

PHOTOCOPY
PRESERVATION

way in doing for charitable giving," Egan says.

Others don't see it that way.

Some members of the philanthropic community worry that, far from tapping new sources of charitable money, financial-services firms are merely sucking existing money away from conventional charities

groups with far more experience in delivering good works.

"Some of those people may have been giving money to charity all along and are just doing it through Fidelity now," says John Edie, general counsel for the Council on Foundations, a Washington trade association.

Others note that the big, commercially launched charities, high-minded and law-abiding though they may be, have given new ideas to pitchmen for dubious tax shelters and shaky personal-finance plans. This is particularly worrisome at a time when the IRS is operating in a defensive posture and performing far fewer audits.

"There have always been scam artists out there, wherever there's a tax deduction involved," says Bjorklund, who approves of Fidelity's program but has been compiling a list of questionable new "charities" that claim to have modeled themselves after it.

One outfit on her list, the National Heritage Foundation of Falls Church, Va., calls itself "an experiment in charitable entrepreneurship." It offers contributors two ways to use the money entrusted to it: not only to give it to traditional tax-exempt charities but also to operate their own good works.

J.T. Dock Houk, founder and CEO of the foundation, said his clients had repaired a Buddhist temple in Tibet, fed the hungry in Cairo and operated a soup kitchen in Philadelphia.

The foundation has also advised donors that they can legally use their tax-exempt money to pay salaries to themselves and family members who manage their charitable giving. Among the kinds of giving that have been sanctioned by the foundation is the construction of an Olympic-size swimming pool to train potential Olympic athletes.

The IRS closed National Heritage in 1983 for tax violations, but the foundation bounced back after successfully suing the IRS in the U.S. Court of Claims. It now ranks 63rd on the Philanthropy 400, a ranking of nonprofit groups compiled by "The Chronicle of Philanthropy" according to the amount of funds raised. Far from imitating the Fidelity model, National Heritage claims to be the inventor.

Houk says he is not surprised that his foundation has become a target of criticism.

"A lot of the so-called outrage comes from charities that are feeling the pressure of competition, which is long overdue in the charitable sector," he said.

Tax lawyer Bjorklund, referring to Houk's foundation, said: "The good news is, outfits like that are few and far between. The bad news is, they ruin things for everybody else."

Times Mirror Co., parent of the Los Angeles Times, has collected charitable contributions through Fidelity's Charitable Gift Fund since 1996. As of Sept. 30, Times Mirror reported that it had \$2.2 million in the fund, down from \$3.1 million on July 1.

Stephen C. Meier, Times Mirror's vice president for public and government affairs, said the company uses the fund largely to reduce its paperwork connected with charitable giving. He said Times Mirror also uses the fund to ensure that it receives tax deductions for its charitable contributions during the same year that it decides to give the money, instead of waiting until a recipient is identified.

Appeals Court Slows Dismantling of N.C. Desegregation Plan By Sam Fulwood III Los Angeles Times

WASHINGTON Arguing that it would require "Herculean" efforts to meet a judge's order, a federal appeals court ruled Thursday that the public school system in Charlotte-Mecklenburg, N.C., will not have to dismantle its landmark, race-school desegregation plan immediately.

The decision by the 4th U.S. Circuit Court of Appeals in Richmond, Va., is a victory albeit temporary and limited for civic leaders, black parents and school administrators who appealed U.S. District Court Judge Robert Potter's Sept. 10 order to end the use of

race in assigning students to school assignments. But it is a setback opponents of school desegregation plans that rely on skin color to decide where students should go to school.

However, the decision does nothing to clear the confusion about which schools Charlotte-Mecklenburg's 101,000 students will attend when classes begin next fall. In trying to comply with Potter's decision, even as they filed an appeal against it, school officials agreed last week on a new pupil assignment plan that did not consider the race of students.

Under that plan, some 32,000 to 35,000 students would be reassigned to new schools. Most of the reassigned students would attend one of the system's 138 schools closest to their homes. Since most people in Charlotte and surrounding Mecklenburg County live in racially segregated communities, the city-county school system essentially would have been resegregated by race if that plan took effect.

"Everything is on hold now," said Nora Carr, assistant superintendent for public information at the Charlotte-Mecklenburg schools. "Nothing is certain and won't be until after a special meeting next Tuesday to review the (appeal court) ruling."

