seem to get a kick out of disrespecting us in front of their friends.

Jemal says, "It's a male thing. I mean, if you disrespect me in front of my boys, I have to put you down to make myself look good. You make us do it."

In other words, it's the male ego acting up. Actually, it goes beyond the male ego. Carline's nightmare on this topic could have been fatal.

"Yes, he threatened to throw me out of his window because I wouldn't sleep with him," she says. The scary part of it all was that he was dead serious. But his uncle came to my rescue."

Where does it all begin?

Where does it end?

Where should they draw the line?

"I think it begins early in life," says Carline, a 21-year-old Pace University student. "I really believe it has to do with how young men are brought up and the kind of role models that they have to look up to."

I agree. If a young man grows up seeing his father or uncle verbally abusing his mother or aunt, then he will be inclined to do the same. And if a young man grows up without a male figure in the home, he will rely on the media's negative portrayal of black men as his molding tool.

Thus, fathers play a major role in instilling respect and the meaning of manhood in their sons. Boys become men, husbands, and fathers often by what they learn or do not learn from their fathers (and other male role models). And how they behave in those roles depends a great deal on their fathers' examples.

It is not a surprise that a healthy father-son relationship plays a crucial role in the growth of young men. However, most young men are not fortunate enough to grow up with healthy father-son relationships. With all the forces constantly tearing the black family apart, most young black men are "lucky" if they have a father to look up to. Moreover, the percentage of black households headed by women has soared from 23 percent in 1959 to 55 percent in 1991.

"My mother wore the pants in the house," Richard says. "My father left when I was a baby. I'm lucky if I get to see him twice a year."

At 24, Richard is still trying to get his associate degree from the Borough of Manhattan Community College. He agrees that the state of the relationship between black men and black women is just another consequence of the disintegration of the black family. He says, "We need to start taking responsibility for our actions. It's time to stop blaming each other. We need to unite and work with each other so that we can form better relations with one another."

Richard is just one reminder that there are some good black men left in this world. Like Richard, I've met a number of courteous black men who know how to greet a woman in public. And each time a polite black man pays me a compliment, it reassures me that there are at least some around. But it's a shame that they are in such a minority. Ketty Joazard

Another Random Death

I picked up the phone after the third ring. My sister's voice was terribly calm on the other end of the line.

"Christopher is dead. They tried to save him but it was too late."

The day that Christopher was killed, Elk Drive in Far Rockaway changed forever.

When Christopher's family moved into the condominiums, my family had already been there for three years. My parents had moved out of Brooklyn so that we children could grow up in a safe environment. They wanted us to feel safe walking to school or just playing in the backyard.

Summers were the best time for children on Elk Drive. Each morning we would race to the backyard pool and spend the entire day swimming and playing games.

"Hey, let's play Marco Polo," Chris would suggest.

"No, let's play volleyball, boys against the girls," Marco Polo.

"Volleyball."

"Okay, let's play volleyball first, Chris said as he gave in.

Though Christopher and I were best friends, we often disagreed about the smallest things. We competed just about everything, but had a wonderful friendship, too.

That's why I'll never forget the day I received that phone call from my sister.

"No you're kidding. You shouldn't call me at work just to play practical jokes," I said.

Silence.

"What do you mean Christopher
dead? He can’t be dead because we’re going to a party tonight.”

More silence.

I waited for my sister to say something. When she finally did, I knew that this was not one of her practical jokes.

“Katie, Christopher is really dead. They tried to save him, but he had lost too much blood. It was too late.”


Christopher had been on his way to the store when a boy he had had a disagreement with approached him and asked him his name. Before Chris could respond, the boy stabbed him right there in front of the store, through the heart. Witnesses said that Chris tried to run, but he just collapsed. By the time he was taken to the hospital, it was too late.

After Christopher’s funeral, parents on Elk Drive called a meeting. They couldn’t believe that something like this could have happened in such a “nice” neighborhood. They talked about organizing a committee to watch over children’s activities. They discussed the merits of having the children form a buddy-buddy system.

After Chris died I became more aware of all the other crimes that were committed against innocent children in my neighborhood. First there was Mimi, my high school classmate who fell into the hands of the Rockaway rapist. Her mom moved to California a few weeks later. Next there was Ion, who was shot in the head while he waited inside his car for a friend. Patrick and Lionel were also found dead one morning. The list goes on. All those kids died before they reached their 18th birthday.

Most parents think that they can escape the violence that suddenly takes their children away from them by moving into a “better” neighborhood. Parents need to realize that while they can move to that “better” neighborhood, the violence is there too. And it will not be stopped by just moving on.

Ketty Joazard

Realizing A Dream

Nick Samson is illiterate. He has attended the Brooklyn Public Library Literacy Program for three years, since he turned 24. Nick wants to learn to read and write so he can open his own auto supply store.

Proudly Nick takes his place at the center of the room. Today is “Writing Celebration” when the students have an opportunity to read their own writing samples to their peers. Nick is one of the first volunteers. He throws his shoulders back, places his pen behind his ear, and clears his throat. Nick begins to read:

“The title of my story is ‘My Dream.’ I want to open my own business. I will make a lot of money in my store. Then my mother and I can move out of the projects and live in a beautiful house...”

Nick doesn’t even glance at the paper as he continues to read. He has worked on his story for so long that the words are imprinted in his memory. Periodically I mouth the words along with him. As his tutor, I helped him piece his words and sentences together. His dreams are imprinted in my mind also.

Five million adults in New York State are illiterate. A majority of them had to drop out of school at an early age in order to help their families financially. Now they are suffering grave consequences for their altruism. Many are unemployed or stuck in low-paying, dead-end jobs. They express frustration about not being able to read their children’s bed-time stories. Some of them can not even ride the train by themselves. But most of them have learned how to survive.

Their tricks are numerous. “My handwriting is so sloppy, why don’t you write it out instead?” Or “This train ride is so long, how many more stops until we reach Franklin Avenue?” Or “Can you read that sign for me? I forgot my glasses.” Or sometimes they just cross their fingers and guess. They live in constant fear that a wrong guess will cause them embarrassment, their jobs, or even their lives.

The Brooklyn Public Library Literacy Program is the first step for many illiterate adults. The program offers small groups, an informal atmosphere, as well as minimal time commitment. These factors allow the beginning student to relax. They can take risks in reading and writing without fear of being reprimanded. Volunteers also facilitate the learning process.

The program operates on a shoe-string budget supplemented by donations, used book sales, and holiday fairs. The proceeds cover the costs of office management, advertising, and the purchase of new learning materials. Periodically, tutors are rewarded with coffee and doughnuts. But even without monetary compensation, the volunteers keep their commitment of two to ten hours a week. Why?

Students like Nick Samson are my motivation.

Nick has a chance to reach his dream. He is still young. His family and employer support him. He is full of desire.

But he is among the few who have a strong chance to break the barrier of illiteracy. Many students stop coming to the program after one or two months. Finding baby-sitters is a problem. Others can not take time off from work. Many simply lose hope, remaining trapped in poverty and fear.

Everyone applauds when Nick finishes reading his article. He takes a
quick bow and slowly makes his way back to his seat, shaking hands on the way. As he sits down, he turns around and gives me a smile. I smile back. We both face the front and begin listening to another new reader's dreams.

*Haydee L. Guildford*

## Unknown Statistic

Every year, thousands of rapes are reported. Every year, thousands more go unreported.

Most of these unreported cases are also cases of date rape. These women become unknown statistics.

I am one of these statistics. I remember clearly the day that it happened.

It was just two weeks after my 18th birthday. I was so happy at the time. I had been dating this guy for the past three weeks. Everything seemed to be going okay. Well, as okay as a three-week relationship could be going. Then he told me that he loved me. I wasn’t in love with him, but I knew that him being in love with me made everything that happened between us seem to be fine. Nothing that happened could be wrong. I wish I had never thought that.

I was weak and vulnerable at the time. I trusted him a lot more than I would ever trust anybody now. He could tell me anything and I believed everything he said. I guess it was because he told me that he loved me. That made all the difference.

The day after my birthday was the first time that he told me that he loved me. Then we had sex. We had only known each other a few weeks. I thought that I would not have any respect for myself afterwards, but it wasn’t a big deal, being that he loved me. And yes, I believed that he loved me. Why wouldn’t I?

Two weeks later, I was over at his house. I didn’t want to have sex; the mood wasn’t right. I said, “No.” Plain and simple. He didn’t understand what I was trying to tell him, or he did not want to.

There was one thing that he said to me before it happened. After I told him that this was not what I wanted, he said, “That isn’t what your eyes are saying.” I knew that this was not true, and I tried to tell him that. But I was paralyzed with fear. I had an idea what was going on, but I wasn’t completely sure.

I remember the fear being so vivid. Everything was moving in slow motion. When it happened, I knew what was happening, but did not want to admit it. Rape is something that happens in a dark alley, not in your boyfriend’s house. And it happens with a stranger, certainly not with your boyfriend. That’s what I thought.

And this absolutely does not happen in a quiet, suburban town, or does it?

After it was all over, he told me again that he loved me and left. I was still trying to figure out what had happened. I got home and thought about it. I came to one conclusion.

I had been raped.

Not only had I been raped, I knew my assailant.

I had to decide what to do next. I chose to keep quiet. “The whole thing will go away if I don’t tell anyone about it,” is what I thought. I knew that it would never disappear from my mind.
but if I never talked about it, it would be almost as if it never happened. Almost.

Over the following three years, I took that fear and anger and turned it into something that I thought to be strength. Trust was something that I had to relearn. Before this happened, I trusted everybody. If someone greeted me on the street, I would automatically trust them. Never again, I became cautious of everyone I encountered. Trust was now something that had to be gained, and it was awfully difficult for a person to gain my trust. This all took part in making me stronger. Stronger in the sense that I was more cautious of others and more protective of myself. I didn't give anyone a chance to break down the barriers I put up. At least, not until I was ready to let them.

I recently decided that not pressing charges was a mistake. The guy I am currently dating is best friends with my assailant, so I am in constant contact with the guy who did this to me, and I found that all of my original fears were coming to the surface. I wanted him to face what he did to me as I am facing it now. But, three years is a long time to wait in a rape case.

I was losing my strength, and with that, my identity. I sought help from counselors, which was something I would never have done when it actually happened.

That did not help. The counselors told me to accept what I was feeling as anger, and to treat it as such. I took a long look at what happened, and knew what to do. I took my anger and turned it loose. For a few minutes, I thrashed around my room. My closet now has a hole the size of my fist in it and various ceramic items are broken. After that outburst ended, I found myself more focused and my strength had returned. The same strength that I had gained from a horrible experience turned out to be what saved me when I was faced with my fears again.

When women are raped, either by strangers or acquaintances, they tend to make themselves stronger through their fear.

Even those women who, like me, do not report the crime.

Tracy Oliver

The Pastor's Son

It's the last day of a beautiful summer weekend and beach weather is wrapping around my body like a fever. I must continually remind myself like a mother would remind her four-year-old that I can't do everything I want to do: "No, no, no, you can't go to the beach," I try to convince myself. Sweeping the sidewalk clean of candy wrappers, colorful crack vials, and cigarette butts (painted apple red just around the mouth). I, in my black suit and cherry blossom tie, stand disgusted in the heat of an early morning July sun.

I am in front of a Pentecostal church on 220th and Hempstead Avenue. Directly under the shade of an oak, I bend over quickly with a faded green broom in my right hand and a dust pan in my left to pick up a shard of glass from a broken 40-ounce beer bottle. Service will begin soon.

I watch as, one by one, families leisurely enter through the front metal doors which are lightly covered with three-year-old cranberry paint that is beginning to peel away.

It's 10:25 Sunday morning. I am the pastor's son.

As I enter the church, the air-conditioned coolness mixes with heartfelt cries from the alter. The smell of hair spray emanates from an elderly woman sitting by the entrance. It fills my soul and lungs with emotions which are all too familiar. And, as I grasp the broom and dustpan in my left hand so I can greet the deacon with a firm shake, I smile and say to myself, "maybe God will speak to me today."

The broom in the closet, I wash my hands, enter the main sanctuary, and take my seat where the musicians sit, in the pew nearest to the altar. It's 10:33 a.m. I play the congas.

The pastor commences with a prayer that stirs the soul. If you were rubbing the sleep out of your eyes before the prayer, afterwards, you would be wide awake. Now comes the opening hymn, and with my watch off my wrist and safely in my pocket, I am now ready to pound a rhythm that could reach the throne of God.

Beating the conga skins with the skin of my hands, midway through the song, a song that I have sung and played many times before, I realize that there is more to this life than just sitting on a bench. As the pastor continues to sing the hymn a second time, I come to realize that life is too short. It is to be lived. If I die, someone else will take my place and pound their beat, probably sounding better than mine. It's 10:39. I'm replaceable. I'm human.

As the song ends, I pick up my Bible, watch still in my pocket, and walk slowly to my Sunday school room. Many thoughts enter my mind as I greet other members of the congregation. I am 21 years old, and for 18 years I have been sitting on the bench. What is my life if not for church, I think to myself. I feel scared. What have I become? A Christian more aware, a man with an identity? Perhaps. But of me, what have I made of me?

As Sunday school begins I think about who I am. Who am I that the Lord made only one of me?

Sunday School, the devotion, and the preaching do not move me today. I am thinking. For the first time I am thinking on my own without any one telling me: "No, no, no. You can't have thoughts like that."

The preaching is now over and the closing prayer just beginning. As the prayer ends and the congregation says "Amen" I greet members of the 39
congregation once again as I make my way outside.

It's 2:43 Sunday afternoon. I am free. I am myself and as the warm summer breeze caresses my face and blows a candy wrapper my way, I pick it up and throw it away. I am the pastor's son.

Carlos M. Lopez, Jr.

The Big Tree

When I was very young, my parents took my brother and me out of the city for the summer. We went to what I now know are the Catskills in upstate New York.

"Where are you going for the summer?" my small inquisitive friends would ask.

"The country," I would answer.

"What country?" they would wonder. I had no idea what they were talking about; I only knew it by the name my parents called it, "the country." I did realize that it was a place where the greenery outweighed the asphalt.

Those summers were filled with great adventures for this kid who spent ten months a year in the Bronx. I had some of my first interactions with the world of nature in those mountains. Now, I will sometimes close my eyes and let my senses return to the one mystical place that awakens my mind with fond memories. It brings me back to a time in my life that is gone forever, with people who have long disappeared.

It was under a very large old tree, its thick bark weather-beaten and gnarled. Its branches stretched to the sky looking on overcast days, like the arms of a mythological god. Massive roots grew out of the earth next to its trunk. A perfectly flat rock nestled among them surrounded by soft-touched grass. It felt like the fur of newborn kittens.

On hot summer days I would lie on the rock and look up at the tree's powerful branches. I would be very still and wait for a breeze to come along, which would make the leaves rustle with a most beautiful sound.

My perspective, a naiveté that made everything fresh and new, came through the senses of a child. One particular summer day when I was seven something dawned on me. As I lay on the rock the thought slipped into my mind—I am a part of the tree, of the rock, the sky above, of everything. I am a part of the universe! Until then I had been so self-absorbed that it never occurred to me that I was just a small part of a much larger picture. Though I am now grown and independent, the revelation that old tree provided me about the complexity of our interconnectedness still baffles me and continues to fascinate me.

Howard Schissler

Politically Correct, or Just Silly?

I tend not to attract much attention. I am short; I wear glasses. But in this politically correct world, I may be a whole new category waiting to be anointed—an optically and vertically challenged person. I much prefer to be just a short person who wears glasses.

No longer does someone have a receding hairline. The term is now politically challenged. Absurd maybe, but the times they are a changin'. Ethnic groups are the most obvious makeovers. While blacks are now referred to as African-Americans, what about all the other dark-skinned groups? Haitians are not African-Americans and neither are the West Indians, although both ethnic groups are dark-skinned. The same is true for Hispanics. They do not all come from this country and therefore they are not all Latinos. The politically correct person tends to forget about South and Central Americans or people from the Caribbean, not to mention Spaniards. In trying to accommodate all these different groups, they forget that though they are bound by a common language (for the most part, anyway), their histories and cultures are quite different. Therein lies the problem.

A friend related this story to me. He was answering a question in class and referred to people being black instead of African-American. Another student protested, saying, "The white man gave us the name neger, then colored, and now I sit here listening to you call us black, another name the white man gave us. We are from Africa and therefore African-Americans."

"Speak for yourself," a young woman retorted. "My mother is from Alabama and so is my grandmother and I am an American. I don't think of myself as an African."

My friend is baffled. "It's a crazy thing. If you try to be politically correct there may be some people who are offended. You're damned if you do and damned if you don't."

Ultimately, political correctness does not serve its intention of smoothing over differences between us. It just brings other differences between people to the forefront. We are so careful not to say anything wrong that we say little or nothing at all. Expressions of real feelings about the differences between people have become scarce. The line that separates political correctness from accusations of insensitivity or bigotry is awfully thin. Just to stay on it we have to concentrate very hard; in the meantime we miss a lot of real life that is going on around us.

Diana Cabrul

DOLLARS AND SENS
As the media fantasticates, spinning around the next curve of the still embryonic information superhighway, Dollars and Sense reflects on what this all means for the humans who are being pumped and primed to accept a future of fast information and high-speed production mediated by a mega-network of interconnected homes and businesses.

Our art staff and photographers zoomed around the city, collecting bits and bytes of input from various sources. What we bring to you is a still pixelated portrait of the here and now—an image of the 1994 Everyperson, those who may or may not have access to this new world of faxes, computers, telecommunications, CD-Roms, video phones or satellite dishes, those who have been affected, for better or worse, by the changes we have seen since the advent of the personal computer a mere 10 years ago.

Included in this photographic essay are people who have steadfastly maintained that the technology age is destructive to beauty, craft and humanity; people who have become frozen in time as the cyclone swirls around them. There are those who have desperately trying to play catch-up, all the while realizing that the bullet train has left them standing on the platform, watching the last puff of steam from the last diesel engine disappear into vapor. There are those who have altered their lives, retrained, reprogrammed and sometimes re-adapted, adjusting to the multitude of innovations occurring around them and garnering new jobs on the road crew. Some have lost their obsolete jobs and find themselves unable to either retrain or adapt. Then, there are those engaged in a daily struggle to maneuver in a hostile world unprepared for their wheelchairs and labored speech, whose lives are being immeasurably improved by access to computers. There are people who have had to change their living standards because the new positions they qualify for pay less than the obsolete jobs they once performed. Some have found their way onto the rolls of the permanently unemployable. And some are racing around the curves, helping to make the new technologies serve the human sector for the common good.

**Surviving Technology** is a reverie of image and quotes from the real people who are being and continue to be affected by the changes technology makes in our lives. Will the future divide us into those with access and those without? Will two parallel societies come into existence, one communicating across hyperspace and the other adrift, unable to connect? These are issues that must be addressed as governments and corporations race to wrest control of the vast universe opening before us.

Rather than being blinded by the thousand points of technological light, maybe we need to turn some attention to the direction in which the headlights are pointing. From this small sampling of the drivers, passengers and those who are left behind, one conclusion can surely be drawn—there will be many bumps, potholes and dangerous curves along the Information Superhighway.

—Terry Berkowitz
Surviving Technology

Milda McLean-Dennis
Radio Disk Jockey

"Fortunately, it has afforded me the opportunity to do what we do best—serve our listenership."

Armando Hernandez
Former Print Stripper

"The industry was going over to computers. On the Scitex machine, they made color separations, retouched the color photo, printed it on an 8 x 10 slide and sent it to the printer. The new process basically replaced the job I was doing and left me without a job."

Photos left to right:
Cheryl A. Marshall, Noah Shapiro, Noah Shapiro, Kim Robinson
"I would not be in the same position without computer drafting. I enjoy it a lot more than pencil and paper, especially since I was so bad at drafting by hand. I probably would have had trouble getting a job without it."

Lester Katz
Architect

"Losing a job may be viewed as negative, but doing something about it is positive. You have to have a positive outlook or you won’t be able to re-enter the workfield. Today, one is expected to hold quite a few jobs as opposed to staying with one job for years."

Margaret Roehrig
Job Skills Training Program
Surviving Technology

Marina L. Castro
Systems Administrator, Canadian Consultant
"My knowledge of various aspects of computer technology affected me in positive ways. I am succeeding in my career—getting promoted, being chosen to attend technical courses and given the responsibility to manage our computer systems. It makes me feel more competent to market myself."

Photos left to right: Joanna Labos, Wan Men Cheung, Noah Shapiro
"The computer has become a positive part of design—with more options and freedom to explore one's imagination."

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"In the digital age, the technology has changed drastically towards compact discs and vinyl is fading out. Many record pressing plants in the United States and around the world have closed. Since we are still making records, our business has actually increased."

Barry Koven
Production Manager, Aligned Audio, Inc.
Tempest in a Teapot

Snapple still dominates the iced-tea market, but the competition is heating up

By Michael Bennett
Illustration by Harue Onodera

For years, tea-time—at least the summer variety—belonged to Snapple. But it now faces overcrowding on the shelves. Soft drink kings Pepsi-Cola Co. and Coca-Cola Co., along with a batch of smaller ventures, are nudging into the market, giving Snapple reason to fret about its future. The kettle is whistling in the billion-dollar market of non-cola, non-alcoholic, ready-to-drink iced teas.