In his Sept. 10 order, Potter said that the school system had done all it could to desegregate and was no longer bound by a 1969 court order that made the North Carolina school district the nation's first to use busing to end school segregation. Since then, Charlotte-Mecklenburg officials have embraced one form or another of race-based plans to maintain a roughly 60-40 ratio of white-to-black students in each of its schools.

Legal experts and educators from across the nation have monitored the Charlotte case, largely because it was the first upheld by the U.S. Supreme Court to force reluctant school systems to desegregate.

Black parents and civic leaders in Charlotte were upset by Potter's decision, which stemmed from a lawsuit brought by seven white parents who wanted an end to the use of race in student assignment plans. Potter, who was appointed to the bench by President Reagan and opposed the original court order to desegregate Charlotte's schools, ruled in favor of the seven plaintiffs. He allowed the existing school term to proceed without changes but demanded that the school board meet his ruling in time for the 2000-01 school year.

By overruling Potter's order for an immediate end to race-based pupil assignments, a three-member panel of the federal appeals court said that forcing the schools to make the abrupt changes would be harmful to students and too stressful to the community.

"With the start of the 2000-01 school year just a few months away, the task of reassigning approximately 50,000 students would be nothing less than Herculean," the judges wrote, adding that the disruptions "would likely mean a neglect of individual student needs."

The appeal court ruling does not negate Potter's decision but blocks it pending the court's review of the merits of the white parents' case. The order does not set a date for the end of its stay against Potter's decision. School officials asked for a two-year delay, until a reassignment plan could be drawn up for the 2001-02 school term. Black parents and others, who filed a separate appeal against Potter's ruling, asked the appeal courts for a permanent injunction.

Is Hollywood Pulling Punches? By Amy Wallace Los Angeles Times

HOLLYWOOD In early drafts, the script of "Big Momma's House," an action-comedy starring Martin Lawrence that starts shooting next month, began with a violent motorcycle chase that left the streets of San Francisco strewn with bullet-riddled bodies. But thanks in part to the public outcry about violence in Hollywood after spring's massacre at Colorado's Columbine High School, that scene now excised from the script will never be filmed.

"I'd be lying if I said it didn't influence us," said producer David Friendly, who is making the film about an FBI agent who poses as a Southern grandmother to catch an escaped killer for 20th Century Fox. "We talked about it, post-Columbine, and decided the scene was inappropriate to the movie and inappropriate for the time. We said, 'This movie doesn't do it, we

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it, let's take it out.' And it cost too much, anyway."

Eight months after two teen-agers gunned down 12 mates and a teacher before killing themselves in Littleton, so, no bills concerning entertainment violence have been passed by Congress. A Federal Trade Commission inquiry into the marketing of violent entertainment, launched by President Clinton in June, is moving slowly, with no report expected until late next year. But in the behind-the-scenes world of Hollywood, at pitch meetings and script conferences and green-lighting decisions, violence is still on the industry's mind.

Quietly, in small ways that are sometimes hard to measure, Hollywood is pondering its impact on and responsibility to the culture. The soul-searching is less altruistic than economic, for in a business that thrives when it is in sync with popular tastes, many say it is perilous to ignore the public's concerns.

But the public sends Hollywood mixed messages. "The Matrix," the shoot-'em-up cyber-thriller that pitted sleek, trench-coat-wearing Keanu Reeves against computers that ruled the world, opened just before the Columbine massacre and went on to do a whopping \$171 million at the domestic box office. By contrast, even mega-star Brad Pitt couldn't lure people to "Fight Club," in which men beat one another to a bloody pulp to combat the deadening effects of materialistic society. Since opening Oct. 16, it has brought in a paltry \$36 million.

Still, it is becoming harder, some in Hollywood say, to produce markedly violent entertainment in the name of giving the people what they want. Especially after Time magazine revealed earlier this month that the two Columbine killers had fantasized about the kind of movie their story would make predicting that directors would "be fighting over this story" and debating whether Quentin Tarantino or Steven Spielberg would do a better job industry insiders are finding it tougher to pooh-pooh Hollywood's impact on the culture.

"Events in society, political pressures and an increasing thoughtfulness have combined, I believe, to make this issue what it should be: a permanent thing for Hollywood to grapple with.... (And that) will play a big factor in what movies get made over the next year," said producer Sean Daniel ("The Mummy"), who noted that especially in the upcoming election year, ignoring the issue will be all but impossible. "You cannot have a presidential election in America without Hollywood being kicked a few times along the way."