Some 75 percent of all U.S. households drink iced tea. Snapple’s iced teas hold 44 percent of the market, representing half of the company’s $232 million a year in sales. Lipton comes in second in the category with 19 percent, down from 46 percent in 1992. Nestea comes in a close third with 16 percent. But with new and bigger players in the game, Arnold Greenberg, Snapple’s chief operating officer, has to be on his toes. “We may go down in share, but it’s going to be a smaller share of a much bigger market,” he points out.

Snapple’s reaction is to concentrate its forces. To fill and expand on sales of the most popular flavors and alleviate bottlenecks in production, the Valley Stream, New York brewer has simultaneously cut flavors while adding four bottling plants to their top division—bringing the total to 26 plants nationwide. This should guarantee the flow of Snapple’s top 15 flavors, which make up 80 percent of sales. According to Adam Field, Snapple’s manager of financial planning, “Both distributers and retailers agree the company is in a fabulous position as the line continues receiving skyrocketing orders.”

But appearances can be deceiving. Although Snapple is consistently stocking shelf-space, company shareholders are cashing out in a big way. More than 50 directors, executive officers and other major inside shareholders were involved in a mid-November secondary offering at $22 a share. Immediately afterwards, Snapple stocks hit a low of $19.75. But even at that level, the share price was still a whopping 50 times its earnings.

The buy-out was orchestrated by Boston-based financier Thomas H. Lee, Merrill Lynch and Snapple’s founders, Hyman Golden, Leonard Marsh and Arnold Greenberg. “There is a common thread throughout the entire prospec-

TEA BATTLE COMES TO A BOIL

Wall Street is not the only place Snapple feels the heat. Pepsi fired the first shot in April, with an ad campaign for Lipton Original, the result of a 1992 joint venture with Unilever’s Lipton brand. For its part, Coke has entered a joint venture with Swiss giant, Nestlé. There’s serious money involved in the iced tea war. Pepsi spent $30 million on advertising for Lipton Original in 1993, while Snapple spent $15 million on its brands. Mix in Coke and several smaller brands, and total media spending surpasses $60 million at the end of 1993. The incentive for the hop on market shares grew from watching Snapple’s revenues end 1993 at $500 million and predictions of reaching $100 billion by the end of 1994.

The tea party started in 1988 when Snapple pioneered the “hot-filled” bottling of preservative free tea, getting a four-year competitive jump on the iced tea market. Until then, liquid tea had been processed and required preservatives to give it shelf life. Snapple then further strengthened its wholesome image by expanding its line of fruit juices, flavored seltzers and natural sodas that contain neither artificial flavoring nor coloring.

Despite a wholesome image, the tea manufacturers do run into gluts. Problems could be triggered by something as simple as their most basic ingredient—the tea itself. Snapple buys its tea from A&W brand’s Tetley Inc. under an agreement that ends in 1995. But since Cadbury-Schweppes Ltd. took over 96 percent of A&W in an October 1993 buyout, Snapple is relying on a supplier that is a potential competitor and would be required to seek alternative sources for its tea, their company prospectus warns.
BROOKLYN'S TEA PARTY
Despite all ups and downs, Snapple has come a long way in its 22 years. The journey started in 1972 with Unadulterated Food Products, Inc., a health-conscious juice factory created by window washer Leonard Marsh and his childhood buddies from Brooklyn's Brownsville section. The trio did not quit their day jobs until 1987. They painstakingly built strongholds in New York, Boston and Washington by infiltrating delis and convenience stores where yuppies were willing to pay $1 and up for a 16-ounce bottle of Snapple, roughly double the price of a can of soda. Snapple was born on April of 1992.

On the occasion of its initial public offering on December 15, 1992, few outside the Northeast and California had ever heard of Snapple, yet Wall Street responded as if Snapple was a national addiction. It opened for trading on the NASDAQ under the symbol SNPL at $31 and never looked back. By the end of its first day of trading, Snapple's stock had risen 45 percent above the offering price of $20. Almost overnight, Snapple's market value was nearly $1.2 billion, and as of the last quarter of 1993 there were 3,180 holders of record of the 121.6 million outstanding shares. Snapple stock has split two-for-one twice in the past year since the offering.

Aside from defying market skeptics, the high-flying stock has created a new word in the Wall Street vocabulary. It soared to an eye-popping 99 times per share within a year, and 44 times 1994's estimates. The phrase "Snapplesque" has become a buzzword for a wildly overpriced stock.

READING THE TEA LEAVES
Based on its domestic success, Snapple believes it can take on international markets. It currently sells in 17 foreign countries, although foreign sales figures represent less than one percent of total revenues. To ensure a piece of the foreign market, Snapple added Mario Soussou as the new vice-president, overseeing the international expansion. Shortly thereafter, Victor Bonomo, retired senior executive of world giant PepsiCo joined Snapple's board of directors.

Another source of growth is automation—but Coke and Pepsi are already there. Snapple sees vending machines as an additional source of distribution and is pursuing distribution through institutional and food service segments of the market. Most prepared iced teas, including Snapple, are sold at convenience stores. Only slightly more than 10 percent goes through supermarkets, which is where colas sell 40 percent of their volume.

Comments Jesse Myers, editor and publisher of Beverage Digest, "There's no question that Snapple is going to be under more intense competition from Coke-Nestea and Pepsi-Lipton as time passes. Snapple has been able to coast up to this point."
STAPLES RISING
Office Supplies Pioneer
Takes On All Comers, Big and Small
By Fernando Luján

For many businesses, Staples Inc., the office super store, has become the leading discounter of low-priced office supplies and business machines, as well as a top provider of binding and copying services. The emergence of retail giants like Staples, who last year attained $1.2 billion in sales, have forced neighborhood stationery stores such as Marcus Holmes's stationery to closeup shop and move to Florida.

"It got to the point where we just couldn't compete anymore. I couldn't afford to reduce the prices and maintain the rent," says Holmes. When a Staples store opened just three miles away from his store in Long Island City during late 1991, Holmes realized it was a matter of time before the Massachusetts-based retailer took away both his clientele and profits. "I don't think that small stationery stores and appliance stores are going to survive with all these supermarket-type places cropping up," notes Holmes.

And so it is no surprise to find that smaller office supply stores all over the country are being forced to compete with their larger, discount-aggressive counterparts. The big three—Staples, Office Depot and OfficeMax—have practically eliminated the competition by offering items at prices as low as 20 to 70 percent off retail. As an example, Holmes claims that a box of copy-paper, which he would sell for $22, sells for a mere $18.49 at Staples. "At those prices, no one is going to buy from you anymore, no matter how nice you are," says Holmes.

PIONEERING A REVOLUTIONARY IDEA
But to understand why Staples has been so successful since the opening of its first store in Brighton, Massachusetts in 1986, one has to delve into the company's history and progressive strategy. As the oft-told tale goes, the concept of Staples' chairman and chief executive officer, Thomas G. Stemberg, was to create a super store that carried everything from yellow pads, staples and copy paper, to software, business machines and furniture. The concept also called for constant customer access to the store by remaining open seven days a week.

The concept was soon realized and became so popular in Massachusetts that expansion into Northeastern states like New York, New Jersey and Washington D.C. became inevitable. To date, Staples, which pioneered...
the office supply industry, has opened over 221 stores including more than 40 in Southern California.

The main focus of Staples’ business strategy lies in their aggressive expansion and saturation of pre-existing markets as opposed to achieving growth through selected share positions across a larger land area. The company scouts out locations that include businesses with fewer than 100 employees and already established office supply stores. After determining the stability and profitability of that environment, Staples, and subsequently the other two chains, move in.

Staples’ success is achieved through their four sales mediums, the average 18,000-square-foot suburban stores, their delivery outlet, Staples Direct, their smaller urban stores, Staples Express, and their ever-growing international ventures.

**A STRATEGY OF EXPANSION**

In 1988, Staples implemented a system of centralized distribution centers to keep their stores fully stocked at all times. These distribution centers (one in Putnam, Connecticut and another in Fontana, California) currently allow the stores to replenish stock whenever needed and significantly reduce the cost of rent for the smaller Staples Express stores, the first of which was located at Court Street in Boston. The distribution centers stock leading office supply names like Rubbermaid, Pendaflex and Dennison to business machine names like Apple, Brother, Compaq, Panasonic and many others. In 1989, Staples also introduced its own private label that currently produces fax paper, paper clips and staplers.

Through Staples Direct, customers can purchase by phone items that are regularly stocked in the superstores. One of the advantages of Staples Direct is that they offer free delivery. The financial success brought about by these mediums, and the continued growth of the company by 60 to 70 stores yearly, has allowed Staples to venture into markets abroad.

In 1991, Staples set its sights on a joint venture with the Canadian office super store Business Depot. In 1993, Staples invested $7 million in Business Depot, increasing its ownership to 42 percent. Business Depot now operates over 31 stores in Ontario and Quebec. In 1992, the company acquired a 48 percent interest in Germany’s Maxi-Papier, and sign a partnership with the United Kingdom’s Kingfisher PLC, allowing the company to open four pilot stores under the name Staples The Office Super Store.

Staples’ easy entry into the business it originated also spawned some very aggressive competitors—the Boca Raton, Fla.-based Office Depot, and the Cleveland-based OfficeMax. Though the pioneering Staples continues to grow at an impressive rate, it has recently faced stiff competition from growth leader Office Depot, which in 1993 had reached $2 billion in sales compared to Staples’ $1.2 billion.

Since its modest beginnings in 1986, Office Depot has opened or acquired over 340 stores compared to Staples’ 221. Toward the end of 1993, Office Depot’s quarterly report indicated that its store sales were up by 31 percent compared to Staples’ 7 percent. Earnings-wise, Office Depot grew by 47 percent since 1989, and Staples’ profits were up by only 39 percent.

However, though Office Depot has done significantly better, two factors affected the low showings in Staples’ sales margins. One was the poor results of The Workplace stores, which the company acquired in 1992. Since their initiation into the office supplies market, The Workplace sales have declined by 40 percent sending its stock to a mere $24 a share. This was mainly because the Workplace name was not as familiar to Florida consumers as the Staples name. Workplace has since adopted the Staples banner and is faring better. Second, the resignation of Henry J. Nasella, 46, Staples former president and chief operating officer, made Wall Street unsure of the company’s soaring Nasdaq-listed stock.

**STOCK SLIDE**

Nasella, who resigned on June 30, 1993, said his resignation was due to the fact that he wanted to spend more time with his family. When he came aboard in 1988, Nasella helped the retailer grow from 11 stores with $40 million in revenue to the current $1.2 billion and 221 stores.

With the announcement of Nasella’s departure, the stock dropped almost 8 percent in heavy trading. As a consequence, Staples shares fell $2.50 to close at $29.50 a share in normal trading, on volume of more than three million shares. Nasella, whose salary at the time was reported to be almost $379,000, spearheaded the company’s $883 million sales in 1992, which was up 46 percent from the previous year and almost five times the sales of three years prior.

Despite the news of Nasella’s
retirement, some analysts speculated that the stock slide could also have been due to other factors like the aggressive acquisitions of Office Depot and the consolidation of another rival, OfficeMax. In this consolidation, OfficeMax, a subsidiary of Kmart Corp., took over the BizMart office super-stores. The takeover meant that OfficeMax now had more stores to compete with neighboring Staples stores.

Another possible explanation for the stock slide was that Staples was allegedly struggling to sell off its original line of personal computers, which some customers complained were outdated. That original line included Dell, whose shares had fallen by nearly 10 percent in May 1993. The drop came after Goldman, Sachs & Co. advised that it feared that the falling price of personal computers was seriously going to deteriorate the mail-order company's first quarter earnings ended May 2.

According to Francisco Rios, general manager of store #143 in midtown Manhattan, “We required certain things out of our top vendor, a top-line vendor like Dell was and Compaq is now. For the customer who buys their PC at Staples, it has to have superior performance, and a better package than if they were to buy it somewhere else. We require that the vendor have a telephone line specifically for our customers, a lot of special pricing, special time frames, and we weren't getting that from Dell anymore.”

Whatever factors were behind the drop in Staples' stock, the decline was short-lived. Not four months after Nasella's resignation, the stock rebounded to $38, just slightly ahead of what it was worth before Nasella's retirement.

DEVISING A NEW SALES STRATEGY

Since then, Staples has implemented several new strategies to further strengthen their healthy position in the office supplies market. The company modified its approach to computer sales by carrying fewer, more popular brands. “It was very confusing to customers to have so many vendors,” said Rios. “So we've taken Compaq, which is the leader of the home computer business, we've taken Apple, which is in its own category, and Leading Edge, which is a 'popular-price' vendor, and decided to go with them in order to maximize the number of items that we can offer a customer,” Rios continued.

That new strategy also involves selling off their older display models and reducing in-store inventory. Dell and Acer/Acros computers sold relatively well, after the company decided to sell-through on them. The company has reduced its computer inventory and facilitated sales by concentrating in stocking the distribution centers. “We've identified certain areas in the store in which we never want to tell a customer 'we're out-of-stock,'” so we've taken those items and consolidated them in our warehouse. When a customer wants one of those items, like a computer, we'll automatically be able to deliver it to them the next day without any charge to them,” said Rios.

Rios maintained that what separates Staples from its competitors, big and small, is that the company provides better customer service. “We'll do anything and everything for the customer. We also have a commitment from every general manager in the company that there will never be a case where the customer is wrong. The customer will always be right in the store, and we are individually held responsible to make sure that is the rule in every store,” he claims.

The company's sales approach is not solely limited to office supplies and business machines. Last year, Staples introduced over 180 software titles and literature to its catalogue, a fact that Rios says allows the company to compete with the most popular PC and software stores.

PROFITING FROM STAPLES' SUCCESS

Though Staples has strongly made its presence felt and sent many a stationery store into a proverbial panic, other long-established stores like King Office Supply Company, Inc., have actually benefited from the arrival of Staples on their turf. Stores like King profit from offering products that are not normally stocked in Staples. The popular mid-town Manhattan store, which has been at its 14 East 33rd Street address for over 35 years, is located just a block away from Rios' Staples store. Store Manager Richard Tambone says, “I don't think we were affected by Staples that much, we offer things that they don’t and vice versa, and to date we've been able to live together. If anything, I think it has actually helped the business.”

Following the opening of the Staples store in 1991, King adopted a red shirt/black pants dress code similar to Staples. Even the shelving units are the same shade of red as the trademark Staples units. Whether these changes were intentional on King's part is unclear, but what is certain is that the look Staples pioneered, has caught on with other national retailers.

As Staples continues its massive expansion and supremacy in the office supplies market, many smaller stores like Holmes's are going to be forced to close shop. “With more stores following in the Staples tradition, the stationery store as we know it may well disappear,” says Rios. “In New York at least, they just don't have the buying power we have, at most they have 25 percent.”

With more and more stores joining the fray, it would seem likely that the office super store business could soon peak. But at a ceremony celebrating the opening of the company's 200th store last year, Staples' CEO Thomas Stemberg asserted, “We think there's room for over 2,000 stores in the United States and there's less than 1,000 now.”

DOLLARS AND SENS

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More Than Child's Play

Kiddie Publisher Scholastic, After Some Growing Pains, Is Ready to Leave Home

By Patricia Avidan

Once upon a time there was a publisher of classroom magazines that grew and grew into one of the world’s largest publishers of children’s books and other educational materials.

Scholastic Corporation, with revenues of $552 million in 1993, was founded in 1920 by Maurice Robinson. Today his son Richard Robinson is the president, chief executive officer and chairman of the board, overseeing the release of 150 million books annually as well as magazines, software and, most recently, a state-of-the-art on-line educational service that has caught the competition flat-footed.

The market for children’s books shifted in the 1980s from institutional sales targeting schools and libraries to retail sales, which rocketed from $336 million in 1985 to $1.1 billion in 1992. The number of children born to baby boomers—the “echo boom”—spurred a vast expansion on the retail side, particularly among book chains such as Barnes & Noble and Waldenbooks—not to mention mammoth toy chains like Toys R Us/Books R Us—that started to devote more space to children’s literature. As a result, children’s books became more attractive to publishers such as Harcourt Brace, Random House, Putnam and Knopf. The pace of growth slowed perceptibly in 1992 as the recession took its toll.

Scholastic is betting that its unique distribution channels, market position, school access, name recognition, a clean balance sheet and futuristic multimedia ideas will help see them through the downturn and keep their shareholders happy.

THE LITTLE COMPANY THAT COULD

Scholastic began as a classroom magazine publisher, and magazines are still the company’s flagship despite flat circulation figures. “There is a limit to how much revenue you can get from classroom magazines,” explains Robinson. Although they accounted for only 12 percent of domestic revenues in 1993,
magazine sales are vital because of the name recognition they generate and the access they provide to teachers and students. The only competition in classroom magazines is Weekly Reader which holds 66 percent of the kindergarten through sixth grade market. In the seventh through twelfth grade market however, Scholastic controls 66 percent. Domestic book publishing is the star performer, accounting for a whopping 66 percent of Scholastic’s revenues in 1993. Book sales increased to $361.3 million from $305.9 million in 1992—an impressive 18 percent rise. Robinson believes book publishing will continue to be Scholastic’s main engine for growth: “Because our revenues come primarily from kids bringing money to the schools to give to teachers to give to us, it makes it more like a consumer business rather than an institutional business, whereas the magazines and instructional products being sold to schools are being paid for by school budgets.” He adds, “It is a bit easier to bring revenues up by selling directly to kids.”

Books are distributed through four different channels: clubs, fairs, the trade and institutions. The largest, Scholastic’s seven book clubs located throughout the U.S., gives them control over more than 50 percent of the book club market ahead of competitors Troll and Trumpet.

THE ON-LINE FAIRY TALE
Although software and video sales contributed only 3 percent of Scholastic’s sales in 1993, Robinson believes it is an emerging market. The company estimates that 64 percent of schools have a computer and a modem. “As multimedia gets more widely used in the schools we do want to make sure we are leading the way and providing the kind of stuff that teachers want,” he says.

This fall Scholastic Network was launched and is being hailed by its creators as the first on-line service for students, teachers and schools. The project is a partnership between Scholastic and Vienna, Virginia-based America Online. “Scholastic Network is more than just another technology tool,” says John Lent, its director. “It’s a living, learning community that breaks down the barriers isolating our nation’s classrooms, inspires teachers and turns students on to learning in a whole new way.”

The Network is designed to be integrated into school curricula as an enhancement rather than a replacement. It covers subject areas like language arts, math, science and social studies, and every grade level from kindergarten to the twelfth grade. Through the service teachers can exchange ideas, lesson plans and solve problems by communicating with other teachers worldwide. Students can “meet” other students on the computer and have real-time discussions with authors, political figures, journalists and other prominent figures.

The on-line service gives classrooms access to eight national news wires, several databases, NASA, the National Weather Service, the Library of Congress, Compton’s Encyclopedia and Internet e-mail.

HAPPY CAMPER
It took Scholastic over a year—and a research budget that the company still won’t divulge—to develop the Network, including a six-month trial last spring with 450 teachers nationwide. “I’m a huge, huge fan of it,” says Monica Edinger, a fourth-grade teacher at the Dalton School in New York City, who took part in the pilot and still uses the Network. “Telecommunications is an incredibly powerful tool, and this system was designed for people, not just computer techies.” But Edinger notes there are still kinks to be worked out: “It’s a new thing, it’s got growing pains—it just takes time to sort out teachers, students and professionals.”

The service requires a computer, modem and telephone line. It costs $295 a year for schools and includes five hours of on-line time monthly. School subscribers also receive yearly management reports, seasonal curriculum planning supplements and a guide that helps teachers integrate the Network into their lesson plans. Individuals can enroll for $16.95 per month. The subscription includes all America Online services. Analyst Karen Ficker, who follows Scholastic for investment bank Alex. Brown & Sons, believes that although the Network will not affect earnings in the next two years, it is an example of Scholastic’s “forward thinking,” and predicts that by the third year it will help earnings slightly.

While the Network is expanding the domestic market, Scholastic doesn’t neglect its global prospects either. About 19 percent of revenues in 1993 came from Canada, the United Kingdom, Australia and New Zealand. Sales abroad rose a modest 3 percent in 1993 to almost $107 million from $104 million the year before. Further international expansion seems likely.

The purchase of the Mary Glasgow magazines in the UK gives Scholastic a stronger base in Europe, and the acquisition of 26.25 percent of Usborne Publishing in the UK could provide publishing synergy between Usborne and other Scholastic subsidiaries. “We will try to get our companies to use more product of Usborne’s and try to get them to design more products that we can use and sell,” says Robinson.

ALL IN THE FAMILY
Robinson is a major shareholder and the Robinson family’s representative in the company’s management. Together the family holds nearly 30 percent of Scholastic’s shares and a majority of its voting stock.

Carrying on a tradition started by his father in 1945, Robinson hosts the Birthday Breakfast at Scholastic once a month. It began with a hand signed card and either a rose for women or a bottle of liquor or cigarettes for men. As the company grew, the signature was printed and employees received small boxes of chocolates. Today
Scholastic's 700 employees celebrate their birthdays at a catered breakfast. All employees—from senior editors to maintenance staff—are invited to attend. "They like the fact that they can get together and meet with other people in the company," says Samantha Greenidge, who organizes the breakfast. "Everyone here loves Dick, they think he's great, he's down-to-earth, because of the simple things like knowing everyone by first name."

**THE REPORT CARD**

After posting losses of $18 million in 1984 and $4 million in 1985, Robinson felt it was time to take the company private again. In 1987 Robinson, along with management, engineered a $100 million leveraged buyout. Five years later, the company's revenues doubled, and Scholastic went public again in February 1992. Its common shares which were issued at $22.50, opened at $26. They reached a high in October 1993 of 54 1/4, but dropped sharply a week later when the company announced on November 4th that while they expected earnings to be up 8 to 10 percent in their second quarter, revenue growth in domestic book publishing would be lower than in recent quarters because of a decline in sales at their largest book club. The company attributes this decline to weak performances of key titles in the fall offerings. Their stock rating was downgraded to market underperformer by Goldman, Sachs & Company and fell to 36 5/8 in mid-December. Recently the stock was traded at 38.

The turning point in children's book publishing came in 1992 with the flattening of sales and a slower growth rate. For example, in 1991 the sale of hardcover children's books grew to $859 million from $761 million in 1990, but in 1992 sales were $871 million, a much lower growth rate much less than the year before.

Institutional budgets that were cut in the 1980s continue to shrink. What once comprised 80 to 90 percent of children's books sales has gone down to about 50 to 60 percent. The retail market increase has shifted the focus to publishers' front lists and best sellers. Scholastic recently hired a new trade sales force to improve its position in the retail market. "I am sure it is helping our sales at the moment," says Robinson. "But the most important thing is the continuously fresh supply of new titles that the market wants and we continue to do that well."

Market consultants Veronis, Suhler & Associates predict in their annual Communications Industry Forecast that children's book sales will grow at only half the rate they did in 1987 to 1992 from 14 percent to 6 percent during the next five years.

On the other hand, children's school enrollment is expected to continue to rise throughout the nineties according to the U.S. Department of Education, reaching 52.4 million by the year 2000—up from 47.2 million in 1993. While the amount of shelf space allotted to children's books in larger bookstores has increased, the number of children-only bookstores has more than doubled since 1985.

The success of its popular television series on HBO, *The Babysitters Club*, motivated Scholastic to expand its television offerings. One of the company's top publishing properties, called The Magic School Bus, will become an animated children's television series on PBS in the fall of 1994. New revenues will also be generated out of everything from merchandising—sponsorship to home-video and international television production.

Expanding Scholastic's international operations is another viable option for future growth. The company already has a Spanish language book publishing division, Mariposa, and has book fair operations in France. "I think we will be a larger company with probably more global operations, more Spanish certainly, and probably more emphasis on English as a second language," says Robinson. He also doesn't rule out expanding through acquisitions. "We have been a company that has not been a great acquirer, we have been more of an internal builder," he explains. "But none-the-less we may well use stock to make an acquisition."

As he gazes into the future, out the window of his downtown Manhattan office, Robinson predicts: "The role of multimedia will be important and will grow faster than it has. I think in 10 years a substantial amount of our revenues and product will be electronic format." Now that's a happy ending.

*May 1994*
LICENSING
A Fashion Statement

In fashion's most profitable trend, the name's the game

By Michelle A. Brown
Illustrations by Yanoret Saez

In the fashion industry, styles change with the seasons but one trend has stood the test of time: licensing. Just ask Oscar De La Renta, whose ubiquitous name generated over $500 million in sales of diverse products from home furnishings to cosmetics. Everything but De La Renta's couture collection is produced under a licensing arrangement.

In 1993 the licensing industry in the United States and Canada grew to $62 billion in retail value, up from $10 billion in 1980. Approximately one-third, according to Murray Alchuler, executive director of the Licensing Industry Merchandisers Association, was generated from apparel and accessories alone.

The lure of brand exposure manufactured at someone else's expense has proven to be irresistible to big names such as Ralph Lauren, Bill Blass and De La Renta. Even dead designers reap profits this way. Chanel continues to be one of the most sought after licenses even 23 years after the death of its founder, Gabrielle (Coco) Chanel, generating an estimated $400 million plus per year in revenues. According to Forbes, the total empire is easily worth $1 billion.

John Weitz is another designer who figured out early on that there is money to be made in licensing. The 46-year-old company has been 100 percent licensed from its initiation. Michael Wynn, director of licensing, at Weitz, says, "We didn't want to be involved in the manufacturing aspect of the business." The company has 27 licenses that generate over $250 million in worldwide sales.

Sewing Up the Deal
With so much at stake, licensing agreements are the focus of intense industry scrutiny these days. The basic agreement calls for a designer to rent his or her name to a manufacturer for a specified length of time. In exchange for lending their name and providing some creative input, designers are paid royalties, generally 7 percent of the product's wholesale price. Licensees are usually small, unknown fashion and accessory companies seeking to enter the branded market or expand their own product lines without having to finance an expensive launch.

The start-up cost for a licensee can range from $500,000 to $1 million, according to Alchuler. The timetable for profitability of most licensees is usually two years. Most designers have an exclusivity clause written into the licensing agreement preventing the licensee from doing business with another designer in the same product category. For example, Wacoal USA has an exclusive licensing agreement with Donna Karan to produce her line of intimate apparel. She is their sole customer in that product category. The exclusivity clause often works to the detriment of the licensee who becomes too dependent on one licensor and can be left empty-handed when the licensor "pulls out" of an agreement. Fashion designer Halston signed an agreement in the early 1980s with J.C. Penney to produce a low price line. The association with Penney cost him his cachet as upper-crust customers dropped his couture line. Calvin Klein was more successful. His name is
rocketed to fame in the early '80s after he signed a licensing agreement to manufacture blue jeans. In early 1994, Klein signed yet another contract with The Warnaco Group for his $85 million men's underwear business.

**Quality Counts**

The most important issue in licensing today is the quality question. Designers are more conscious of the quality of products bearing their names than they were 20 years ago. Pierre Cardin, the undisputed king of licensing with more than 840 agreements worldwide, has watched his once grand name devalued because he stamped it on everything from chocolates to nail clippers. Today's designers are imposing stricter quality control methods on their licensees. Oscar De La Renta investigates all his potential licensees before signing on with them. Designer Norma Kamali told *Women's Wear Daily*, "I've walked into department stores and cringed at the quality of the goods that had my name on it."

Donna Karan, who has less than 10 licensees and is notorious for the demands she places on them, controls the problem of quality by employing in-house designers to produce her shoes, handbags and belts. Her hosiery is manufactured by Hanes Corporation, and DKNY sunglasses by the Landis Corporation. Notably picky, Karan has turned down a deal with a toothpaste manufacturer.

The consumers also notice. Debbie Curran, a sales associate at Bloomingdale's, believes there is a difference: "I bought a pair of $100 Perry Ellis shoes and the quality was horrible—the leather was of poor grade and the workmanship was not up to the standard that one expects from the Perry Ellis name." Catherine Sanna, a manager at Lord & Taylor, says that she does not notice a difference in the quality of designer products that are licensed, and thinks that most consumers do not consider whether or not a product is licensed when shopping. Alchtuler shares the same sentiment: "I don't think quality is part of the equation that consumers think about. If they like the brand and identify with it licensed items should bear in mind that products like coats, gloves, they will buy it." He adds that consumers who pay double the wholesale price for swimwear and fragrances are buying products that are almost always made under a licensing agreement.

Many top designers have pulled back on licensing, opting for safer joint ventures where they can exercise more creative control. Bernadine Morris, a fashion editor at *The New York Times*, thinks licensing will continue to grow in the fashion industry. "As long as new designers keep coming up, so will licensing," she predicts. Wynn agrees: "I think licensing will continue to be a big part of the fashion industry because there will always be insecure consumers. There are those who feel that if a product does not have a designer's name on it, it's not worth buying."
Embroidered Secrets

Natori is turning up-scale lingerie inside-out

by Chanize Thorpe

Fortunately, fashion headed in Natori's direction. In 1985, when the Madonna wave hit the United States and brought inner wear out into the open, demand for fancy underwear and sexy lingerie brought Natori $10 million in sales. With confidence supported by her huge success, Natori expanded. She introduced a fragrance line, Natori Home—a line of bed and bath linens featuring her trademark embroidery and fine appliquéd work. Her evening wear, Josie Natori Couture, is sold exclusively at Martha International.

Because of their exquisite embroidered details and appliquéd, Natori's gowns, robes and lingerie have a big price-tag. Nightgowns range from $80 to $1,500. A complete ensemble can cost a customer around $3,000. To make her designs available to admirers with smaller budgets, Natori unveiled the Josie line in the spring of 1993. In that department, she now rivals top names like Donna Karan and Christian Dior.

With headquarters in midtown Manhattan, Natori has a boutique in Paris and sells her wares in stores like Bergdorf Goodman, Lord & Taylor and Saks Fifth Avenue. Last year she was included in a show with well-established designers at the Metropolitan Museum of Art's Costume Institute. At the Costume Institute, Natori is immortalized as one of the designers who took lingerie from behind the bedroom doors. "I look at it as a validation of our contribution to the fashion industry," Natori told Owner Manager magazine, which put her on the cover last year.

One of the keys to Natori's success is licensing. In early 1993 Natori signed a licensing contract with Japan's Pola Cosmetics, a company taking in $2 billion a year. Other agreements include custom jewelry, hosiery and footwear. Royalties on products vary between 5 and 10 percent of their retail price.

WALL STREET TO FASHION AVENUE

From Natori's first show of promise in the fine arts as a child to her Wall Street know-how when she came of age, success seemed inevitable. She could have been a pianist. By the age of nine, she performed a concert with the Manila Philharmonic. It seemed that the child prodigy had a ready-made career at the piano, but a musical career never took hold. Natori wanted more than music, she left the Philippines and headed for New York in 1963 at the age of 17.

At Manhattanville College she studied economics and graduated with honors in 1968. Two weeks after graduation she accepted an entry-level job in the corporate finance department at Prudential-Bache. Several months later, she was asked to help run the company's office in Manila as a registered stock broker. Natori jumped at the chance, knowing it would give her instant exposure to the world of international business. Unfortunately, due to a disagreement
between the Philippine government and Pru-Bache, the Manila office closed down two years later.

Natori returned to New York and joined Merrill Lynch in 1970. Five years later she was made the first female vice president of the firm’s investment banking division. Not long afterwards, she met and married Kenneth Natori, then a managing director of Shearson Lehman’s investment banking division.

However, by 1977 Natori had had enough of Wall Street. “I could have kept going on and climbing the corporate ladder, but I wasn’t happy deep down inside,” says Natori. “I just wasn’t challenged anymore.” After taking a maternity leave to raise their son Kenneth, Natori left Merrill Lynch and began thinking about starting her own business.

While brainstorming with her husband over the possibilities, she considered everything from car washes to children’s clothing. Then tracing her thoughts back to the decorative weavings and embroideries the Filipinos are known for, she opted for wicker baskets. When that venture left her disenchanted, with an apartment strewn with unsold baskets, she moved into embroidered shirts—another Filipino art form. A buyer at Bloomingdale’s told Natori that her blouses would fare better if they were made into nightshirts.

Natori took the hint. Months later, she and a friend designed a line of lingerie in silk, cashmere, satin and other delicate fabrics. Natori found that she had the touch when it came to adding bold colors and patterns to her lingerie. Instead of adding to an already mature market of girlish Victorian lace and docile colors of pink and white, her collection flashed jeweled bustiers, embroidered leggings and stretch slip dresses described as both classy and brazen. She hit the jackpot and orders started pouring in.

Although her husband Kenneth admits to being uncomfortable in department stores’ lingerie sections, he joined her as second-in-command and chairman of Natori.

With the help of her father, Filipe Cruz, Natori built a $500,000 factory with more than 600 employees near Manila. The Natoris also had to expand their office space, moving it from their New York apartment, where her first collection was set up. They invested their $200,000 savings to lease a showroom on Madison Avenue. Within a year, Natori went from stockbroker to full-time designer with name-recognition on both sides of the Pacific.

“Her things are elegant and far from trashy,” says Anne Wong, a 27-year-old aspiring designer who works both in Hong Kong and New York’s garment district “They’re sexy and tasteful. And the embroidery Natori uses are always the first eye-catchers for me.”

**STITCHING TO THE FUTURE**

By 1996, Natori expects her profits to double with an annual increase of at least 20 percent. However, the retail industry may prevent her from achieving that goal. Many only invest in the lingerie part of Natori’s line, which represents only 15 percent of her sales. Her expensive items also contribute to the problem, but Natori is on the offensive. The new line, named Natori II, is called a “bridge line,” the label couture designers place on products that are high quality without the high prices. Natori II is about 30 percent cheaper than her exclusive couture line, where a bra costs no less than $20.

Natori is not alone. Companies such as Olga, Warnaco and Vanity Fair are all clamoring for the $8 billion intimate apparel market. Even Natori’s main upscale competitor, Christian Dior, has lowered its prices to attract cus-

tomers. Judy Sanjorjou, a sales associate at intimate apparel department at New York’s Lord & Taylor says, “The line is doing fairly well. We sell about five Natoris a day.”

Natori shows her lingerie line five times a year and the home-furnishing collection twice a year. The numerous items already under licensing agreements help keep the Natori name remembered and very much alive during periods between shows.

Meanwhile, Natori continues to clothe women around the world with a splash of pizazz and class. “I think we’ve done a lot to uplift the image of the fashion industry,” says Natori. “It was a very sleepy industry and now all the fashion news has focused on this play of inner an outerwear and we had a lot to do with it.”
Creating Image

Defectors Have Comic Juggernaut Fighting for Market Share

By Allia Oswald

Illustrated by Bill J. Tomaras

Superman can't stop a speeding bullet if his owners don't let him.

In an industry that generates over $900 million a year in revenues, super heroes can only save the day when their actions blast in the cash.

The comic creators—those artists and writers who keep the crusaders alive—are still the lifeblood of an industry that amasses its giant profits one $1.95 book at a time. Comics are where at least half a million documented fans nationwide, and millions worldwide, expect the masked crusader to come to the rescue. But comic reality is simple: You have to sell an image, even if it means selling out a hero.

Image Comics is the newest independent in print making any noise. The Anaheim, California-based battalion of creative warriors is taking aim at DC Comics and Big Brother Marvel—to fight for truth, justice and creative license.

"Image is not a regular company," says Kyle Zimmerman, the comic company's promotional director. "Image is Todd McFarlane, Rob Liefeld, Jim Lee, Eric Larson and Mark Silvestri who split from Marvel and became Image, just before January 1992."

LEAPING INTO ACTION

In an unprecedented move in the comic universe, the five artists, all in their twenties, left Marvel heaven at the height of their careers. Before the defection, Todd McFarlane kept Spiderman's web slinging through urban war zones and Jim Lee gave the X-Men their muscular precision. In 1990, Rob Liefeld broke the all-time record for issues sold by selling almost four million copies of his X-Force. By comic standards, they had everything—especially money—a limited commodity in an industry saturated with artists. What they lacked by artistic standards, however, was creative control, even though they were the five individuals who had created at least 30 out of the 40 best-selling comics in the U.S. during 1991.

“When you work for Marvel and you create a comic or a comic character, you have to do what they want. They own it. They own all the rights and publications of it," claims Zimmerman. “So in starting Image, we own the copyrights and licensing. When promotional things and stuff come about, we don’t have to go to the corporate structure for permission,” he adds.

After spending their childhoods dreaming up...
Jim Lee, Rob Liefeld, Todd McFarlane and Mark Silvestri are Image Comics.

In a world of comic fantasies, the Image creators found themselves suffocating in Marvel bureaucracy. Suddenly they realized their heroes could be kept alive and new ones could be born only if the artists went out on their own.

In fact, Image Comics is a publishing rarity: a creator-owned independent company that actually brings in money. “It is not set up to prove that comics are the creators’ sole property, but to show that the creators and the artists are important,” notes Zimmerman.

From the onset, Image was independently funded and owned. But up until the second quarter of 1993, their titles were printed and distributed by Malibu Comics of Westlake Village, California to cover start-up costs. However, Malibu has no stake in the titles.

THE TITANS

Historically, independents have fared poorly because they cannot stay alive long enough to secure their niche against supergiants Marvel and DC, which have dominated the comic market for over 30 years. Marvel’s importance in the comic marketplace was illustrated in May 1993 when MacAndrews & Forbes, a Manhattan-based holding company, acquired Marvel Entertainment Group for a whopping $300 million. According to Magazine and Book Seller Magazine, Marvel Entertainment Group ranked first among magazine sellers in the U.S. over a consecutive six-month period with $147 million in sales. This topped TV Guide, the perennial bestseller with $131 million.

Marvel has already crossed over into other media domains. The giant entered the computer game market with its Dragon Strike and X-Men games for Sega Genesis. Both games raked in huge profits in the Christmas sales of 1993, and their animated The Uncanny X-Men series has the highest ratings of any Saturday morning children’s viewing.

DC is not letting Marvel hog the lime-light. The success of DC’s collaboration with Warner Bros. in both Batman movies, that brought in over $400 million in the United States alone, prompted the duo to bring the animated
version to daytime television. On Christmas Day 1993, DC released the animated Batman movie, *The Mask of the Phantasm*, which was cheered by both children and adults across the nation. Earlier that fall, DC released the weekly night-time soap *Lois & Clark* aimed at a female audience, a sector often found troublesome for the comic industry to reach.

**POW! THE INDIES TAKE A BLOW**
With such competition, it is easy to see why independents find it so difficult to stay in the market. Setting up shop takes more than just fame and creativity. It involves knowing how to manage the creation, the publishing and the distribution of a creative vision. It involves good business.

“Although some of their comics aren’t worth the toilet paper they’re drawn on, business-wise, they were very smart,” says Greg Middleton, a sales assistant at Cosmic Comics store in Manhattan. “Everyone at Image left at the height of their career. The fans that were reading them at Marvel followed them to Image.”

But as Brian Marshall, the director of promotions for Jim Hanley’s Universe store in Manhattan, explains: “As far as business goes, Image is better in some ways than others. They are great at licensing, comic book merchandising, selling and doing cards, hats and crossovers. But they sacrifice themselves as comic publisher, in terms of getting the comics into the hands of the fans.”

According to industry sources at Capital City Distribution, Image had a paltry 37.5 percent on-time shipping in June 1993, with only 16 titles, compared to DC’s 98.6 percent and Marvel’s 81.9 percent with at least 50 titles each. “Originally, there were some real problems in shipping,” admits Zimmerman. “There was a zero percent on-time ratio, but now it is up to at least 35 percent.” He continues, “We are slowly, gradually catching up on titles. That’s all we can hope for. In 1994, we hope to reach up to 70 or 75 percent.”

Distribution, printing and publishing are often the most difficult obstacles independents have to face. Marshall explains that with color being the most costly part of publishing, the costs in publishing have less to do with printing than with color and graphic techniques. The print stock used for comic book can cost $18 to $35 cents. The expense depends on the color techniques used. Comic pages are transferred onto film for color separation, with the black film laid before blocks of other colors are added. Color separation usually costs around $100 a page for a 20-page book. And separating the main sheet for one brightly colored comic book can cost anywhere from $2,000 to $3,000. Cost is reduced when thousands of comics are run off the main film sheet. Graphic techniques are a major part of all comic publishing, but the expense is a hurdle to most independents. Especially for the Image team, known for its artwork rather than its writing.

**BANG! IMAGE STRIKES BACK**
For an independent to succeed as a major publisher, it need fans. That is the Image difference. Image began with a herd of hard-core fans while the artists were still at Marvel. However, even Image falls prey to the obstacles that commonly besiege independents. But they stay alive because of the grab their comics have.

“Fans don’t want to be taken advantage of. A comic has to be put out consistently,” says Marshall. “Only a handful of Image comics have been put out consistently—about seven titles, of which *Spawn* is one. Irregular shipment is detrimental to their success.”

Thanks to *Spawn*, an Image title consistently on schedule, Image is already a major publisher in its own rights. *Spawn* is one of the better selling titles in the industry.

*Spawn*, in fact, ranks number one in *Comics Value Monthly*, a specialty retailer magazine whose information is compiled by Diamond Comics Distributors. Consistently ranking among the top three across the U.S. since its release, the title is also ranked number one in Canada and number three internationally. Because of McFarlane’s creativity and fame readers continuously demand *Spawn*’s crusades.

“*Spawn* is just so graphic,” says Michael Fahey, a reader.
of *Spawn* and several other Image titles. "The graphics are so clear, it's almost as though you're in there."

However, *Spawn*'s appeal lies not only in its graphics but what the hero, or as some say, anti-hero represents.