Grappling with the issue, of course, will never mean doing away with cinematic violence altogether. Among those who make and sell mainstream studio movies, the consensus is that violence is acceptable and often highly marketable when it is employed in the service of storytelling.

And with the rise of cable, which pipes uncut motion pictures and uncensored programming into millions of American homes, network television executives continue to feel pressure to make their content more edgy and explicit to compete.

Nevertheless, in the words of one studio executive, Hollywood's "consciousness has been raised, no doubt about it" by Columbine and its aftermath. Films under the Disney banner, for example, won't have guns displayed in future movie ads. Warner Bros. sliced all gunplay out of "The Matrix" trailer for its international release. And the title of New Line Cinema's "Sugar and Spice and Semi-Automatics," a black comedy (scheduled for release next year) about high school cheerleaders who rob a bank, has been changed to simply "Sugar and Spice."

Industry insiders still balk at the suggestion, made by some lawmakers, that Hollywood is a primary culprit in the recent spate of teen-age shooting sprees. And there is continued resentment, even now, about the way President Clinton ordered an FTC investigation that focused only on entertainment marketing and did not address access to guns.

Jack Valenti, president of the Motion Picture Association of America, acknowledged, "Last year we made over 700 films, and we don't have enough talent to put out 700 first-class films. So you're always going to have movies that stumble ... and become unreasonable."

Nevertheless, he said, a current proposal by Sens. Joseph Lieberman, D-Conn., and John McCain, R-Ariz., to create a commission on youth violence that would take a hard look at Hollywood is too limited in its scope.

"I don't see how you can have a commission to study the culture without studying guns," said Valenti, who is particularly

concerned about a proposal to give the commission subpoena power.

To the extent that some of 1999's legislative proposals appeared to encroach on the First Amendment, Hollywood remains alarmed. In June, for example, the House rejected a measure that would have made it a crime to expose children to certain graphic images, raising the question: Who would decide what is graphic?

"How do you define what's appropriate?" asked Rep. Howard L. Berman, D-Calif., who opposed the measure.

"Everybody thinks that 'Saving Private Ryan' was a useful contribution and that parts of 'Schindler's List,' as horrible and disgusting as they were, helped to portray the true impact of the Holocaust. So how do you protect the 'good' violence that serves a useful purpose while getting rid of the 'bad'? How do you distinguish between 'Saving Private Ryan' and 'Nightmare on Elm Street'?"

The answer, according to people who work in the film industry, is simple: Individuals at all levels in Hollywood must consult their own consciences. And yes, they insist, they have them.

"We know the impact we have on society and take it quite responsibly as an industry," said Paul Junger Witt, who produced this year's "Three Kings" and has a string of TV and movie credits to his name. "We can all single out films that stepped over the line this year, where it wasn't a matter of expression but of pyrotechnics. But I think the community has become more sensitive in terms of looking at their work and making judgments about the violence therein."

The fact that explicitness sells goes a long way to explaining why this year, like every year, Hollywood made vastly more R-rated movies than any other kind. Of the 575 feature films rated by the MPAA this year (through Oct. 31), 396 were rated R, 92 were PG-13, 51 were PG, 34 were G and two were NC-17.

But those were films, noted Thom Mount, president of the Producers Guild of America, that were conceived and created long before the mayhem in Columbine. Mount, whose own producing credits include films ranging from "Bull Durham" to "Natural Born Killers," said that today studio executives and development people are raising the issue of gratuitous violence more than ever before.

"Violence is a public health issue in our country, and like any responsible citizen of a nation that has a problem, the citizens of Hollywood want to try to do something," said Mount, who is organizing an industrywide summit on entertainment violence to be held early next year. "People bring it up these days, and they never used to bring it up at all. And I think that's a healthy trend."

What that trend will mean for moviegoers won't be evident until next year at the earliest, given lengthy development schedules. But if the excised gunfire in "Big Momma's House" is any indication, there may be a bit less extraneous killing on the big screen. And particularly since Columbine prompted theater owners to begin requiring identification for admittance to R-rated movies, some filmmakers say PG-13-rated projects are looking more attractive.