"*Spawn* is a hero that suits our society's climate," says Burt Leland, an avid comic reader and *Spawn* fan. "He is a hero who doesn't take crap from anyone. He just does what he has to do, following his own set of rules and breaking any others. He's the hero of the future."

According to Capital City Distribution's *Internal Correspondence* trade magazine, Image held 14.3 percent of the market in September 1993, despite only publishing 10 to 15 titles a month. DC and Marvel churn out 50 titles each a month. While Marvel leads the pack with a commanding 32.5 percent of the market, DC holds only 19 percent, with Image closing fast.

**ZOOM! FULL SPEED AHEAD**

Image's distribution may be lagging, but in less than two years they've gained unheard of importance in the market and don't intend to stop any time soon. After eliminating their problems, they're going after the big boys.

"We're ensuring our place in the market for a long time. We're clearing-up the late shipping, while setting up cooperative advertising with the retailers and distributors, to create an ongoing relationship with them and the fans," says Zimmerman.

Image is also looking into potential foreign markets. Since their comics are already selling well in English speaking countries, they are using foreign licensing to tackle other languages. Image will oversee publication of the foreign language issues to ensure quality and accuracy.

Like the comic powerhouses, DC and Marvel, Image is already investing in the crossover market with the release of the *Megaton Christmas Special* #1. Here, they team up with Entity Comics, another independent comic publisher, to release the Christmas special. *Megaton* was originally the work of Rob Liefeld and Erik Larson, two members of the Image team, plus a half-dozen other Entity artists. The 1993 Christmas release was produced in association with Gary Carlson, the current producer of the Vanguard series for Image, with contributions from Rob Liefeld.

Image is trying to maintain its creative momentum by enlisting new blood whenever possible. Jim Lee ran an art contest for one of the Image lines, Aegis Entertainment, recently renamed Wildstorm Productions, offering anyone the opportunity to do a pin-up for a comic. Like Brandon Choi, recent winner of one such competition, top-dogs are offered the opportunity to join Image as a poster artist, and allowed to work on one of the established artist's titles. An example of the possibilities available to creative participants, Choi is now the co-creator and chief artist of the *WildC.A.T.S* series.

"That's what we are," says Zimmerman. "We're a bunch of young people who have been given the opportunity and we're doing what we like to do."
High-Stakes Poker
Oil is the jackpot in the world's greatest card game, as environmentalists watch with agitation

By Björg Pálsdóttir
Illustration by Ruth Lee/Photographs by Cheryl A. Marshall
During the last two decades, it has become fashionable to declare the death of oil as a major issue in economics and geo-politics. The price of crude is down and the Gulf War is over, so for the moment oil is hardly the hot table in the world's financial casino. But the high rollers are still around—both on the financial markets and among corporate leaders—and there are still a lot of chips to be cashed in.

Is oil just too big to go away? "Assuming modest economic growth in the U.S. and the rest of the world, the demand for oil products will increase in line with growth rates," Edward Murphy, director of statistics at the American Petroleum Institute told the Dow Jones International Petroleum Report in October of 1993. Not so, says Andre Alkiewicz, chairman of Perception International, a Connecticut-based think tank that spots global business trends. He believes oil's importance is propped up by business interests that cannot afford to let it slip. "It is the obstinacy of the currently existing industries, particularly the automobile and oil industry that they can survive as long as they have," Alkiewicz says. He continues, "Because of high cost and low prices, oil will be effaced out as a major source of energy, particularly in the area of transportation."

The major players have high stakes and are not about to leave the table. The Royal Dutch/Shell Group, is the second largest industrial corporation in the world with close to $104 billion in sales. However, the competition with its American counterparts is friendly. Royal Dutch signed an agreement in 1993 with its main competitor, Exxon, to develop a $3 billion gas project in eastern Venezuela. Of the top 20 companies in the U.S. in 1993, six are oil companies. Irving, Texas-based Exxon is the third largest industrial corporation in the world, and holds the number one slot in the United States with $103.5 billion in sales. Like most of its major competitors it covers the whole process from wellhead to gas pump—exploration, production, refining and marketing. In 1993 the American giant continued to shift its exploration and production business overseas, with 80 percent of its exploration budget plunged into operations in over 80 countries.

For its Western Siberia venture Exxon chose Mobil as a partner, whose 1993 revenues of $57 billion rank it second in sales in the U.S. to the Texan giant. Mobil has overseas explorations in 26 countries around the world, including Canada, Nigeria, Singapore and Indonesia. The runners-up on the 1993 Fortune 500 list are Chevron at number nine with $37.5 billion and Texaco right behind it with $37 billion. Amoco, number 14 on the list with $25.5 billion in sales, is the first foreign oil company to explore the Chinese mainland.

"U.S. companies are drilling overseas because they can't drill here," Charles DiBona, president of the American Petroleum Institute, told the Dow Jones International Petroleum Report. "All this talk about mature fields is nonsense. The U.S. is missing the boat," says DiBona.

**HIGH ROLLING GOVERNMENTS**

The petroleum companies are not the only potential winners in the race for new oil fields. Some governments of consuming countries—such as the U.K.—earn more by taxing oil than the producers do by selling it. The persistent strategic importance of oil in geo-politics still pressures Washington—and other governments—to keep its eye on oil. Nations intervene in the market to affect the price of oil in various ways—through taxes, subsidies and duties on imports. For example, the British government takes about 83 percent of the profits from North Sea oil. Others negotiate bilateral pricing agreements with producers or through barter, stabilizing prices for a period of time, as when Iceland provided the former Soviet Union with wool scarves in return for oil.

A prime example of a government's role in the industry is shown by the checkered history of oil policy in the U.S. Twenty years after the American economy was jolted by a cutoff of oil from the Organization of Petroleum Exporting Countries, or OPEC, the U.S. now imports even more oil—44.6 percent, up from 37.2 percent in 1973. It produces less and in real terms it pays a lower price for it. In 1973 the U.S. imported oil to drive cars and trucks 1.3 trillion miles a year. Today Americans drive 2.24 trillion miles annually. These facts greatly contradict the stated energy goals of six U.S. administrations since the OPEC embargo— to reduce dependence on foreign oil, develop alternative energies and protect the environment.

Government energy policies, in the face of a global recession, have primarily been pro-growth if not exactly environmentally vigilant. In December of 1993 the U.S. Department of Energy announced a proposal to encourage greater use of natural gas, to open Federal lands for oil and gas exploration and to expand drilling in the Gulf of Mexico. Says Michael Tanzer, president of Tanzer Economic Associates, a Manhattan-based energy consulting firm, "Clinton is basically trying to make the U.S. competitive, and that means downplaying the environment."

**UPPING THE ANTE—THE FUTURES MARKETS**

During the '80s, oil increasingly became a commodity left to the caprice of speculative market forces, carried not just in supertankers but also in a gush of electronic information sweeping through trading rooms on every continent. The combination of ineffective bureaucracy, low prices and rising costs of exploration made all the oil majors more vulnerable to raids from sharks like T. Boone Pickens and Carl Icahn, and shareholder loyalty was undermined. Under pressure from Pickens, Gulf Oil accepted Chevron's $13.2 billion cash offer in 1985. Share prices for the oil companies from that point on had to reflect what their oil and gas reserves would fetch in the market place. One of the major changes in energy policy came a decade after the
famous 1973 oil embargo with the establishment of the New York Mercantile Exchange crude oil futures contract. It was created to hedge against unforeseeable disruptions in the market place. The oil markets are notoriously vulnerable to panics about future shortages as evinced by the price hike from $20 to $40 a barrel in September 1990, the eve of the Persian Gulf War.

The futures markets are, ironically, not only susceptible to shortages but also to gluts. The current on-again, off-again status of Iraq’s talks with the United Nations scares some traders who believe that the return of Iraqi oil will have a major downward effect on prices. This game can prove near fatal as the crisis at Germany’s Metallgesellschaft shows. The conglomerate faced bankruptcy mainly due to risky oil trading at its American subsidiary, known as MG. Metallgesellschaft got burned by playing fast and loose with contracts that covered up to a decade of oil prices. The effect of the deals they made was widespread. Philip Verleger, senior fellow at the Institute for International Economics in Washington D.C., estimates that gasoline prices may have been depressed by as much as five cents a gallon and U.S. refiners may have seen their profits reduced by as much as $200 million due to MG’s enormous positions in the market.

Trend spotter Alkiewicz, who nearly a decade ago warned his corporate clients about the dangers of investing in oil, points out that the so-called experts at MG and Prudential Securities, which faces shareholder suits after placing investors’ money in energy partnerships, should have read the writing on the wall. “By no stretch of the imagination were the 1980s conducive to an outlook for high oil prices,” he says. “Now, the reason why the prices are down is because Saudi Arabia is pushing them down. They see what is happening: They know oil is not going to be their main

source of revenue in the years to come. They’re sitting on 125 years of oil reserves and in the meantime would rather become the dominant producer of oil, while shifting their own production toward petrochemicals and moving into other industries,” Alkiewicz says.

**WHO GETS TO DEAL?**

The economic and strategic power of petroleum has not disappeared. Oil was at the heart of the first post-Cold War crisis of the 1990s, as Iraq’s invasion of Kuwait illustrates. Michael Tanzer, in *Beyond the Storm*, argues that oil was not only the reason for action, but was used to build support for U.S. military interventions: “After the Iraqi invasion, but prior to the U.S. bombing of Iraq, in a period when the oil markets were panicked, the president refused to take action to calm them. Most significant was his refusal to release crude oil supplies from the Strategic Petroleum Reserve which had been stockpiled for just such a contingency.” Bush released them the day after the U.S. bombed Baghdad, suggesting that the administration’s efforts were consistent with an attempt to keep oil markets volatile, a sign that economic sanctions were not working. It can also be argued that the U.S. did not need the Middle East oil, but wanted to dominate the world system and gain economic advantages over its European and Japanese competitors.

As Bush knew, continued Anglo-American control of petrodollars was of vital importance. The revenues received by exporting countries which are a surplus to their trade needs rose to the hundreds of billions of dollars in the last two decades. According to Tanzer, the recycling of these vast sums into the Anglo-American banking systems has been a considerable source of profits, bolstering the dollar’s value by making it the key currency for OPEC producers and their customers. This in turn allowed the U.S. government in particular to run large external deficits in financing its international reach.

The U.S. wasn’t the only nation that wanted to deal the cards. The United Nations condemned the invasion with unprecedented speed and vigor, swiftly resolving to impose an embargo on Iraq. “Here the dominant motive was defending cheap oil. Only the lifeblood of the industrial world could attract such rapid and costly military commitment to a remote desert kingdom,” noted Anthony Sampson in his book *The Seven Sisters*.

Why is control over oil so important? According to Brooklyn College Professor Stuart Schaar in *The Persian Gulf Region in the Twentieth Century, Oil, State and Social Classes*, “It is the difference between the costs of production of Middle East oil and the world market price which underlies the concern of Western countries and companies to maintain access to that oil, and some measure of control over its production and pricing.”

**THE MARATHON CARD GAME**

The modern history of oil as a fuel began quietly in 1853, with the discovery of oil in western Pennsylvania, but exploded in the first decades of the twentieth century. On the eve of World War I, England’s Royal Navy, under Winston Churchill, the first lord of the Admiralty, converted to oil. Its power role was established. To safeguard what later became a fundamental source of energy, the British government acquired 51 percent of the Anglo-Persian Oil Company in 1914, later called British Petroleum. Black gold was of vital strategic importance in both World Wars. The Japanese attacked Pearl Harbor to reach oil fields in the East Indies, and Hitler’s African and Russian campaigns were both launched on account of oil. But America predominated. And by the end of the war German and Japanese fuel tanks were empty. “Oil as a com
modity became intimately intertwined with national strategies, global politics and power," writes Daniel Yergin in *The Prize*, his Pulitzer Prize-winning history of the industry.

After World War II America's military and booming economy became more reliant on Middle Eastern oil, leading to co-dependency between the oil industry and government. Michael Stoff observes in *Oil, War and American Security* that private corporations rather than the government "became the agents of national policy."

In the Cold War years the oil companies played a major part in the drama of decolonization and emergent nationalism in Venezuela, Iran, Iraq and elsewhere. In 1960 these countries helped form the most important economic organization ever created by developing countries: OPEC. The radical OPEC of the 1960s turned into the fat cat of the 1970s. The "technocrats" who ran the show worked for regimes which, with few exceptions, owed their power and perquisites to the West. Then the cartel started flexing its muscles, most visibly by orchestrating its crippling embargo during the Arab-Israeli war in 1973.

During the embargo xenophobia reigned. But, as William Greider maintains in his book *Secrets of the Temple*, while Americans blamed higher gasoline prices on greedy Arab sheiks, they could just as easily have condemned their own government's monetary policy. The OPEC price escalation, he writes, was a direct response to Nixon's fateful decision to float the dollar: "Oil was traded worldwide in dollars, and if the U.S. was going to permit a free fall in the dollar's value, that meant that oil-producing nations would receive less and less real value for their commodity," shocked to realize their dependence on OPEC, Western governments scrambled to create energy polices, where the main goal was to reduce consumption of imported oil and develop alternative energy sources.

**THE ENVIRONMENTAL CARD**

Washington as well as Tokyo, Beijing, Bonn, London and other centers of power work overtime on new energy policies. But instead of soaring crude prices, there is a new problem on the front burner: the environment. "There is a lot of momentum now among environmental organizations, forward-looking business organization, consumer organizations and the public in general to shift this country's priorities from the polluting policies of the past to cleaner and more affordable energy policies of the future," says Martin Gelland, research director for the Safe Energy Communication Council, a national coalition of energy, environmental and public interest groups in Washington, D.C. The SECC released a report, *The Sustainable Energy Budget*, in November 1993, which calls for a $1.2 billion shift in the Department of Energy Budget from commercial nuclear and selected fossil fuel programs to efficiency and renewable energy programs.

During the Earth Summit in Rio de Janeiro in 1992, over 22,000 delegates, most of them representing governments from around the world, pledged to combat greenhouse gas emissions from carbon dioxide and other pollutants. The message finally reached Washington. And on October 19, 1993, President Clinton outlined his ambitious plan to eliminate the 7 percent projected growth of greenhouse gas emissions between 1990 and the year 2000. He hopes this can be achieved with little legislation and a lot of voluntary cooperation with industry. Earlier Congress had whittled away at the president's fuel-tax proposal to a minuscule 4.3 cents a gallon increase.

Still most of the push in Washington is directed at improv-
The idea that oil resources might not be diminishing doesn’t help environmentalists. Big oil’s response to them—natural gas. And gamblers like Amoco, Mobil and Norsk Hydro of Norway are betting that gas is the next step and have turned a bulk of their operations over to gas exploration and development. But the SECC is not convinced. “We see natural gas as a bridge fuel, we still have a way to go before the administration and the utilities make the necessary commitment to energy efficiency and renewable energy, that we need, and natural gas, being cleaner than the other fossil fuels, has a role to play between now and the time within the next 10 or 15 years when energy efficiency and renewable energy can pick up the slack,” says Gelfand. Other experts go further out on a limb in their predictions. Alkiewicz is bullish on hydrogen fuel cells as a source of cleaner energy: “It can eliminate electric power grids. It can serve the markets of the Third World. It can be a revolution in energy use as profound as the introduction of steam power in the late 19th century.”

Several recent studies point the way ahead for global energy policy. The WCED suggested in 1987, “A safe environmentally sound and economically viable energy pathway that will sustain human progress into the distant future is clearly imperative. It is also possible. But it will require new dimensions of political will and institutional cooperation to achieve it.” In Energy For Tomorrow’s World, published in 1993 by the World Energy Council, experts predict that the world will continue to rely on fossil fuels—especially coal which is plentiful in China and India. They estimate that by 2020 when the world’s population is expected to top 8 billion the demand for energy will grow prodigiously. Roughly $30 trillion of new investment in energy can be expected over the next 30 years. Given present growth rates, developing countries could consume almost three times as much energy as the OECD countries by 2020. Many subsidize energy consumption, frustrating conservation efforts. Others supply it through monopolies, often tolerating waste and resisting change.

In the years ahead, the global oil industry will require higher levels of investment to continue to grow, meet energy needs and environmental requirements. An even tighter relationship between exporting nations and oil companies is likely to result, and this synergy will probably have the blessing of the financial markets. But it is a liaison that could prove to be a source of both security and friction. This co-dependency will not only affect the industrialized nations, but will also have a major impact on economic growth in countries such as Russia and Asia’s newest group of little tigers.

With the end of the Cold War, a new world order is taking shape. Economic competition, regional struggles, and ethnic rivalries are overshadowing ideology as the focus of international conflicts. But whatever the evolution of this new international order, oil will play its part, at least for the time being. On the consumption side, the complications involve not only technology but also consumer will. Post-war suburbanization, transportation, the chemical and plastic industries have all traditionally depended on oil. To develop the resources to meet such demands, without unacceptable stress to the environment, will be a major challenge not just for the developed nations. Meanwhile, it seems certain that the last hand is yet to be dealt in this giant floating card game.
Fallen Through the Cracks?

Drug addicted children are a forgotten factor in the national debate over health-care reform

by Yaquoi Moore

The national referendum on health care—as debated in Congress in 1994 and questioned in America’s collective social consciousness—could overlook some of the host of individual problems that comprise the burden of reforming one seventh of the U.S. economy. In the shadow of such a huge issue, it’s easy for the problems of tiny children to get lost. But there is hope.

The Clinton administration, in its near 500-page draft of its health-care reform legislation, has made preventive care a cornerstone of its cost-containment agenda. Both prenatal care and drug-abuse therapy are among those preventive measures mentioned in the bill. Hopefully, the question of what to do with drug-addicted mothers and infants will end up in contentious debate on the Congressional floor.

The drug problem, however, is certain to take center stage. On February 8, 1994, President Clinton visited the Prince Georges Correctional Center in Upper Marlboro, Maryland, where he revealed his anti-drug strategy. Clinton’s 1994 National Drug Control Strategy calls for $13.2 billion to be spent on various drug programs in an attempt to curtail usage and abuse in this country. Clinton’s new anti-drug strategy is a change from the past administration when it comes to how drugs are dealt with in this country.
Clinton’s plan, if approved by Congress, will shift attention away from the interception of illegal drugs and toward drug prevention. The anti-drug strategy proposes that $355 million be allocated toward drug treatment programs. The new proposal is aimed at helping heavy drug users recover from their addictions, claiming that most violent crimes are committed by people under the influence of drugs. The goal is to cut down on drug use, and at the same time, reduce the crime rate. Clinton’s proposal would provide an increase of $448 million in prevention and community-based anti-drug programs, but it would cut $94 million from the Coast Guard, Customs Service and other agencies involved in drug interdiction.

With the proliferation of drugs in American schools, offices and homes, it was perhaps only a matter of time before drugs would reach children in the womb. While the problem of children being prenatally exposed to drugs is not new, the crack epidemic that hit the country in the 1980s brought renewed awareness.

OVERWHELMING THE SYSTEM

There are 28,000 drug-addicted women of childbearing age in New York City alone. It is estimated that more than 350,000 newborns nation-wide are prenatally exposed to drugs and alcohol each year, a staggering number likely to increase. Phenomenal costs arise from side-effects, including low birth weight, premature birth or hypertonicity, a disorder characterized by stiff joints which is diagnosed as cerebral palsy if it continues. Speech impediments and a delay in the development of gross motor skills is common, not to mention the lingering, painful effects of drug addiction. The emotional and intellectual problems that the child may have will not be known until after his or her first birthday.

Infants exposed to drugs in the womb add to the already overburdened United States health-care system. For example, in 1992, the District of Columbia’s public hospital, D.C. General, spent $1.3 million caring for “border babies,” or infants abandoned at the hospital by their parents. Estimates say that $100,000 is spent on each child. By law, hospitals must care for all who need attention, including the uninsured, and these costs are passed on to the hospital’s paying customers. Even more expense is incurred as these abandoned babies remain in the hospitals until they are one year old, at which time they enter the foster care system. Because the number of babies exceeds the number of the homes available, many children wait indefinitely.

ALTERNATIVE CARE

One activist organization trying to make a difference in the lives of these infants is Hale House, a not-for-profit child-care agency for youngsters born addicted to drugs and alcohol or infected with the AIDS virus.

Hale House was founded in 1969 as Mother Clara Hale’s daughter Lorraine drove down a street and saw a young woman sitting on a crate, with a baby in arms, nodding off.
Lorraine pulled her car over and gave the woman her mother's address and told the woman that her mother could help her.

Since then, more than 2,000 children have passed through the doors of the charity institution. Although Hale House is not a medical facility, workers do make sure that the children receive the care they need. As a temporary home for children whose parents are recovering from addictions, the purpose of Hale House is to ensure that children are protected and that the families stay intact while parents get treatment. “The parent must enter a drug program and come to visit their children while they are going through detox,” says Sam Knapp, editor of Hale House's newsletter, Mainliner. As parents deal with their own problems, they become stronger, more stable and able to deal with problems passed on to the child.

The work of returning children to a viable lifestyle is also implemented at Harlem Hospital Therapeutic Nursery, a pre-school program for cocaine-exposed children run jointly with the New York City Board of Education. Harlem Hospital handles children between the ages of two-and-a-half and five. “We look at the child’s motor development and social play behavior,” says Miriam Sabbagh, an occupational therapist in Pediatric Rehabilitation. By observing the child’s play behavior, doctors are able to determine the problems a child may have and help the child reach a normal level of educational development.

Contrary to popular belief, these children do not always have difficulties learning. The children will have a greater chance of normal development with early intervention. “Through early intervention, we helped the children and some are now mainstreamed into regular classes,” says Sabbagh.

Many advocates feel the negative perceptions and stereotypes people have of children who are prenatally exposed to drugs need to be changed. People tend to think the problem of children being prenatally exposed to drugs is confined to poor neighborhoods or only affects minority communities. However, in Florida hospitals the number of white drug addicted mothers exceeds the number of black mothers. In fact, at 11 Florida hospitals, statistics show that the rate of drug-use during pregnancy was found to be similar among whites and blacks, regardless of socio-economic status.

The medical and psychological problems of some of the children are not drug-related. The conditions the children live in can hinder their development and well-being. “Poverty is a factor for children who are prenatally exposed to drugs. It is not the sole factor but one of the factors,” says John Fitzgerald, project coordinator of the Training Institute which is part of the division of Student Support Services. He continues, “If you don’t have money, you can’t take care of yourself. Poverty is about accessibility and non-accessibility as it pertains to the prenatal and postnatal care you receive and proper nutrition.”

IT’S THE LAW

To deal with the crisis of mothers using drugs during pregnancy, many states have taken legal action against the mothers. In a recent Florida case, Jennifer Johnson was charged with two counts of delivering drugs to her children at birth, to her son in 1987 and her daughter in 1989. Both children tested positive for cocaine and Johnson was convicted and sentenced to 15 years on probation.

The state appeals court affirmed the decision, but the case was overturned by the Supreme Court. The unanimous ruling stated that the state legislature never intended for the drug trafficking law to be used against a woman who had birth to a drug-exposed infant. Johnson’s sentence was overturned.

In a Connecticut case in 1989, a woman lost custody of her daughter because moments before going into labor she injected herself with cocaine. The judge’s decision for termination of parental rights was based on the absence of an ongoing relationship between mother and child and the mother’s prenatal drug use. Later, the Connecticut High Court, in a unanimous ruling, ordered that the custody case be retried. The court said that the state’s child abuse statute was never meant to cover prenatal conduct. The lack of a parent-child relationship could not be used against the mother in the case since the state was responsible for separating the mother and daughter.

Taking legal action against drug-addicted mothers has received mixed reviews from practitioners. One, speaking on condition of anonymity, says, “As a person who pays taxes, I believe some intervention should be done so the problem doesn’t happen again.”

Others are inclined to support the mothers. “As an educator with children, the mothers shouldn’t be punished because they’re victims themselves,” says Fitzgerald. Most health care providers of children who are prenatally exposed to drugs contend that government is not doing enough to solve the problems of drug-addicted mothers. Many who want to get into treatment have to wait because of insufficient space and facilities. Fitzgerald points out that doctors often avoid questions about the patients’ drug history. “It’s an awkward situation and many doctors feel uncomfortable asking those sorts of questions,” she says.

Child-care programs also suffer from lack of money and neglect. “We need more funding to do research. We need to do a study of the children who were born five or six years ago to see how they are doing once they’ve left the program,” says Sabbagh.

While providing adequate care for drug-exposed infants proves arduous in private hands, the more difficult struggle is yet to come—when and if—its role in the national health-care reform debate commences.
Out of Sight, Out of Mind

To polish their image, governments are spending—selectively—to hide their homeless populations

By Karen Lam

During the Christmas season of 1993, a homeless woman was found frozen to death in front of the Housing and Urban Developments building in Washington, D.C. The combination of time and location stressed the enormity of a problem most Americans have learned to overlook. The Democratic Party spent nearly $500,000 on top of the $125,000 spent by the city to rid Madison Square Garden and its underlying Pennsylvania Station of the homeless in time for the Democratic National Convention in the summer of 1992. It echoed the effort to rid Rio de Janeiro of the squatters that would have marred the view for 20,000 delegates to the World Summit on the Environment in 1992. That cleanup cost the Brazilian government nearly $1 million in temporary housing. Clearly, big government bucks can be found to do cosmetic work on the homeless problem when a nation’s image is at stake and television camera crews are arriving by the planeload. But what is done when international cameras are not expected on the scene?

UNDER WRAPS IN JAPAN

The United States is not the only country with image problems related to the homeless. In Japan, once the model of industrial efficiency, the bubble economy of the 1980s floated way over the heads of what some might consider a tiny sector of the populace—certainly one that was overlooked in most accounts of the Japanese industrial miracle. The destitute in Japan still do not gather much sympathy or help from the country at large or its leaders. Tokyo’s Sanya district is the heart of the nation’s homeless community and home to about 2,000 unemployed people—many of them Koreans or Philippine workers brought in to expand the nation’s industrial capacity. With the downsizing brought about by Japan’s econom--
ic problems, they find themselves ostracized on grounds of race and economic ineptitude.

Tokyo is not the only urban center with an embarrassing homeless situation. In Osaka, the Kamagasaki district shelters 2,000 more homeless unemployed people, many of them huddled in subway and train stations. Most of the assistance received by the homeless in Japan comes from evangelical groups. Two leaders—Motoi Yoshioka and Haruko Morimoto—have become internationally famed for their efforts on behalf of Japan’s hidden indigents. What makes being homeless in Japan somewhat different from being homeless in other nations—except possibly Singapore—is that police video cameras in Osaka sweep the streets making police intervention in disputes or problems almost instantaneous. The civil rights questions raised by a similar plan in the United States would no doubt be endless.

**GOVERNMENT SPENDING IS DOWN**

Homelessness is an issue that touches every corner of the globe. Vast differences between developed and underdeveloped countries make it a complex issue involving geopolitics as well as regional economics. The main cause for homelessness, as argued by the International Coalition for the Homeless, is a lack of government expenditure on housing. Funds for housing are currently being reduced around the world.

Between the years 1980 and 1987, Great Britain’s government assistance toward housing dropped from 6.8 percent in 1980 to a dramatic low of 2.8 percent in 1985. In the Philippines, expenditure dwindled from 5.21 percent in 1980 to 1.58 percent by the end of the decade—cutting funds by two-thirds. France used 4 percent of its GDP for housing and communities, an amount some criticized as entirely inadequate.

Although the homeless issue in France is a far cry from the dire situa-

...tions faced in many parts of the globe, the nation is beginning to experience social dilemmas that surface with lack of housing. In Paris, it is no longer surprising to find people sleeping on building doorways. At the end of 1993, unemployment counted at 3.2 million, or 11 percent of the workforce. And with government housing expenditure still low, people without permanent homes were numbered at 200,000 by government officials. Homeless advocates estimate that half a million people live in inadequate housing in the nation that many associate only with wine, perfume and haute couture. Numbers may vary on the actual count, but no one denies that homelessness is now a real issue faced in France. Mirroring actions taken in cities like New York and London, the Parisian government and charitable organizations now find themselves setting up relief programs to prevent public areas such as trains and subway systems from becoming improvised shelters. Cosmopolitan centers across the globe are finding the thread of homelessness weaving city blocks and government pockets.

However, international legal standards aimed at helping the homeless are nearly unenforceable. Adopted by the United Nations in 1948, the Universal Declaration of Human Rights claims, “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family.” However, the definition of “adequate” varies widely. And that right was challenged in Buenos Aires in 1991, when city officials tried stalling a major renovation project intended to benefit over a hundred homeless families squatting in a vacant municipal building in the capital city. By inhabiting the downtown municipal building, the squatters had escaped the wretchedness of being deported to mammoth squatter settlements on the outskirts of Buenos Aires. After an eight-year battle, the squatters, who were settled in the building known as Ex-Padel, convinced the city’s mayor to sign papers selling them the building and funding the renovation. Once renovation is completed, the 118 apartments will be allotted to individual families based on household size along with twenty-year mortgages. Monthly payments cannot exceed 25 percent of a family’s income. Restrictions written into the contract, designed to keep the apartments in the hands of low-income people, include limit...
Ex-Padelai, the home of Argentina's ex-squatters. (Photo: Claudio La Ferla, Buenos Aires)

itting the eligibility to purchase—to squatters in the Ex-Padelai and others in nearby municipal buildings.

With the squatters' cooperative overseeing all renovations and controlling all funds, their story became a unique case. But Kristen Martin, one of many homeless advocates working with the squatters in the Ex-Padelai project, hopes that it will not remain unique for too long: "We worked with some architects and some squatters. They're trying to form an organization of squatters and organize building by building, in order to get the buildings integrated into a larger organization." Since the success of the Ex-Padelai project, other squatters in four similar buildings have used it as an incentive to push aside fears of city officials, speak up to their government and demand their rights to housing. The start of a larger organization of squatters' cooperatives is already underway. Many look toward such projects to do more than house those in need. In August 1993, 21 were killed in a Rio de Janeiro favela, or shantytown, where hundreds of thousands of squatters live. According to local media, the massacre might have been done by the military police in retaliation of police deaths caused by drug involved turmoil. On a larger scale, the Rio de Janeiro favela's problems reflect the same dilemmas faced by shantytown residents all over the world—drug trafficking and excessive violent crimes.

IT BEGINS AT HOME

Here in the United States, advocates for the homeless feel the issue is still vastly misinterpreted and minimized. Many continue to claim that homelessness is just a Third-World problem. In December of 1986, the American Ambassador to the Helsinki Review Conference in Vienna stated, "Those who spend the night on the streets in the U.S. do so through their own free choice." Tell that to Duane Holmes, who found himself on the streets of New York after a whirlwind of mishaps which included losing his job, and turning to drugs in order to cloud his mind from the harsh and miserable penniless reality he was suddenly facing. Finding himself in what he called "one hopeless situation after another," Holmes struggled to understand his situation. "I had all these crazy conspiracy theories," he says. "Nothing was going right, and everything was a conspiracy. The sky is blue, there must be a conspiracy!" His dried-out savings account harshly pointed to the impossibility of affording either an apartment or bed-space, and he thought it was all part of some crazy plot concocted by bored old men in the sky. He felt like a character in a sitcom.

Finding a night's rest with the help of the government is no easy task. In 1992, over a thousand people sought
shelter in Missoula, Montana. Only 400 beds were available. In Los Angeles, California, where less than 10,000 beds were offered, an estimate of 50,000 people were known to be without a home. Such unbalanced figures can be cited for just about every region of the United States. And the number of homeless individuals counted only represents people who have turned up at emergency welfare offices or shelters. The actual number of homeless in the United States is tough to ascertain because many of the “hidden homeless” have a vested interest in remaining undetected by the government. Roughly 250,000 are “living along the Mexican border in shantytowns known as ‘colonias’ the equivalent of Third World shantytowns,” according to the National Coalition for the Homeless. Different organizations consistently claim different numbers every year. At any given time, comparisons of organizational reports ranging from the Communities for Creative Non-Violence to the Department of Housing and Urban Development show conflicting figures. Whatever the actual figures, the Clinton administration feels it may be the one that could finally make the difference. At a White House briefing just three days before Christmas of 1993, the Clinton administration announced 187 grants in 44 states for a sum of $411 million to be allotted to the possible ongoing fight against homelessness in America’s backyard. According to Henry Cisneros, secretary of HUD, it is “the largest sum of money that has been allocated for homelessness in any one announcement of any administration.” Such grants should alleviate the pain by adding approximately 11,700 units of housing across the United States.

In an effort to come up with a more accurate figure, the Census Bureau set out in March 1990 to count the homeless population across the United States. The Bureau sought figures from shelters, and made several attempts at estimating the number living on the streets. This of course does not include the hidden homeless—all those hiding from city officials in tunnels of train stations, because much of their survival depends on stealing and other illegal activities.

Crimes of every kind crop up in the underground world of the homeless. But with work of organizations like the Legal Action Center for the Homeless in New York, tables are turning. LACH was established in 1984 through state grants, corporation and private donors. It was founded on the belief that legal advocacy helps homeless people fulfill their basic needs for food, clothing and shelter, and assists them to surmount the larger obstacles blocking their path to economically stable and permanently-housed lives.

**THEIR DAY IN COURT**

In 1993, with a total budget of $500,000, LACH’s staff of attorneys and volunteers filed suits against the city, winning the right of 18-year-olds about to be kicked out of foster-care, to receive guaranteed housing and ongoing services until they reach 21. In a bigger and more widely publicized case, LACH launched an all-out legal assault on the MTA’s rule banning begging in the subway system. Although panhandling on MTA grounds was ultimately declared illegal, the case helped LACH gain international recognition. LACH advocates and attorneys currently counsel four days a week at soup kitchens scattered throughout various parts of Manhattan. They set up clinics in the soup kitchens offering services like legal aid, and advising on immediate needs like drug treatment, job training and shelter.

In on-going battles in every corner of the globe, the issue of homelessness is still being swept under the rug by government parties as organizations like LACH continue searching for answers. Governments continuously take on the issue in their individual ways. But like a vicious circle, the homeless population just keeps on perpetuating itself.
The Heart of Chinatown

For years, Chinatown in America has been portrayed in novels, television mini-flicks and Hollywood's large screen money-makers as a close-knit, xenophobic enclave—a host to powerful gangs, merchants, salesmen and entrepreneurs. How does one get to understand and find a way through the intricate maze that is Chinatown? The starting place is an inconspicuous organization that holds more clout than any government agency.

When Takuo Yasuda, programming director of the Asahi network television station in Japan, wanted the inside scoop on Chinese-American businesses, he called the Chinese Consolidated Benevolent Association. And when Andrew Stein was running for mayor and needed the Chinese vote, he too headed to the CCBA.

Housed in a three-story brick building in the heart of Manhattan's Chinatown, the CCBA is an organization with more than 110 years of history. It is composed of 60 of the most prominent family and district associations, secret societies known to some as tongs and other groups in Chinatown. The president of the CCBA is considered the unofficial mayor of Chinatown.

Mystery and Chaos

The organization is as mysterious as it is powerful. The CCBA conducts all its proceedings in Chinese, and refuses to discuss its inner workings with outsiders. The organization usually does not accept funding from outside sources and has only four full-time staffers: the president, two secretaries—and a janitor.

"Things are so uncoordinated here," says Victor Liu, a bilingual secretary. Boxes of old files and books are strewn all over the floor in his office. When a man comes in to ask for a key to the basement he had rented for a community evening, he is ordered to come back later when the secretary returns from her lunch break. The disgruntled man leaves boxes of decorations behind, adding to the mess.

The emperor of this unlikely palace is Ping Kee Chan, a short, stern man with high eyebrows who is the acting president of the CCBA. Although Chan, 76, has been in the United States for 37 years, like most of the other CCBA presidents he doesn't speak English.

However, that does not mean the CCBA is not determined when it comes to education. The organization runs the largest Chinese school in New York, English classes for adults and a day care center. But the main purpose of the CCBA, according to Gwen Kinkaid, author of Chinatown: Portrait of a Closed Society, is to promote The Republic of China, better known as Taiwan, a claim that Chan does not deny.

On the roof of the CCBA building flies the Taiwanese flag. More flags decorate the president's office, the meeting hall and the association's community center. Pictures of Teng-hui Lee, the current president of Taiwan, also appear in many places. "We have to support The Republic of China because..."
they helped fund this building,” says Chan. According to Kinkaid, Taiwan has a representative on the CCBA executive counsel, which has seven permanent policy-making members. The others are delegates from three tongs, the Chinese chamber of commerce, and two district associations dominated by Taiwan’s ruling party, the Kuomintang. Each year CCBA celebrates Double Ten Day in remembrance of October 10, 1911, a day that marks the end of Manchu rule and the founding of a new republic. Honoring Taiwan’s founding father, the CCBA throws an annual party on the birthday of Chiang Kai-Shek.

Of course, promoting Taiwan has not always been the main purpose of the CCBA. Peter Kwong, author of The New Chinatown, writes that when the CCBA was first incorporated in 1890 its main goal was to serve as an umbrella organization for all Chinese family and district associations as well as for other groups in Chinatown. In short, CCBA acted as a mediator settling disputes and conflicts among them.

During the early days, the dictates of the CCBA were the absolute law of Chinatown. For example, section five of the CCBA’s constitution requires all Chinese businesses in Chinatown to pay monthly dues, and all Chinese who live in New York and neighboring states must pay a port duty of three dollars when leaving for China. The constitution also requires all Chinese to register their businesses and pay a foundation fee for business locations. According to Kwong, the CCBA can deny them recognition by refusing registration if the location is too close to a similar business or if it infringes on the interests of a powerful association. “All of these rules were once effectively enforced,” writes Kwong, and the CCBA acted as a court.

LOSING ITS POWER BASE

Of course, Chinatown today is no longer what it used to be. The community itself is no longer as isolated from the larger society as it once was. According to Kwong, most residents today are recent immigrants from urban centers in Asia who have no previous connection with the traditional kinship organizations that are members of the CCBA.

Another factor weakening the CCBA is the impact of new money. During the organization’s glory days, CCBA regulated the old Chinatown economy, comprised of small self-employed service businesses. Today, it holds little sway over new manufacturers, developers and real-estate speculators with overseas capital. New and more above-board organizations have taken over some of the same functions. For instance, Finamex, a mortgage banking concern that caters to Asian-Americans, backed by Geneva-based financier Pierre Caland, is taking the place of CCBA as a lending organization in the community. Chemical and Citicorp also work hard using special programs to infiltrate the loan market.

money to contribute and we have few voting-powers. Nobody listens to us when we speak out,” says Chan.

Lack of any real power outside the community is not CCBA’s only problem. Internal power struggles further weaken the organization. It now has to deal with the emergence of new, younger, college-educated Asian American activists, who are constantly fighting the CCBA for leadership of the community. Agencies like the Chinese American Planning Counsel, a social service agency in Chinatown, have always cited the CCBA as “a community of old men” not capable of leading the community, reports Kinkaid in her book.

HANGING ON

Still, the CCBA chose its direction long ago and keeps up the struggle to hold fast. Even in the late 1970s and early ’80s, it led Chinatown residents in mass demonstrations against official governing bodies. In 1982, for example, the CCBA led a demonstration of about 35,000 Chinese to City Hall to protest against the proposed building of a detention center in the west end of Chinatown. The detention center was eventually built, but the community did fight it every inch of the way.

The CCBA might not be what it used to be, but Kwong maintains it is still the community’s strongest organization and enormously opulent. Most of its members have a heavy hand in the society’s real estate, including buildings within the Chinese abode. Due to tremendous housing demand created by a continuous flow of immigrants entering an already overpopulated habitat, each of those age-old tenements is worth anywhere from hundreds of thousands to millions of dollars.

The umbrella organization still operates as an unofficial city hall. Politicians and journalists turn to it whenever they need to know what Chinatown is thinking, and new immigrants in need of leadership or guidance in a new land still find themselves walking their questions to the CCBA.
If It's Broke, Fix It

Corporate America, pressed for productivity, turns to reengineering—the latest word in managing

by Young S. Cho
Illustration by Timothy I. Jones

IBM is doing it. So is GTE. Even the White House claims it's doing it. BPR—business process reengineering—is entering the parlance of corporate America, and Europe, East Asia and Latin America are eavesdropping. For businesses that have unsuccessfully clung to Adam Smith's notion that manufacturing should be broken down into its simplest and most basic tasks—IBM is a prime example—the writing has been on the wall for most of the past three recessionary years. Shape up or ship out.

The rage for reengineering is part of the worldwide trend toward downsizing and streamlining the corporate structure. Now, for example, instead of sending an application from office to office, one person, called a deal structurer, processes the entire application from beginning to end. There are no hand-offs.

STARTING OVER—ONE STEP AT A TIME

BPR is a crossbreed between Japanese theories about lean and flexible management and American ones about redesigning companies from the bottom up.

To gain a sense of how it works, consider the story of IBM Credit Corporation, which reengineered its credit approval process to cut the amount of time the average approval takes from six days to 90 minutes. At IBM Credit, a wholly owned and extremely profitable subsidiary of IBM that would rank among the Fortune 100 service companies if it were independent, the bad old way of gaining approval was a bureaucratic nightmare. When a field salesperson called in with a request for financing to a roomful of 14 credit officers sitting around a conference room table in Old Greenwich, Connecticut, they logged in the
request and sent the paper to the credit department where computerized checks were printed. Then a separate department set the terms, passed the request on to a pricer who set the interest rate and passed it on to yet another administrator who wrote the quote letter. The five-step, six-business-day process could be hopelessly bogged down by any slight delay or computer glitch, allowing the competition a window of opportunity to seduce the customer away.