New Zealand Is the World's Y2K Guinea Pig By Virginia Ellis Los Angeles Times

AUCKLAND, New Zealand Isolated in a remote corner of the globe, tiny New Zealand is hoping to impress the world Saturday as the arrival of 2000 and its accompanying Y2K uncertainties propels it to center stage.

For more than a year, New Zealand has readied for its few moments of fame when proximity to the international dateline makes it the first industrialized nation to greet the New Year and cope with the vagaries of the computer age.

For the rest of the computerized world, New Zealand's "early warning system" amounts to a moment of truth: Will all the efforts to reconfigure computers to recognize the New Year as 2000 and not 1900 have been for naught? This island country where midnight struck Friday at 6 p.m. EST is the first place able to supply an answer.

"We are the guinea pig for the world," said Jan Haynes of the New Zealand Media Resource Unit. "If anything goes wrong here, everyone else has time to do something."

Meanwhile, New Zealand has seized the moment.

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"The bond market is screaming for a Fed tightening," said Stephen Roach, economist at Morgan Stanley Dean Witter, noting the jump in long-term Treasury bond yields to two-year highs last week.

The yield on the benchmark 30-year T-bond ended at 6.26 percent on Friday, down from Thursday's two-year high of 6.32 percent, but only because bonds benefited temporarily from a "flight to safety" as stocks were plummeting, traders said.

Roach is most concerned about the reaction of foreign investors, whom he says are increasingly worried about the massive U.S. trade deficit.

Foreign investors fear that the dollar's weakness this year could be an early indication of a much deeper slide ahead, which would devalue U.S. assets held by foreigners not unlike the deficit-spurred currency devaluations that ravaged Asia in 1997.

"Foreign investors have had it with the safe-haven play on dollar-denominated assets," Roach said. Asian governments, in particular, now are more inclined to consider shifting some of their dollar currency reserves into euros, he said.

But if they precipitate a dollar plunge by selling U.S. securities, Asian and other foreign investors also run the risk that a market-driven slowdown in the U.S. economy could hurt Asia's own recovery.

Indeed, higher U.S. interest rates over a sustained period threaten to deal the sharpest blow to economies whose currencies are most linked to the dollar, including Hong Kong, Singapore, Taiwan and even to some extent China.

The flip side of the U.S. trade deficit are surpluses for many Asian nations. East Asia is in fact now more dependent on the U.S. economy than it was even a few years ago given Japan's continued weakness, so a sharp drop in U.S. import demand would hit hard.

FTC Engrossed in Hollywood Violence Study

By Faye Fiore

Los Angeles Times

WASHINGTON Inside the Federal Trade Commission's monolith of cement and steel, some of the agency's finest lawyers are reading not only Legal Times but Billboard, Daily Variety and the Hollywood Reporter.

They are poring over lists of more than 15,000 films rated since 1968, watching MTV videos and perusing gory computer games. Next month, they plan to take a field trip to San Luis Obispo, Calif., to hear actor Ernest Borgnine at a forum on violence in the movies.

Four months into the \$1 million study that grew out of last spring's Colorado high school massacre, the 85-year-old trade watchdog the small but powerful agency that first went after Microsoft Corp. is immersed in behind-the-scenes Hollywood, working to sort fact from fiction in one of the most challenging controversies to surround the entertainment industry in years.

Government attorneys have asked for the sort of confidential information that industry officials say even the studios do not see. They want to examine the Motion Picture Association of America's ratings files on the top-grossing PG-13 and R-rated movies of 1997 and 1998 including "Face/Off," "Lethal Weapon 4" and "Armageddon."

A half dozen of the FTC's most experienced legal minds, one economist and a Stanford marketing professor are deciphering how movies are rated for violence, who decides which violence is inappropriate for children and how those decisions are made. They are finding imaginative ways to penetrate an entertainment world that they confess to know little about, asking student interns to mail-order dark video games and cruise teen Web sites from home so there will be no government footprints.

All the while, FTC officials are working to assure a nervous Hollywood that this is a benign government "study" of the marketing of violence to children, not a McCarthyist throwback to the days of subpoenas, loyalty oaths and blacklists.

"It's a new area for us and we have a lot to learn," said Mary Koelbel Engle, FTC project director of the study. "All we are going to do is report. We are not going to say it's right or wrong to target 14- or 15-year-olds (in marketing violent products). Just whether or not it is being done."