After several half-hearted tries to tighten up the process, two senior managers at IBM Credit had a brainstorm. They tried walking a request through themselves, asking personnel in each office to put aside whatever they were doing and process the request as they normally would, only without the delay of having it sit in a pile on someone’s desk. It took a total of only 90 minutes, illustrating that the over-designed, bureaucratic process had to change, not the individual steps. In the end, IBM Credit replaced its specialists, the credit checkers, pricers and more, with generalists.

**BREAKING THE LOCK OF OLD IDEAS**

When IBM Credit’s senior managers closely examined the specialists’ role, they found that it was little more than clerical. Line managers were spending valuable time finding credit ratings in a database, plugging numbers into standard models and pulling boilerplate clauses from files. These tasks were well within the capability of a single individual supported by a computer system that provided access to all the data and tools the specialists use. When necessary, they could get help from a small pool of real specialists in credit checking, pricing and so forth. Even here, hand-offs disappeared because the salesperson and the specialists worked together as a team. Performance improved dramatically. IBM slashed its seven-day turnaround to four hours, handled one hundred times more cases and simultaneously managed to trim some jobs. IBM is not the only success story chalked up to reengineering. Florida’s Department of Labor and Employment reengineered its benefit overpayment screening system, saving $14 million a-year, boosting productivity by more than 400 percent. Rank Xerox in Britain reorganized workers into cross-functional teams, bringing down delivery time from 33 days to six, while Mutual Benefit Life Insurance Co. reengineered its application forms process and cut turnaround time as well as costs.

**THE FATHERS OF REENGINEERING**

It all began nearly 10 years ago when Michael Hammer, pioneer of the term “reengineering,” and James Champy, a chairman of Boston’s CSC Index, Inc., management firm, noticed that a few companies had dramatically improved their performance in one or more areas of their businesses by radically changing the way they worked. The 45-year-old Hammer, a former Massachusetts Institute of Technology professor, was also a co-founder and president of the Index Group, a management consulting firm acquired in 1988 by Computer Sciences for $40 million. Hammer wrote a groundbreaking *Harvard Business Review* article called “Reengineering Work: Don’t Automate, Obliterate.” These days he travels the country delivering up to 80 speeches a year for a five-figure fee. His three-day reengineering workshops, for companies like AT&T, Aetna Insurance and Taco Bell, charge $2,000 a head.

To *Forbes* magazine, Hammer identified three kinds of companies that should be reengineered: “The first, company hits the wall, customers are abandoning, financial performance is in big trouble. Two, the current indicators are fine but they see the future as very troubled. Maybe a technology discontinuity is looming which is going to create turmoil. Three, it’s a sunny day, no wall is in sight, but what a fine day to stop the car and build a wall for the other poor guy.” Hammer believed that if someone was designing a business for a world of stable growth, then he would want the Adam Smith or Henry Ford model. But that is not the business environment of our times.

Most major consulting firms, including Boston Consulting Group, Ernst & Young, Gemini Consulting, McKinsey, Anderson Consulting, CSC Index, Symmetrix, IBM and Digital Equipment, have added reengineering to their repertoire. With the new service, CSC Index’s revenues have quintupled in five years.

CSC Index and McKinsey probably have more experience in process redesign than any other global consultants, except possibly Gemini. Boston Consulting Group concentrates on “time-based competitors” which is just reengineering under another name.

Other consulting firms are working hard to catch up. In 1992, Ernst & Young, whose company strengths are in reengineering for information systems, reported information revenues of $592 million. This accounting firm’s business reengineering tool, Navigator Systems Series 2.0, aids PC database management and computer-aided software engineering developers in managing application development.

**SAVING AMERICAN INDUSTRY**

Reengineering has its critics. It has been called a euphemism for slashing payrolls. BPR can also be expensive and like many other great management theories it is difficult to put into practice. Joseph Tarantino, a partner of Arthur Anderson, explains, “The most difficult part of reengineering is changing the mind set of people, but I think the future of reengineering will be good for a few years.”

The inventor of reengineering still believes in the idea. Much of the impetus to try the idea comes from the global nature of competition. “Problem is, if we don’t and somebody else does, our customers will migrate elsewhere. We’ll end up being a Third World colony of Japan,” Hammer warns.
A TEXTBOOK NIGHTMARE

Grand scheme empties students' pockets

By Doug Anderson
Illustration by Yanoret Saez

Every college student has had the experience. At the start of the semester, with their pockets already empty due to ever increasing tuition rates, students venture into bookstores with a list of books assigned by their professors. After unsuccessfully searching the shelves for books with the little "used" book stickers that promise lower prices, they reluctantly head to the cashier with a handful of new books and hope for the best. As each tome is rung up, they cringe a little bit and think of the luxuries they will have to do without for the next few months in order to further their education.

"The prices of textbooks are really ridiculous and sometimes professors assign two or three books per class. I don't think they realize how difficult it is for a college student to buy all the books each semester," complains Hector Hernandez, a student at Herbert H. Lehman College. "I only buy books if it's absolutely necessary. Believe it or not, I've gotten through a couple of classes without buying the text at all. If professors aren't going to actually use the book, I don't think they should assign a text just for the sake of assigning a text."

Hernandez's complaints about textbooks are representative of the views of many college students who are fed up with spending up to $70 for a single textbook. While the high cost of college tuition is well-documented, the high cost of college textbooks often seems to be ignored. The college textbook business is a very complicated enterprise and everyone, from textbook publishers to used-book wholesalers to college professors themselves, seems to be making money at the expense of the college student. The question is, are the tactics these players use unethical, or simply good business principles?
"I don't think that there's any question that there are unethical practices in the college textbook business," says an anonymous source, who worked for a major college textbook publisher for 10 years before quitting last year. "Publishers basically ignore the needs of the student because they're looking to make a quick buck. They keep the prices of books artificially high and then complain that the people in the used-book business are the ones that are using unethical tactics." For years, college textbook publishers have complained that selling used books is unethical, but many students see buying used books as their only option. "If there were no used books, I don't know what I'd do," says Ellie Juardo, a student at Fordham University. "Every semester I make sure that I go to the bookstore as early as possible because there never seem to be enough copies of the used books."

TURNING THE PAGE ON USED BOOKS
Publishers are not as enthused about the used books market. To counter the loss in sales due to increased sales of used books, they have increased prices. And a surprising number of new editions of standard textbooks are being published. "A majority of the textbooks that come out in new editions really don't have to be, particularly in subjects such as math and accounting, where many of the changes are minor and barely noticeable, but the new editions are printed to kill the used book market for that particular text," says a source at Harcourt Brace Jovanovich College Publishers. "Unfortunately many professors support this practice by going ahead and adopting the new edition when they know the old editions would do just fine."

To sell their new editions, publishers target professors. The companies reach out to departmental committees and individual professors with innovative sales and marketing efforts. However, allegations of kickbacks and questionable tactics in the adoption process have increased.

"There's definitely a feeling among publishers that once they get a book adopted by professors, they have it made, so they aggressively court professors to adopt their books. So much of their time and resources are used to get their texts adopted that they tend to ignore other parts of the business," says Raymond Rosario, who worked at the SUNY Albany bookstore for two years.

Once a text is adopted, professors or department committees inform the campus book store about which books will be used, and give an estimate of how many books should be ordered. "At Albany we would usually stock about 25 percent used copies, but that never seemed to be enough for the students. Students definitely prefer used books, so gradually that number went up," says Rosario. Not only has buying used textbooks become the fashionable trend these days but, in an uncertain economy it has almost become a necessity.

FREE BOOKS FOR A PRICE
The rise in the amount of used copies being sold alarms text publishers, but they seem to have relaxed their efforts to curtail the used textbook business. Presently they are more preoccupied by other problems within the industry, particularly the resale of complimentary copies. These books are copies of textbooks sent out free of charge to professors to get them to order them for use in their classes. Some professors, overwhelmed by the sheer number of the unwanted complimentary copies, have taken to the practice of reselling their comp copies to used book wholesalers.

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For lowly junior faculty and adjuncts, the sale of comp copies is quick, lucrative and practically irresistible. The typical transaction is a straight cash-for-book exchange, with nothing on paper. "A buyer appears at the office door on campus with a ring-binder of book values, a hefty wad of cash and a little cart to haul away the examination copies," claims an associate professor at CUNY, who wishes to remain anonymous. He continues, "The professor gets paid on the spot, generally 10 to 15 percent of the retail price for the title, and the buyer funnels the books back to the college bookstore by way of wholesalers."

The process is a headache for publishers as well as royalty-hungry authors and penny pinching students. With their bottom lines already whacked by the steep discounts demanded by chains like Waldenbooks and Barnes & Noble, as well as the reduced profits on remainders, the publishers find, to their consternation, a whole source of revenue leaking away to the resale machine. This gray market brings them no income, while undercutting pricing structure. It is estimated that $10 million a year is lost in royalties by professor-authors who receive no royalties on complimentary copies which are resold as new. By heightening awareness among colleges and universities of the harm that the practice does to them, publishers hope to minimize this practice. The Higher Education Division of the Association of American Publishers engineered a letter

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writing campaign that targeted 3,000 college presidents and deans to make them aware of the problem. The letters talked of the "subtle but pervasive devaluation of the teaching and learning processes of the colleges" and complained that texts "are often treated and traded as indiff erent commodities whose 'real worth' is their resale value."

The campaign produced encouraging results as many colleges raised questions of ethics at faculty meetings and threatened legal action in some cases. College bookstores responded by refusing to buy texts which are clearly identifiable as comp copies. The campaign even led to an official decision in Alabama to prohibit the resale of comp copies in the state. The decision, made by the Alabama Ethics Committee, cited a law prohibiting public off icials from using their positions to obtain financial gains. The publishers' campaign has succeeded in slowing down the sale of comp copies, but it remains a key component of the business.

While the trafficking in complementsary copies has slowed down, it has not disappeared. Some believe that the publishers themselves create the problem by sending out thousands of un-requested comp copies to professors. The Textbook Authors Association, formed in 1987 to protect the interests of academic authors, proposed that publishers stop the unlimited distribution of complimentary books. They suggest sending out sample cards to professors which they can return if they wish to receive a particular book. The Association of American Publishers blasted the proposal as being "a very slow, expensive, handmade and not very practical way" to deal with a complicated problem.

**PUBLISHING PERILS**

The war over comp copies is one of the main issues in the textbook business, but it is not the only issue that the industry faces. "Textbook publishers are very concerned about a number of issues which threaten to cut into their big profits," claims the source who worked at Harcourt Brace Jovanovich. "Professors who choose to use photocopied packets of materials instead of textbooks scare them as much as the used book market. Publishers know that they have a cushy business and they don't want anything to interfere with what they have."

Although most of the controversy in the textbook industry seems to be concerned with prices and profits, there is also concern about quality, especially among academia. College "travelers," whose main task is to persuade professors to choose their particular company's books for courses, are also involved in seeking out professors who might want to author a text. These "travelers" hope to convince the professors to have material published by their publishing company. While it seems clear that this presents a conflict of interest, publishers have used the system for years and are reluctant to change.

It is clear that the college text market is a battleground with publishers fighting used book wholesalers to regain the dollars which historically belonged to them. The advent of customized texts may help the publishers achieve this goal. McGraw-Hill Inc. was the first company to develop this revolutionary way to publish and print textbooks and related educational materials. The new system, called the McGraw-Hill Custom Publishing System, was developed jointly by McGraw-Hill and the Eastman Kodak Co. Although it has yet to gain widespread acceptance in the years ahead, it may prove to have a dramatic effect on the textbook market.

Ultimately, the system will be able to individually tailor any text published by McGraw-Hill. The publisher will work with educators who will select parts of a book's contents for their specific needs. The system will organize and publish this material along with the instructor's notes, study guides, practice sets and a syllabus. After the printing and binding stage, the customized book, with a personalized cover, will be shipped to campus bookstores within 48 hours. The system provides hope that the use of outdated texts, ill-suited for a professor's needs, will be a problem of the past. But it seems likely that students will still be the ones to pay the price.
After a deadly year, Congress and consumers debate food safety and the conflicting role of the USDA

By Gerry Van Loon

For decades diners have in good faith ordered their hamburgers rare and their eggs scrambled soft. No more. In a year when a deadly Escherichia Coli outbreak in Washington State claimed the lives of two children, the United States Department of Agriculture declared “war on pathogens.” The Federal Food and Drug Administration proposed a remodeled Food Code, and the National Restaurant Association made a nationwide commitment to educating its members on safer food handling techniques.

Public doubt about food safety has never been higher. Perhaps with good reason. According to Carol Tucker Foreman, former Assistant Secretary of Agriculture in the Carter Administration, in an interview in The New York Times, “Every month brings a report of food-borne illness, horrible violations of the law and an aging population more susceptible to food poisoning.” She continues, “Bacteria kill 9,000 people a year and make 6.5 million sick.”

The stock pots are simmering. The latest chatter from Washington is that the Clinton Administration, in an effort to streamline the government, wants to move the Food Safety and Inspection Service, the public health agency at the USDA to the FDA. The notion is welcomed by many food safety authorities, who note the conflicting role of the Department of Agriculture being both the watchdog and promoter of meat, poultry and eggs. According to The New York Times, it makes sense to move the task of the nation’s food protection to the...
FDA where all the commissioners are M.D.'s or Ph.D.'s.—an important factor, since the “war on pathogens” may include more than the simple “prod and sniff” method now in use. Foreman believes the administration's recommendation has a good chance: “A public health agency like the FDA would put consumers first, while the Agriculture Department has no public health capacity at all.” He continues, “For the last dozen years, the Secretary of Agriculture and the assistant secretaries have put producers above public health.”

The meat and poultry industries are not exactly crowing over the administration's proposal to move the inspection process over to the FDA. While both industries recognize the deficiencies in the system, they strongly oppose any such move, claiming that it would take years to move the meat inspection system—years that they just don't have. According to The New York Times, the American Meat Institute and the National Broiler Council have promised to battle the change with the assistance of their industry's powerful allies in Congress.

But Congress has an agenda of its own. High-profile issues like food safety are great headline-grabbers for an incumbent who has an eye on upcoming campaigns. Take the example of Howard Metzenbaum, a Democratic Senator from Ohio. By bringing the Food Safety Reform Act to the Senate floor last November, he guaranteed himself major network airtime. The bill brings together the FSIS and USDA, and unites two of Metzenbaum's chief constituencies: the farming industry and consumers. At the same time he claims to be looking out for the ordinary buying public, he is assured the farm community of his support. “American farmers need all the help they can get, and the food industry is among the nation's leading employers,” Metzenbaum stated in his speech on behalf of the food reform bill.

However, Devon Scott, a spokesman for the National Association of Meat Purveyors, maintains the notion of relocating the FSIS “would be a bad move.” He continues, “The USDA has the expertise, but people look upon the FDA as if they are god-like. The people want tighter inspection, not the random inspection the way the FDA would do it.”

Bad press has been bad business for the food industry. According to Nation's Restaurant News, consumer confidence has been severely damaged and has caused a clear decline in business. One veteran CEO of a national chain of restaurants, who wished to remain anonymous, reported to the NRN that “since it has been linked to a salmonella outbreak, one unit's sales have plummeted from $16,000 to about $7,200 while the other branch—formerly the chain's highest grossing restaurant in the Washington, D.C. market, plunged from a weekly tally of $56,000 to a mere $3,000.” Also heightening public anxiety is the ongoing press coverage about salmonella outbreaks in eggs and poultry. Although the food industry is not thrilled, others are delighted with the media attention food safety is getting. Heather Klinkhamer of Foreman & Heidepriem, Inc., a coalition of consumer groups, public health whistleblowers as well as labor organizations, believes the media play a vital role. “Every time 48 Hours and Dateline go into the warehouses and show the nation the filth on the floor, feces contaminating the carcass, meat falling off the line and then being put back on the line—that accelerates the FSIS to do something.”

NEW STANDARDS

The central theme of the future inspection system will be the "war on pathogens," which involves lowering the risk of harmful microorganisms, such as E. Coli, from entering the food supply at critical points in the production, distribution and consumption chain. The acronym that describes these inspection improvements is HACCP—Hazard Analysis of Critical Control Points.

According to Steve Coomes, the editor of Spec Sheet, a newsletter for members of the Foodservice Consultants Society-International, the practice of HACCP—which is the methodical strategy to food safety assurance—began in the early seventies as a joint effort between NASA and the Pillsbury Company. “Scientists, concerned that the risk of food-borne illness would increase in space flight, began an intense monitoring of NASA's food production systems. Several successful missions later, the program gained the attention of some food giants and commercial applications became more common,” he says.

However, the food industry faces other dilemmas. Bob Harrington of the National Restaurant Association, a trade association representing the food industry, claims that the average consumer is often unable to discern his or her relative risks. Many consumer groups agree. “The public assumes if they eat a raw hamburger they're not going to get sick. During a Senate hearing on November 19th with the USDA, we had a panel of congressmen pass around a chicken that was bought at a local supermarket and each
one of them felt the USDA stamp for wholesomeness meant that the chicken was a healthy product,” said Klinkhammer. Nonetheless, the chicken could have been deadly, he added.

American consumers have rarely, if ever, questioned their nation’s food protectors. Since 1906, when Upton Sinclair’s depiction of unsanitary meat packing conditions in his novel The Jungle inspired the federal government to create a watchdog for the industry, consumers have confidently bought products inspected by the FSIS. The agency’s function is to ensure that meat and poultry products are safe, wholesome and of course, accurately labeled. Meanwhile, the FDA has been quietly telling state health departments across the country that suggested cooking temperatures on both items should be far above the customers’ requests.

GOVERNMENT TIGHTENS CONTROL
The measures prompted by Sinclair’s exposé still remain essentially unchanged. Over the last decade, however, politicians have avoided the warning signs to revise the inspection process. The most meaningful cry came in 1990 from the National Academy of Sciences, which cautioned that visual inspections do not detect microorganisms—the primary source of food-borne disease. While the Reagan and Bush administrations allowed the industry to be more or less self-governed, the Clinton administration is taking a new direction with new controls from the farm to the table.

Government scientists and industry experts are divided over how the inspection system should be modernized, and many say no quick fix is likely. The biggest probable change is that federal inspectors will begin broad screening of meat for micro-organisms. According to recently published material by the FSIS, it, along with the Agricultural Research Service, is working with a number of private research and university groups to develop faster, more accurate methods of testing for this bacterium in meat processing plants and on food products. “I want to see tough new safety standards, and I expect to see them enforced,” said Secretary of Agriculture Mike Espy, in a press statement last spring.

Unlike the slow moving department of previous administrations, Espy’s USDA is hot on stamping out the bugs. His FSIS recently made public its goals for The Pathogen Reduction Program. The program has made pathogenic microorganisms its number one enemy. According to the published report, FSIS has in recent years been laying the groundwork for a future inspection system that will employ criteria derived from quantitative risk assessments and epidemiological and microbiological surveys. Further, it will incorporate the latest rapid detection and screening methodologies, and use animal identification and traceback methods to determine the sources of potential or actual infections.

Such tight controls are necessary in the era of the educated consumer, where there is an increased awareness of the perils of food-borne illness. As a result, the food service industry is becoming more careful. Statistics from the Center for Disease Control, published recently in Nation’s Restaurant News, indicate that 250 different types of bacteria, viruses, toxins and parasites found in food and drink cause thousands of deaths and millions of cases of food-borne illness. However, says Harrington, “It is impossible to have a zero risk factor.”

Standing up for the FSIS, HACCP points out their program overview as an adequate one that includes several key points in the food chain, including “pre-harvest” production operations, studies on speedy detection systems, “post-harvest” investigation in slaughter and processing plants, foodservice and retail activities and a much more assertive consumer education approach than taken by previous administrations.

But something not ingrained in public awareness is in the offing. Foods can and do spoil while in transit—carried from place to place by trucks, planes and and heavy shippers well after the most meticulous inspectors okay the product. While sophisticated inventory control and streamlined transport systems have cut down on spoilage and waste, the problems posed by meat that is on the move are a dark area in this issue. There is yet to be any assurance of meats coming off transit with absolute safety guarantees. Perhaps until there are any clear answers, the safest meals are the ones straight off the range.
THE WRONG PRESCRIPTION

For neighborhood drug stores, pharmaceutical mergers are getting hard to swallow

by Sera Congi

The move toward universal health care in America has created merger mania among pharmaceutical companies. The Federal Trade Commission approved a controversial merger last November between Merck and Medco which may create casualties among neighborhood retail pharmacists. The merger has already stirred quite a controversy among retailers, and four grocery chains are now filing a suit against the drug maker charging it with discriminatory and “pernicious” pricing.

In August 1993, Merck, the world’s largest pharmaceutical house, purchased Medco, the nation’s largest mail-order drug company, for $6 billion. Medco owns Prescriber’s Choice, a mail-order pharmacy, and PAID Prescriptions, a medication co-payment plan that pays for prescriptions. With the merger Merck manufactures some of the most common prescription drugs while Medco fills prescriptions by mail and PAID writes the checks. But independent pharmacy owners are crying foul play claiming it will allow the two industry giants to control the marketplace.