Even so, whatever findings the FTC produces by the end of next year almost certainly will frame the political debate over violent music, movies and video games that some industry critics believe are inspiring children to kill.

So far, the commission's initial queries about confidential have raised some hackles and at least one film industry's favor.

What had been portrayed by President Clinton and Congress as an especially alarming advertisement for a video game was not really an advertisement at all, FTC lawyers determined. "More Fun Than Shooting Your Neighbor's Cat" turned out to be a headline for a story in an electronics magazine.

"That only reinforced our objective," Engle said. "We want to do a professional study and not make any assumptions. There are lots of rumors and innuendo in terms of how things are being marketed. We want to get the facts straight."

The fact-finding process already has been met with some resistance from a creative, sometimes neurotic industry unaccustomed to federal meddling, reluctant to cooperate but afraid to stonewall.

When the FTC asked to see the ratings board files, MPAA President Jack Valenti protested, insisting that they are like the names of the Los Angeles-area parents who rate the films secret. The FTC gave assurances that it would respect confidentiality but has made clear that it intends to look anyway, agency officials said.

The agency's vigorous agenda soon will take it to the files of major studios, recording companies and computer game manufacturers, officials said. Of particular interest:

Memos, focus group research and strategies that may show efforts to market to children the movies, music and videos that the industry has rated for mature audiences.

What access children have to violent products in record stores, theaters and movie rental outlets.

The marketing of action figures derived from PG-13 films such as "Men in Black" but tailored to children 5 and older.

Previews for R-rated movies that are shown before G-rated features are screened.

The commission has looked into Hollywood before in investigations of unfair competition. But the marketing of violence strikes at the heart of content, which is protected by the First Amendment, and puts the agency into precarious legal territory.

Even industry types averse to government interference agree that the trade commission, which monitors every sort of industry from fur-makers to funeral parlors, is capable of eventually figuring out Hollywood.

"The FTC will ultimately discover that the studios, like any other business, are accountable to bottom lines and looking to make products that are both economically beneficial but have some quality," said one Hollywood lobbyist in Washington. "I don't think the culture chasm is so great that it can't be bridged over time."

A previous FTC foray into the area of children's advertising was a searing experience for the agency. Twenty years ago, the commission considered banning all television advertising of products to children under 8 and all advertising of sugar products to children under 13 unless accompanied by a tooth-decay disclaimer. The Washington media branded the FTC the "national nanny" in what came to be known as "the kid vid" debacle. The agency was nearly stripped of its funding.

"No one wants to go through kid vid again," Engle said. "There are enough people still at the agency who personally know about it. The lessons have been learned. We are cognizant of going too far."

Huge Wildfire Levels Homes, Forces 1,000 to Evacuate

By Eric Bailey and Terry McDermott

Los Angeles Times

REDDING, Calif. A fire believed to have started at a lakeside campground burned a three-mile-wide swath for 20 miles in Northern California's Shasta County this weekend, destroying as many as 100 houses and driving more than 1,000 people from their homes, state and federal fire officials said.

The 25,000-acre blaze roared down out of Jones Valley, exploding houses, melting cars and leaving telephone poles dangling in midair, hanging from the wires they were supposed to support. It hit and missed homes according to no discernible pattern.

It looked, one woman said, "like an ungodly sunrise."

The Jones Valley fire was the worst of several wildfires burning throughout the state Sunday in a fire season that is fast becoming one of the worst in state history. Approximately 660,000 acres have burned thus far this year, state officials estimated.

Officials attributed the heavy fire season to consecutive hot, dry summers. "And it's not over yet," said Susie Wong, a

I. William Zartman, an Africa expert at the School of Advanced International Studies at Johns Hopkins University, agreed that Obasanjo is probably "the only one that can start Nigeria on a path that it can be proud of."

Zartman said Obasanjo is far more solid than the leaders of Uganda, Rwanda, Ethiopia, Eritrea and Congo, all of whom Albright and Clinton once hailed as the new leadership of an increasingly democratic Africa. All of those countries are now embroiled in war, and Albright left them off this week's itinerary.

George Ayittey, a professor of economics at American University in Washington, said the administration has placed too much emphasis on the personality of African leaders.