According to the Boston Consulting Group, retail pharmacists were the only groups still paying full wholesale prices for drugs in 1992. A comparative study done by the Rite Aid Corporation reveals the differences between the price of drugs for mail-order pharmacies and retail pharmacies. For example, Wyeth, a drug manufacturer, charges community pharmacies $48.31 for 100 tablets of Inderal 60 mg, a popular heart medication, but mail-order pharmacies are charged only $4.12 for the same 100 pills.

Ronald DelGaudio, a pharmacist who owns six Kings drugstores in the New York City area, feels threatened by the merger and fears that Merck will lure prescriptions away from him to mail-order. “The reason why these companies and others are able to compete with retail pharmacies is because they are getting discriminatory pricing. They are getting cheaper prices from drug manufacturers that we are not privy to. I can no longer make a living selling prescription drugs,” says DelGaudio.

DISCRIMINATORY PRICING

Bill Weinert, executive director of the Garden State Pharmacy Owners, knows that even if the 50 pharmacies he represents were to pool together to create mass buying power, they still couldn’t get the same prices. “We understand that the mail-order pharmacies are bigger and can buy more than us. It’s the differential between those prices that we object to,” says Weinert.

The National Association of Retail Druggists, which represents pharmacy owners, managers and employees of 40,000 independent stores, passed a resolution in October 1993 to oppose the merger in every possible venue. “There’s nothing coordinated about a faceless mail-order pharmacy delivering medicine to patients hundreds of miles away,” stated Charles West, executive vice president of NARD, in its August newsletter. “Independent pharmacy sees a move that really goes against what they think is their job, to provide a service not given by mail-order,” says Jim Flannigan, director of communications of the Illinois Pharmacists Association.

Merck and Medco have called the merger a ‘coordinated pharmaceutical network’ where separate companies, each with different responsibilities in the industry, work together to
provide pharmacy services. “Merck now controls everything from manufacturing to delivering. This coordinated care will destroy the concept of community pharmacy,” DelGaudio says. However, Carl Seiden, a drug analyst for Sanford C. Bernstein, believes that although the merger creates powerful players of the future, it isn’t any bigger a threat than mail-order was to the corner drug store.

Retail pharmacists are not the only ones feeling cheated. Kroger, Albertson's, Safeway and Vons, grocery chains with significant retail drug operations, filed suit in Cincinnati federal court against 16 large drug makers, including Merck, charging that the pharmaceutical firms’ pricing policies favor institutional pharmacies, health-maintenance organizations and mail-order prescription companies with lower prices. “The increasing number of suits clearly reflects the serious nature of manufacturers trying to shift costs to retail consumers,” said Phillip Schneider, spokesman for the National Association of Chain Drug Store.

PREFERRED PHARMACEUTICALS

Perhaps what makes this merger most controversial and ethically questionable is Medco’s use of a so-called “preferred formulary.” Since Medco has a data bank of 33 million Americans and what their doctors are prescribing, placement on Medco’s “preferred formulary” provides far-reaching promotion for a drug manufacturer. The formulary is a list of drugs that Medco determines and markets as most efficient to dispense. Medco pharmacists will promote these drugs to doctors and their 33 million patients. Because placement on the formulary is so vital to manufacturers, Medco can demand discounts from drug manufacturers. But corner drug stores cannot receive those same discounts. They don’t have the promotional clout or a list of drugs which they prefer to dispense.

“We contact doctors to inform them that the drug they prescribed does have an alternative,” says Betty Krieger, spokesperson for Medco. “This happens in retail also. The doctor will prescribe drug A and the pharmacists will call the doctor and say drug B gives cost savings.” But if Merck now has control of the formulary, what will prevent them from listing their drugs exclusively?

Ironically, before the buyout Medco moved approximately 20 percent of Mevacor’s market to Pravachol, a cheaper alternative cholesterol medication, from Bristol Myers Squibb. DelGaudio believes this is the reason Merck became interested in Medco in the first place. “Medco demanded lower prices from Merck on some major drugs,” he says. “Merck wouldn’t do it. Medco pharmacists then instructed MDs to move toward Pravachol, which they claim they never did. That’s when Merck decided to buy Medco.”

“This would have been the last company that people thought would do something like this,” Flannigan points out. “It’s a slap in the face because independent pharmacies perceived that Merck had forsaken them for profit.” Seiden has a different opinion of why Merck bought Medco: “Merck was in the business of selling pharmaceutical products to doctors. But in the future, doctors won’t be nearly as powerful. Those in power are those that will pay for health care. They want to buy pharmaceutical care not specific products. It’s a strategic shift for Merck.”

Krieger says, “The preferred formulary will be determined by a committee made up of physicians and pharmacists. They look at all drugs to make a more inclusive list. It’s determined without regard to manufacturer. Many factors will be considered, including price. That won’t change, but non-Merck drugs won’t be excluded.”

What if mail-order pharmacies can pass the manufacturers’ discounts on to their customers? Kreiger claims that mail-order can save patients 25 to 40 percent over traditional pharmacies. And what does the average consumer think? A nationwide study done by the Penn-Schoen Associates for NARD concluded that 84 percent of consumers want to retain the right to choose their own pharmacy. However, since mail-order pharmacy offers employers a less expensive alternative in health insurance, the employer chooses those insurance plans that mandate the patient to fill prescriptions through the mail. Even so, DelGaudio points out, “I’m there in the flesh and can deliver the medication the same day.”

The final outcome of the health care debate remains uncertain, but as the industry changes, the corner drugstore moves closer to extinction.
In-line Skates

The fastest-moving trend in leisure activities is in-line blading, which is making inroads into the way people go to work and, in the case of city messenger services, do their work. The $750 million-a-year in-line skate market has helped revitalize the slumping sports equipment retail business in the United States with a jolt.

It all started pretty modestly back in 1980, when Scott Olson, a 20-year-old journeyman minor-league hockey player in the Winnipeg Jets farm system, bought the patent to the team’s summer-training footwear. After having made a few changes to the basic design, Olson got the Minneapolis-based Rollerblade Inc., rolling. By 1988, with 75 percent of the in-line market, Rollerblade found its name synonymous with the sport. Sales were growing at 300 percent annually, then in 1990 rocketed to 66 percent as the overall market ballooned to $50 million. In 1990, more than 400,000 pairs of Rollerblades hit the pavement, and by the end of 1993 Rollerblade’s revenues reached a spectacular $110 million.

With that kind of demand, eight other companies skated into the game, including traditional skate makers like Roller Derby, and Bauer and Riedell. Newcomer First Team Sports, which started up in 1986, now claims 41 percent of the market and brought in $38.2 million in sales, while Bauer and Riedell have to settle for a tie at 5 percent each, and Roller Derby with 2 percent.

As competitors raced toward expanding their market share, Rollerblade fought hard to keep its leading position. In 1990, Rollerblade sued First Team and its two founders (both former Rollerblade employees) for copying trade and marketing secrets, but chose to settle out of court. Rollerblade also sued Bauer and Innovative Sport System for using brand names that resemble Rollerblade’s.

In a 1991 Consumer Reports in-line skate rating, Rollerblade’s Lightning TRS, priced at $240, and Rollerblade’s Macrolide at $215, ranked first. Among the high ranking models priced $100 or below Rollerblade’s were Bauer’s In-Line Streets Sr.XS/5RC and Ultra-Wheels Classics. For most in-line skates prices range on average from $50 to $300 a pair. In-line skates have been around since roller skates were invented in Holland back in the early 18th century. In 1863, James L. Plimpton of Massachusetts solved the problem of “straight-running” skates with “parlor skates” which used an India rubber ball placed between each roller assembly and the foot plate to allow the user to skate in curves. The invention of smooth-riding polyurethane wheels in 1973 allowed skaters to move faster and less noisily under the disco ball through the 1980s, just as in-line skates were gaining popularity for summer training by Nordic and Alpine skiers and National Hockey League players.

In-line skates are penetrating more than just the sports market. In 1992, Rollerblade signed a worldwide licensing agreement with Mattel Inc. for two doll lines so that while kids whiz to their hearts’ delight they can take along Mattel’s 15-inch, $36 Baby Rollerblade and Rollerblade Barbie.

—Young Cho

Cash Registers

The cash register, which sells for about $650, has become a dinosaur reserved for small business. Mega-retailers are spending an additional $500 for a PC with a cash drawer, printer and pre-loaded custom-designed software. The new computer-based models are equipped with credit card terminals, optical scanning devices and a variety of security features.
features. They are often linked to a central computer that tracks inventory levels and provides a wealth of accurate sales data.

Today NCR Corporation is the world leader in manufacturing, developing, marketing, installing and servicing business information processing systems, or the modern day cash register. Acquired by AT&T in 1991 for $7.89 billion, NCR has an annual net income of about $400 million. The company rings in $425 million from the sale of cash registers, small computer systems and workstations per year.

The origin of the cash register dates back to 1879 and a bar owner from Dayton, Ohio. James J. Ritty was a smart, respectable businessman with one problem. Although his saloon thrived he lost money. He needed reliable records of ongoing transactions since employee thievery was tough to keep track of. As was the case with every other retail establishment of the time, the only practical place to collect the daily receipts, except for the proprietor's pocket, was a cash drawer.

While on a steamboat on his way to Europe, Ritty made a discovery that would change over-the-counter retailing forever. On board the ship, he observed a recording device which marked the revolutions of the ship's propeller, providing the captain with an accurate record of the boat's speed on a daily basis. By associating the ship's recording device with his need for record-keeping, the idea for a cash register was born. Ritty cut his trip short, raced back to Dayton and a crude mechanism for recording sales was developed. Ritty continued to improve the large wooden gadget, and was soon receiving orders from as far away as Minnesota.

The idea born on board a ship more than a century ago has, it seems, passed its prime. With electronic payment taking the place of bills and coins, today's retailers are chucking their cash registers overboard.

—Sam Honen

Toothbrushes

As Americans are becoming more aware of plaque build-up and gingivitis, tooth brushing is being rediscovered as an inexpensive and easy way to maintain good oral care.

Gillette Co.'s Oral-B toothbrush, a clear leader in 1992 with over 30 percent of overall sales, slipped to 22 percent by the end of 1993. Colgate-Palmolive's Colgate Plus toothbrush ran a close second with 20 percent. While Johnson & Johnson's Reach nced in at 17 percent, Proctor and Gamble's Crest Complete came in fourth with 16 percent. Finding the toothbrush category extremely competitive, toothbrush manufacturers do whatever it takes to get profits. As the toothbrush market flourishes, innovative features now range from "shock absorber" flexible necks, to glow-in-the-dark neon colors. Tooth-brush manufacturers are conducting clinical studies in order to produce toothbrushes that clean teeth more effectively and cater to consumer preferences. Noticing that dentists recommend that toothbrushes be replaced at least every three to four months, Oral-B started pushing brushes with colored tips which when faded indicate time for replacement.

Overall, the average price of toothbrushes has gone up from $1.71 to $1.90—some are even pricier. Tooth-conscious Americans spent more than $368 million for adult's and children's toothbrushes in 1993, a full 28 percent more than the preceding year.

In a market that year by year is becoming increasingly more crowded, advertising for toothbrushes rose by 25 percent last year to $59 million. On top of the list of heavy-spenders is a triumvirate of American companies: Gillette, Colgate and J & J.

These corporate giants are now being challenged by up-and-coming independents with new products. One popular time-telling brush is made by Dep Corp. Their scrubber handles change color when held for two minutes—about the time many dentists recommend for proper brushing. Also on the shelves is a new electric toothbrush called Braun Oral-B Plaque Remover, retailing at $130. Once convinced that a diligent brusher can effectively clean teeth with any toothbrush, the American Dental Association now says that an electric toothbrush takes off more plaque than a regular brush. Following Dep's lead, Braun and Oral-B, subsidiaries of Gillette, teamed up in creating an electric brush they say is not only easy to use but effective in the fight against plaque. Unlike most electric toothbrushes that vibrate stains away, the Plaque Remover's entire head rotates back and forth 2,800 times per minute—a small brush head makes it ideal for getting to those hard-to-reach places. As an extra feature, the product includes an indicator light that flashes after two minutes.

And for the environmentally correct, there's Mario Muto's answer—a revolutionary new bio-degradable brush. The toothbrush, which is the brainchild of the industrial designer for Motzura personal-care products in San Francisco, is made of light pine and vegetable-based bristles, and packaged in a recyclable and windowless box.

Until the Chinese invention of the modern toothbrush in 1498, there were times when teeth were cleaned by binding an index finger with cloth or a tiny ball of wool. The Chinese toothbrush was a wooden
brush stick or fibre pencil with one end sharpened as a toothpick, or cut thin and flat for a tongue scraper. The other end, used for teeth-polishing, was hammered until fibers of the wood separate. The teeth picking, tongue scraping apparatus was usually five to six inches long when new, and gradually reduced in size with use.

—Jessica James

Lipsticks

Lipstick is an essential part of almost every woman's cosmetic routine and sales are greater than that of any beauty product. This basic accessory beautifies and moisturizes the delicate skin of the lips, which have no oil glands to protect them from the elements. Today, lipsticks come in an array of colors and textures, from deep reds and bright neon pinks to almost black, matte to frosty, with sunscreen or extra emollients. Sometimes, fragrance is added as well.

Lipstick is a smooth blending of castor oil with beeswax and ozokerite, a type of wax used as a spreading agent. The oils and wax are melted together. The pigment, usually red or titanium dioxide, that gives the lipstick its opacity and also serves as a sunscreen, is ground in. The color may also come from eosin, a crystalline dye. The entire mixture is poured into a mold to harden.

The prices of a lip color can range anywhere from 99 cents for brands like Brucci to over $20 for designer lines such as Christian Dior or Princess Marcella Borghese.

Cleopatra, renowned for her smarts and ambitions as well as her beauty, may have been the first to sport a crimson kiss, probably making Marc Antony the first man to wear lipstick on his collar. She began the beauty routine by dying her lips with henna, and women have been following suit ever since. The Greeks were known to use a root in coloring their lips and cheeks. After the Renaissance, the female aristocracy in Europe began brightening their visages by using face paint. Even peasants used beet juice to color their lips and cheeks. Then in the 1960s, long lashed eyes and a red pout became the norm and was exemplified by stars of the screens like Marilyn Monroe and Lucille Ball.

The women of the 90s have redefined their demand for lipstick innovation. With more women in the job market, they want an all day cosmetic that doesn't need constant reaplication. Matte lipsticks achieve this best and lack that shiny made up look found in creme lip colors. Unfortunately, mattes are not as appealing to older women since the excess pigments can dry the lips. This has prompted manufacturers such as Christian Dior and Prescrip-

tives to produce demi-mattes which contain just enough moisturizers to give a slightly creamy effect without losing the tenacity and opaque quality of a true matte. Prescripives' Hot Mouth and Avon's Colour Release are creme sticks which work on a time release principle, slowly releasing pigment throughout the day. In France, many women opt for the more permanent Rouge Baiser, that actually stains the lips the way cherry flavored Kool-Aid would. If staining isn't good enough, the next step may be a tattoo of the preferred shade.

—Nisha Chauhan

Toothpaste

A generation ago, choosing a toothpaste was simple. Crest and Colgate split the market nearly evenly. Now this once simple choice has become a dizzying decision among four dozen different brands. You can buy dentifrice packaged in a pump or a tube, in a paste or gel. Children can get Muppets Tutti Frutti, teens go for Close-Up for mintier kisses and the older generation has Sensodyne for sensitive teeth. Special ingredients include bleaching enzymes or tartar-control secret weapons, and of course plain old baking soda. Despite all the hype, the baking soda toothpastes posted disappointing test scores.

Consumer Reports found that Ultra Brite Original and Close-Up out-cleaned Crest and Colgate as well as the pricier brands like EpiSmile and Rembrandt, which cost more than $10 each compared to the average price of $2.50 per tube.

Companies, convinced that consumers will pay a premium for "natural" ingredients like baking soda, are capitalizing on higher-priced items which are not yet agreed upon by dentists as more effective. The basic ingredients include abrasives to scour plaque and polish teeth, detergents to keep teeth white and fluoride, which fights tooth decay at a concentration of 0.1 percent. Flavors include spearmint, peppermint, winter green, cinnamon and tutti frutti. Most use a sweetener, usually saccharin, which doesn't promote decay.

The biggest marketing coup is getting the American Dental Association's seal of approval. To win the seal, a manufacturer must submit convincing research to demonstrate that their product is safe and effective and does what it claims to do. If the manufacturer wants to claim that the paste prevents tooth decay, it must have adequate fluoride.

But the ADA seal is a double-edged sword for advertisers. The prestige can help sell a product. For example, in 1960, when the ADA granted Crest the first seal, its market share doubled. Since manufac-
turers must disclose all advertising and package copy in advance, some manufacturers contend that this “pre-clearance” puts them at a disadvantage against competitors without a seal, who can be faster to market and loosen the facts. The world has come a long way since physicians in ancient Egypt made the first toothpaste to keep their gold fillings, ruby and diamond teeth clean. The Egyptians used a pungent mix of pumice powder and wine vinegar. Perhaps they had a little baking soda in there, too.

—Richard Bennett

Bowling Balls

Although bowling is often associated with the beer guzzling, Al Bundy type, the game is for many, a serious sport. And those who play it take their equipment seriously enough to roll out as much as $300 for a ball.

The bowling ball industry is basically a two-player affair. The perennial leader is Brunswick, which spun an unbeatable 60 percent market share with revenues of $150 million in 1992. Its leading rival is sporting equipment giant AMF with slightly more than 30 percent, followed at a distance by Ebonite, Columbia and BASP.

Bowling balls are made of urethane and reactive resins and come in a variety of colors and sizes, with ball weights between 10 and 16 pounds. While a beginner can get started with a $40 hard plastic Ebonite Gumball, the pros will, and very often do, spend more than $300 for deluxe models. Men generally spend more on their bowling gear. Since almost 70 percent of all bowlers are men, manufacturers usually target them with high-priced, professional caliber equipment.

As with any sport, bowlers are tempted to constantly upgrade their gear. To take advantage of the sales possibilities, AMF has two new knockouts in its Ninja line—the Fury and the Master. Columbia's new Flexcell resin super-ball is called the Power Torq, which can be used like a resin ball, that cuts through oil on a lane and drives the ball into the pocket. And strong in versatility, it can also hook in the pocket when lanes are dry from excessive use by keeping the ball's surface dull.

None of these mega-balls would get any play without the endorsement of major figures in the bowling world. While three-time Professional Bowlers Association champion John Mazza strikes away with AMF's Ninja, Don Johnson, who has won 26 PBA titles and is a member of the American Bowling Congress and PBA halls of fame, tries to keep Columbia from bowling gutterballs.

—Chanize Thorpe

Condoms

Although many still feel that teenage blushing at the checkout counter when buying them, condoms may be the best available solution to two of the world's greatest economic and social problems: the rise in population and the spread of AIDS. Worldwide growth in condom sales remains strong at approximately 40 million units in 1993. The rising figure is directly attributable to AIDS awareness, as more than 200,000 people in the United States have been diagnosed with AIDS, and more than 15 million worldwide are believed to be infected with the HIV virus.

“Rubbers” come in quantities ranging from three to 24 pieces per pack. The average price for an individual condom is $.69, though many are given free in night clubs and schools. Trojan, the biggest player in the brand name market, claims 59.7 percent of sales. Other players include Lifestyles at 11.1 percent, Sheik with 7.3 percent, and Ramses with 6.5 percent of the market share. Manufacturers behind these popular brand names bag huge profits, especially market leader Carter-Wallace with 61.6 percent of last year's sales.

The increase in condom sales is expected to continue throughout the next few years. Current statistics show that 65.6 percent of the worldwide $457 million contraceptives market belongs to condoms. This figure is projected to grow to 68.1 percent by 1996.

Condoms were first used in the 17th century. They were made of animal gut or fish membranes and were washable and reusable but hardly effective. By the 1840s, most condoms were made of vulcanized rubber. Latex condoms were not introduced until the 1930s.

As AIDS spreads—estimates of the number infected by the year 2000 are reaching figures as high as 40 million worldwide—the urgent need to increase condom use becomes stronger. Today it is estimated that the global community spends about $36.5 billion on AIDS care. The developed countries spend more than 50 percent on patient care, 23 percent on research and only 20 percent on prevention of the disease. However the 69 cent solution to this impending crisis is already available.

—Julie Likht
Phone-In Vocals

One are the days when the Andrews Sisters huddled around a microphone producing one-take harmonic wonders. These days, you don’t even have to be in the same country to sing a duet. On Frank Sinatra’s recent CD, Duets, many of the 13 big-name artists, including Barbra Streisand, Carly Simon and Bono, actually phoned in their vocals to a Los Angeles recording studio as “Old Blue Eyes” crooned along.

While Aretha Franklin dialed in her tones from Detroit, Tony Bennett contributed vocals on “New York, New York” at The Hit Factory in New York City, which is one of over 50 studios linked by Entertainment Digital Network, or Ednet. Filmmaker George Lucas founded Ednet, which uses the magic of digital technology and fiber optics to streamline the recording process in this day of world tours and impossible schedules. Originally conceived to record soundtracks for movies like Backdraft and Terminator II, the system is now used for commercials, voice-overs and albums. In its first year, Ednet has not turned a profit but $350,000 has gone into the coffers and next year’s income is expected to be $3.5 million.