"In Africa, the Abraham Lincoln wannabes are just robber barons who were plundering the economy," said Ayittey, a native of Ghana. "A better approach would be for the Clinton administration to shift from leaders to institutions. The critical institutions are an independent central bank, an independent judiciary, an independent and free media, and neutral and professional armed forces. The secretary of State can visit Africa as many times as she wants, but the focus should be on institution-building."

Ayittey said Mali is the only country on Albright's schedule that fulfills all four criteria.

Dole Gets Lukewarm Response From GOP Women's Group **By Miguel Bustillo** **Los Angeles Times**

SEATTLE Elizabeth Hanford Dole brought her fleeting presidential hopes here Sunday to a highly influential GOP audience, one that would seem as sympathetic as any to her goal of making history by becoming America's first female president: The National Federation of Republican Women.

But the response she received from the 2,100 Republican activists at the group's 30th biennial convention was more respectable than impassioned particularly compared to the star treatment showered on Republican front-runner George W. Bush two days earlier.

"Elizabeth Dole is a fine person, but not the person we need at this time," said Mary Clare Anderka, a member of the federated women's group from Petaluma, Calif. "This is not about getting a woman elected. It's about getting the right person nominated, and winning. I think George W. can win, and I don't think Liddy can."

Dole's visit once again demonstrated a continuing trend in the Republican primary as disparate GOP factions overlook their sympathetic favorites in the race and unite behind the one candidate they expect to have the best shot at the White House: Bush.

Recent opinion polls reflect the same feelings illustrated at the federated women's convention. Dole joins all of the other GOP candidates in trailing Bush by at least 40 points. But most significantly for Dole, the surveys show women react to her campaign the same as men.

"We have the smallest gender gap of any candidate," said Dole's media director, David Manns.

If there was a gender gap, this is where it would show up. The federation is the nation's largest women's political organization, utilizing its 100,000 members in 2,000 clubs across the country to spread information on Republican positions and elect GOP candidates.

Born in part from the women's suffrage movement three states had yet to ratify the 19th amendment when it was founded in 1938 the group has also, naturally, been a vehicle for women to express their views on the GOP's direction. The national federation does not endorse candidates or positions, but many of the state and local chapters do.

At the moment, the issues of greatest concern to Republican women are affordable child and elder care, nursing home and health care reform, defense spending, and taxes, said the federation's president, Mary Jo Arndt of Illinois.

"Republican women really want to feel that the candidate that heads our ticket in 2000 has a campaign of inclusion and compassion, a return to the 'big tent,'" she said.

Sunday, in her folksy, low-key speech, Dole briefly recounted the advances of other women in the world of business and politics, and drew mild applause with proposals such as filtering the Internet Web sites accessible by students in schools.

But she seemed unsure how to raise the gender issue in her own campaign. Her staff placed leaflets on every chair, calling on the women to "Let's Make History!" And she boasted that her campaign has brought more women into the political process,

noting that 50 percent of her contributions are from women nearly twice the average.

But she was also ambivalent when asked by reporters whether she was making special efforts to attract women voters.

"My base is really men and women, people who are energetic and enthused and ready to work," Dole said. "... But also many women who want to make history."

Dole's performance was dramatically overshadowed by that of Bush. The Texas governor kicked off the convention Friday night with a powerful flash of charisma, warming up with tales of his popular mother, Barbara, drawing loud applause with pledges to improve education and the military, then literally winking and blowing kisses to the ballroom of middle-aged women as he triumphantly exited the stage.

"I believe that the education oligopoly has little incentive to reform itself. That's why I believe so strongly in charter (schools) and choice to challenge the status quo," Bush said. "The parents get to choose whatever works, whatever offers hope."

Dole is scheduled to formally announce her candidacy on Nov. 7, although she already faces doubts that she will be in the race for long.

Anxiety to Be Running High on Wall Street **By Tom Petrino and Mark Magnier** **Los Angeles Times**

Wall Street opens trading Monday with anxiety levels extraordinarily high after last week's plunge and with few ideas about how the market's current woes can be overcome any time soon.

Overnight in Asia most stock markets initially fell on the heels of Friday's U.S. decline, which saw the Dow Jones industrials slump 266.90 points, or 2.6 percent, to 10,019.71 amid soaring inflation worries.

In Tokyo the Nikkei 225 stock index slid 219.37 points, or 1.3 percent, to 17,382 in the first two hours of trading Monday. Hong Kong shares dropped 1.5 percent in the first two hours while South Korean shares slid 2.8 percent.