More and more studios are linking up to Ednet now that prices for equipment are dropping. A digital set-up that cost $100,000 in 1988 now goes for $11,000, thanks to advances in fiber optics and computer chips. Satellite transmissions used in the past proved less effective because of delay time and the astronomical price. The Ednet system has an imperceptible delay and costs from $75 per hour for domestic calls to $500 for overseas calls. The Hit Factory charges clients $250 per hour plus their book rate for studio time. Although Ednet can cut costs of flying vocalists around the world and booking hotel rooms, Carl Segal, booking manager for The Hit Factory, says, “It doesn’t always save money, it’s the convenience. Some record executives have Ednet in their offices, so if the recording session is in L.A. and they want to hear it in New York, it goes right to DAT.”

Phil Ramone, the producer of Duets, likes the quality of what he hears and believes the new technology cuts down on studio time. Ramone also used Ednet to record parts of Gloria Estefan’s Christmas album.

As demand grows, the Ednet system may become a must for studios who want to stay in business. Segal says he gets a lot of calls for Ednet. Although it’s still a luxury, he says, “If it’s something you have to have right away, it’s worth it.” With schedules, tours and budgets hanging in the balance, phone-in vocals could be the next best thing to being there.

—Reginald E. Tucker

Mercury No More!

Each and every year, millions of Americans sit in their dentist’s office, mouths gaping, as silver fillings are molded into molars. Silver or amalgam, an inexpensive dental material containing 50 percent mercury, has been in use for over 150 years, making dentistry affordable for the average American. But a controversial CBS 60 Minutes report in December 1990 alerted patients to the perils of mercury, kicking off a heated debate. New research may provide a metallic filling without mercury, which could hit the market in the near future.

Although the American Dental Association has always maintained that amalgam is safe, Dr. William Marjenhoff, administrative manager of the ADA Health Foundation, Paffenbarger Research Center
at the National Institute of Standards and Technology, points out that the new material, invented by four NIST scientists, uses silver and tin, as does amalgam, but contains no mercury. Marjenhoff says, "A lot is still being written into the patents, but we are pretty certain that the properties will be just as good and perhaps exceed amalgam. It's easy, works well and is inexpensive." He says the new filling could be available in three to four years.

Funding for the project comes from two major sources. NIST has entered into a cooperative research and development agreement with Caulk Dentsply, an international dental supply manufacturer that will contribute $50,000 per year. In return for funding, Dentsply will be given the exclusive rights to any patents issued from the research. Additional funding has already been negotiated between NIST and the National Institute of Dental Research in an interagency agreement. Marjenhoff estimates the sum to be about $500,000. "I think it's significant that NIDR believes in this research," he comments.

While there are other dental materials available, they can be costly or less reliable than amalgam. Composite, made of plastic, has been used mainly for front teeth because it is not as durable and more difficult to use. Porcelain and gold are long-lasting and safe but cost $225 per filling. Amalgam costs about $50 per filling and lasts at least 20 years.

The biggest worry over amalgam involves possible harmful side effects for the patient, despite the ADA's assurances. "Amalgam contains bound mercury in an alloy. This is essentially why the ADA continues to believe that mercury is not harmful to people," Marjenhoff says. Even so, a study done at the University of Iowa in 1979 found tiny amounts of mercury vapor were released upon chewing. These vapors were inhaled and absorbed by the body, mainly the brain and nervous system, and detected in blood and urine samples. The ADA claims there is more mercury in a tuna sandwich.

Marjenhoff is also concerned about the effects of mercury on the environment. A hazardous waste which must be disposed of properly, mercury contaminates the waste water in dentists' offices, even with filters in place. There is also danger for dental employees who prepare amalgam and are exposed to mercury vapors.

The NIST scientists, led by principal investigator Dr. David Lashmore, are conducting strength and durability tests on the new direct metal filling. In about a year animal trials will begin at the University of Alabama Dental School, overseen by Dr. Charles Cox, and in three years the public may be sold on a new and safer product.

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**Bus Talk**

When the New York City Transit Authority held public hearings about bus traffic control last fall, one disgruntled rider suggested the city paint its buses yellow because they "bunched like bananas." Somebody was listening. The NYCTA is considering bids for an Automatic Vehicle Location and Control system to more effectively manage its 3,700-strong bus fleet, the biggest in the world. The $43 million state-of-the-art system will be paid for by federal and state funds and the Metropolitan Transit Authority.

The new tracking device relies on the $10 billion Global Positioning System, a network of two dozen satellites hovering 11,000 miles above earth developed by the Department of Defense during the Gulf War and now used for both military and civilian navigation. GPS enables a bus equipped with a receiving antenna to determine its precise position within 100 meters. The location data are sent through a land-based communications system to the command center in the East New York section of Brooklyn.

Officials are optimistic about the system. "We will be more aware of where buses are and where our buses are bunching. We'll be aware of that instantly," says Ed Camacho, superintendant of the NYCTA's command center. "We won't have to wait for eight buses to get to a street supervisor."

The innovative technology improves overall fleet performance and lowers operational costs thanks to more efficient schedules, routes and service checks. Even the level of safety increases because police, repair crews and other emergency services can pinpoint the bus's exact location. Vital bus information, such as passenger counts, engine temperature, oil and hydraulic pressures and fuel levels will also be sent from the bus to the command center.

The only drawbacks, aside from costs, involve getting a signal out of tunnels, underpasses and the canyons between skyscrapers. An auxiliary navigation system that includes a digital map with all the routes electronically memorized or gyroscopes is in development. Bureaucracy can also be a problem. Cities like Dallas, Toronto and Baltimore have already benefited from GPS, but New York City presents a bigger challenge. According to Camacho, "They can do things that we just can't do in New York, we get handcuffed at too many turns." In Toronto, bus lanes are...
Clean Driving Machine

Present day: Smog is strangling almost three-quarters of Los Angeles basin, 60 percent of which can be traced to car exhaust pipes.

The year is 2010: The 35,000 zero-emission vehicles or electric cars racing along the L.A. freeway system have reduced carbon dioxide fumes by over 25 percent.

Sound too good to be true? A 1990 California law, which mandates that by 1998 one in 20 new cars sold has to be an emission-free vehicle, could make the above U.S. Department of Energy prediction a reality. The Clinton administration’s clean-car project may prompt the rest of the country soon to follow California’s lead.

Today there are several working models for highway-capable electric cars, such as General Motors’ Impact, but most are not consumer-friendly. The Impact, to be debuted in April of 1994, will cost around $100,000. Mass production may reduce the price, but it will be years before the Impact will be cost-competitive with the average sedan. GM is also wary of consumer reaction to its Jetson-like aerodynamic design and a battery that needs recharging every 80 to 100 miles.

A major step toward a viable electric car for the masses was taken recently by an interindustry alliance between the Grumman Corporation of New York, known as an aerospace and defense giant, and the Long Island Lighting Company, New York's beleaguered utility. They have teamed up in a $1.2 million program, partly funded by a federal agency called the Northeast Alternative Vehicle Consortium, to build an electric hybrid engine which will be tested in Grumman’s Route-Mate walk-in vans, similar to UPS-style delivery models.

Dana Judge, a spokesperson for Grumman says, “This will not be a zero-emission vehicle. Instead it will run on electric batteries and a compressed natural gas generator.”

Although the Grumman prototype will not meet the 1998 California deadline, it has a much longer mileage range than conventional electric cars. The new hybrid could also be charged at a faster rate, either at its rest or on the move. It runs on a lead acid battery charged by the natural gas generator. The first models are scheduled for completion by the summer of 1994 and will be on the test tracks for one year. In mass production, they should cost $5,000 to $10,000 more than a regular van.

A Glass Act

What do the nation’s households, UN armored troop carriers and Navy vessels have in common? They are all protected by state-of-the-art fiberglass, much of it made by Owens Corning. This brand new type of high-impact fiberglass may be the key to Corning’s future. It is land mine and sniper-proof and saving the lives of United Nations peacekeepers in Bosnia. The company also produces more than a billion pounds of E-Glass, a basic glass-fiber compound which is among the most universal of industrial materials and found in everything from printed circuit boards to bathtub to shovel handles, accounting for the bulk of Corning’s $2 billion in annual sales.

A growing portion of those sales are continuously derived from military and counterterrorism customers. They are the big buyers for the most advanced derivative of E-glass, code-named S-2, which is used in protecting some of the UN’s armored vehicles in Bosnia.

Corning’s volatile stock has taken its own hits in recent years, dropping more than $18 per share in 1991. When former General Electric Plastics head Glen Hiner took over as CEO in January 1992, he cut 10 percent of the workforce, holding earnings to just $1.70 per share. The stock surged 37 percent in the last six months of 1993 and was at $25 a share by early 1994.

The comeback depends on high-end products like S-2. “Applications for S-2 Glass are increasing as customers recognize a cost-effective alternative to aramid and carbon fibers,” says Jim West, a Corning advanced composite business manager. West points out that his product goes for just $5 to $8 per pound as compared to the $8 to $10 demanded for carbon fiber. The Navy is using S-2 for a new class of assault ships. In the past, extra protection for a ship was a matter of using more metal—which is heavy. If they use enough S-2, expect Corning to ride higher in the water.

—John Castelloe

General Motors’ new Impact: You can test-drive but you still can’t buy
(Photo courtesy of General Motors)
Positively Lynn

Lynn Dell Cohen sees only blue skies. No clouds are allowed on her show, in her store or in her life. "Accentuate the Positive" is the theme song for her public access cable television show, Off Broadway Presents: Positively Lynn. At 60, when most people are planning retirement, the vivacious boutique owner and self-proclaimed "Countess of Glamour" is setting her sights on becoming the "Queen of TV."

Cohen started her television show almost two years ago. She is the executive producer and her assistant of 10 years, Doris Crossen, is assistant producer. "I would love to have a professional producer. I mean Doris doesn't know what the hell she's doing and neither do I," Lynn says. "We're just learning as we go along and it's amazing that we've done what we've done."

Positively Lynn is a talk and fashion show with a glamorous slant. Cohen has interviewed designers such as Frank Olive, local celebrities like Marilyn Sokol, and various top-shelf New York restaurateurs.

Cohen is not new to the world of television. She has appeared as a fashion consultant on The Regis Philbin Show before Kathie Lee, The Oprah Winfrey Show, People are Talking, and on Attitudes with Linda Dano. She has gotten the reputation for being a specialist in styles for the larger woman.

"When the cameras hit me, I came alive," Cohen says striking a pose. "I clean the bathrooms now. I do everything," Cohen says, still smiling, as she recalls her chauffeur-driven guest star days.

Cohen was ahead of her time when she celebrated the year of the woman back in 1960. She was married at 18, and had the first of her three boys when she was 20. But with two small children at home, she gave up the average housewife's life and started her first clothing store, Hancy's, in the Bronx.

At that time, Cohen's stepfather was starting a new career, so she bought his store for $7,000, with a loan from her husband, which she managed to pay back in the first year. She admits she didn't know anything about the retail business. "I loved it. I loved people and I loved fashion, so the natural thing was to go into this business."

Cohen travels extensively for pleasure but always has her eyes open for business. Every year, for the past 12, she travels for a month with her friend Joyce Schiff. When they were in India, Cohen suffered from appendicitis and had to have surgery. Schiff remembers her friend's courage. "Even in that God awful experience she had a positive attitude. She thought 'So I have to have surgery, maybe India is the place I'm supposed to be.'"

Her husband Sandford, a retired dress manufacturer, knows differently. "When she's got a cold, she's very dramatic. She acts like she's dying, it's the end of the world," he says, but goes on to say how sick he could count on his hands the times she's been sad in their 41 year marriage.

Bradley, one of her three sons, who is an architect, adds, "She's never satisfied. From her language, she seems like she's always happy," he maintains. "But she's not made of Teflon."

Cohen's own parents were divorced at a time when it was rare. This period of her life is the only one when she admits to being unhappy. But to ensure the success of her own marriage, she had an arrangement with her husband where they lived in separate apartments and dated on weekends.

But the television show is Cohen's passion. Recently the show was shot on location in Florida, and now she wants her show to go national through syndication. "It's about time I make some money from it," says Cohen.

"The bigger the better," says her friend Joy Golden, teasing Cohen about her extensive vocabulary. "Everything is 'divine,' 'gorgeous,' or 'fabulous.'"

On one show, Golden recalls Cohen taking her out on a wave runner and driving it like she was Clint Eastwood. "Is there another way to drive a wave runner," Cohen interrupts. "Except crazy and exciting and just do it?"

—Gail Anderson
Israel's Turnaround King

Net income for 1992 was $135.56 million and $96 million for the first six months of 1993. Koor boasts exports upward of $800 million and combined annual sales totaling $2.65 billion. Koor's 30 subsidiaries and 18,000 employees account for seven percent of Israel's industrial output and eight percent of its exports. The company is active in construction, chemicals, processed foods, steel, telecommunications, consumer goods, electronics and international trade.

The on-going peace negotiations between Israel and the Palestinians, the slackening of the Arab boycott and the United States approval of $6 billion in loan guarantees convinced Gaon that peace was worth investing in. He believes Israel is destined to be popular among investors, foreign and domestic. Israel, believes Gaon, is likely to become the financial center of the Middle East, a region populated with 250 million potential consumers.

These developments in the political and economic arenas presented a perfect opportunity for Koor, who under Gaon's direction, went public with 13 of its subsidiaries. By going public Koor eliminated its existing debt of $450 million.

"Debt converted to equity, that's what we did," says Gaon. "For the first time in history all of Koor's subsidiaries operate at a profit."

Gaon, who revolutionized management in Israel, says there are three basic foundations to his craft. "First," he says, "a manager is not only a manager, but a leader. Second, a manager must establish a structure to update data constantly and use this data to make decisions. Third, a manager must create a flow of true data in all levels of the corporation."

What is Gaon's secret? According to Gaon it is a solid understanding between himself and his employees. "Economy is a battlefield. I know this and my managers must realize this as well," he says. "When you create full recognition in your team, you create motivation and challenge."

Gaon's expectations are high. "My managers know that I don't believe in compromise. I look for profits and that is most important. I believe that nothing is impossible."

Gaon, 58, graduated from IMI in Geneva. His lives in Tel Aviv with his wife and four children. Gaon is the brother of Yehoram Gaon, Israel's answer to Frank Sinatra. The Gaons are sons of a distinguished family. Yehoram's notoriety has gained him a city government post in Jerusalem. But his brother Benjamin's life is all business.

Gaon imparts the following management advice to young businessmen worldwide: "I believe in four general rules," he says. "I would recommend them to anyone who is dedicated to becoming a leader."

First, one must be well-informed. "Never be in a situation in which you find yourself surprised about something in your company. Second, never say I—share your glory. Third, those who are around you must feel how you feel. Fourth, when you find yourself up against a wall, push the wall. And finally, set your goals, they must be defined clearly."

"Follow these rules," claims Gaon, "and you will achieve success."

Would Gaon refrain from deals with the Palestinians? "Not to do business with them would be stupid," says Gaon. "We are close by and we can offer them all they need at a competitive price."

—Ahoud Avshalomov

Dollars and Sense
Real Deal

From a green, high-back leather chair, a pair of legs extend across an oak desk as fingers run through dark curly hair, a voice discusses corporate relocation strategies on the telephone.

Helen Arnold, Jones Lang Wooten's first female partner and only female director, is on the telephone. She has a reputation for being intelligent, forthright and tenacious. Some who are lower on the totem pole think she is conceited and patronizing.

Arnold, who has been with the British-based international commercial real estate firm since 1981, has perfected the art of "playing hardball" with the boys, and is proud of it.

"It was only appropriate that I be selected the firm's first woman to such a prestigious title," says Arnold. "After all, I created the firm's industry-accredited research department and library; could always write a proposal or speak at a client meeting at a moment's notice; and collected and maintained market analysis including trends and forecasts, dating back over the years."

Arnold admits that in a business meeting where a potential client wants to spend dollars, she'll loosen up. "But, there's no need to be excessive. You merely need to know your stuff, present it intelligently, reiterate main points and laugh at the client's jokes," says Arnold.

According to former research associate Robin Mazer, Arnold is one of the smartest women she knows, but lacks respect for others. "She will bypass you in the hallway, look directly in your face and not say a word," says Mazer. "But when she needs work from you, she's all over you like white on rice."

Many women consider Arnold's attitude justifiable for a woman who survived the climb up the corporate ladder. Arnold recalls, "I used to work long 12 hour days, with a three-hour round-trip commute when I was adamantly building a strong department."

Today, earning over $100,000 a year, Arnold maintains a hectic schedule. An incoming male partner could start at $120,000, but she's not perplexed. Perks, such as larger bonus percentages, car allowances and more corporate decision-making, sweeten her deal.

Arnold can deal with the guys. "They know it's my job to investigate and analyze situations. Therefore, many of them rely on my opinions, both professionally and personally," says Arnold. "My female colleagues however, are few and in my position I often do not have to encounter them."

Arnold is fluent in both French and German and travels frequently to Canada and Europe promoting global business. It is this aspect of her job that she truly enjoys: mingling with the high rollers of corporations while marketing the company's name and worldwide reputation.

Reviewing her 12 years with JLW, Arnold admits they've been good to her. Entering in 1981 as a senior associate in the investment research department, her diligent work got her promoted to director in 1983 and to a partnership in 1986. Prior to joining JLW, Arnold headed her own consulting firm in Princeton, New Jersey. The wife of Princeton University's former political science chairman, Arnold admits she feels her husband competes with her.

"Although he is confident in himself and his chosen academic profession, male upbringing and machismo do come into play," says Arnold. Salaries sometimes become competitive but her husband has a better fix on managing money than she does and he has more time to publish books due to summer recess.

She advises women pursuing real estate careers to set foundations which will command higher salaries, then spend the extra money and attend a top college. "Be aggressive, stay focused and do not give up on your dreams," says Arnold. "Do not be discouraged by the macho attitudes which will be displayed, it's merely a test of your own fortitude."

Arnold no longer allows her schedule to interfere with her personal life. She says, "I don't try so hard anymore."

Arnold insists that one day she'll throw in the corporate towel, live off her pension, open a small restaurant and actively work on her garden. But for today, it's just another day at the office with business as usual.

—Cheryl Blackwell

Helen Arnold: real estate's rising star
(Courtesy of Jones Lang Wooten)
Big Six

Accounting’s Big Six hit bottom in 1993 after five dire years. The companies reported paying $9 billion to cover the costs of legal suits in 1993, because they failed to see through the financial statements of clients such as Philip Morris, Citicorp, RJR Nabisco, General Motors, American Express, Bank of America and Motorola. As of early 1994, they have paid a staggering $30 billion in legal bills and damages. Leaving the accounting service, the dominant now strikes the dinosaurs of law, such as Shea & Gould, whose fall was not due to misrepresentation, but to financial loss—who gets paid what?

—Allia Oswick

International Trade

Even with the passage of NAFTA this past October and the long-awaited signing of the Uruguay Round of the GATT agreement, protectionism has yet to be significantly reduced. The pens had barely been put away after the historic NAFTA signing when the indigenous peoples of Mexico were up in arms, reminding nations of the complexities involved. Adding insult to injury, the February visit of Japan’s Prime Minister Hosokawato to the United States left a sour taste in the mouths of everyone involved, opening up possibilities of a trade war. Is there a trade disaster looming on the horizon?

—Diana Cabral

Toys R Us

Toys R Us’s Asian foray has boded well for the company. While undertaking a massive expansion of 72 stores opening both in the U.S. and abroad, Christmas sales of 1993 were up 14.9 percent overall. The chain announced a $1 billion share buyback in January 1993, causing stock prices to hover around $38 per share throughout the year.

Although Toys R Us is famous for selling cutting-edge interactive video games and popular toys, they have recently expanded their inventory to include a more intellectual pursuit—books.

—Valerie Block

Take Us For All We’ve Got

The tourism industry continues to speed ahead. According to the World Travel and Tourism Council, travel and tourism will by 1994 generate $3.4 trillion in gross output, account for 10.7 percent in world-wide capital investment and produce 204 million jobs, or one in every nine worldwide. In the U.S., the industry is expected to spawn $820 billion and provide 11.8 million people with employment. According to James Robinson, WTTC chairman, the latest council report shows that the travel industry is a “major economic force that can no longer be overlooked.”

—Björg Pálsdóttir

Strange Medicine

Biotechnology stocks continue their lackluster performance. Companies such as Amgen and Genzyme, while trading above their lows, remain stagnant. Amgen, which has been as high as 52 in the past year, is at 40, while Genzyme fell from a high of 41 1/4 to a recent 28 1/4. Many biotechnology companies hope to make billions by winning the race to find a cure for AIDS, but most continue to invest in AIDS research without any return.

—Patricia Avison

Charles Lazarus, founder of Toys R Us, and Geoffrey go Asian (Courtesy of Toys R Us)
Antoinette Anderson (art director)
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