The dollar, meanwhile, rallied modestly against the yen early Monday, to about 105.7 yen, after a renewed slide Friday that could compound the struggles of U.S. stocks and bonds if it continues.

Last week's dive on Wall Street, which saw the Dow lose 5.9 percent the biggest one-week decline in 10 years was largely fueled by growing belief that Federal Reserve policy-makers will soon have to tighten credit further to restrain inflation in the booming U.S. economy.

Those fears were magnified dramatically on Friday after the government said prices at the wholesale level in September posted the biggest one-month gain in a decade.

But many analysts say stocks' current troubles run deeper than interest-rate concerns. For one thing, the dollar's weakness is refocusing attention on the U.S. economy's still-huge need for foreign financing.

What's more, Fed Chairman Alan Greenspan once again appears to be going out of his way to admonish investors, both institutional and individual, about the dangers inherent in what are still historically high stock prices relative to corporate earnings and other classic valuation barometers.

With interest rates rising, the dollar weak and the Fed chairman seemingly anti-stocks, analysts say it's hardly surprising that the market has slumped despite what have been stellar third-quarter earnings reports from many companies.

Overlaying all of this, meanwhile, are worries about the year 2000 computer bug, and investors' memories of panic stock selling in Octobers past including 1987, 1989 and 1998.

It was 12 years ago Monday that the Dow collapsed, falling 22.6 percent in one day, also amid rising interest rates and inflation fears.

Many Wall Street veterans, of course, say history is unlikely to repeat. In any case, panic selling Monday would trigger a series of trading halts to give investors time to regroup. Trading would be suspended for one hour if the Dow fell 10 percent, and another trading halt would kick in if the market reopened the same day and the Dow fell another 10 percent.

However stocks fare Monday, many investors will be holding their breaths ahead of the September consumer-price inflation data to be released on Tuesday morning. A larger-than-expected jump could turn up the heat on the Fed to raise its benchmark short-term interest rate, now 5.25 percent, even before the Nov. 16 board meeting.

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Hollywood

Politicians Speak Out but Are Wary of Restricting Film Violence

By DAVID E. ROSENBAUM

WASHINGTON, Oct. 12 — Some recent skirmishes in the political culture wars:

The Senate is making plans to create a special panel on American culture, a forum for a handful of senators from both parties to examine, among other matters, violence in popular entertainment.

The Federal Trade Commission, under orders from President Clinton, has begun an exhaustive study of whether the movie, recording and video industries market violent products to children.

In a sizzling daylong debate in June in the House of Representatives, one lawmaker

after another denounced the entertainment industry. Then the House unanimously adopted a hortatory measure calling the industry "irresponsible" and instructing it do "everything in its power to stop these portrayals of pointless acts of brutality by immediately eliminating gratuitous violence in movies, television, music and video games."

In the last two weeks the Senate and House have passed nonbinding resolutions expressing their view (but setting no policy) that the Brooklyn Museum of Art should be denied Federal funds unless it cancels the "Sensation" exhibition.

Despite all this activity as well as a belief among politicians from both parties and much of the public that violence in the

media contributes to some degree to violence in society, it is a safe bet that no law will be passed or regulatory action taken that puts meaningful restraints on movies, television and other forms of entertainment.

In part, that is a result of intense lobbying and generous campaign contributions from broadcasters, filmmakers and others in the entertainment field. After all, nothing in Washington politics nowadays is immune from arm-twisting and money.

Entertainment industry interests gave over \$20 million to parties and candidates in the 1996 presidential and congressional elections, and donations in the first six months of this year far exceed that pace, according to the Campaign Study Group, a nonpartisan research firm.

But the main reason no concrete action is likely to be taken is neither the money nor the lobbying but the fact that most politicians of all stripes have come to realize that as serious as they feel the situation is, there is little the Government can do about it.

Gallup polls last spring found that 81 percent of American adults say they believe that violent entertainment is a cause of increased violence in society and that 73 percent say the Government should restrict the access of minors to such material.

Politicians follow such polls as diligently as they follow campaign contributions, and would certainly respond to this sentiment if they could. But they say they cannot — not in a way that would be effective and constitutional.

"This is a problem that isn't going to be solved in Washington," said Senator Sam Brownback, Republican of Kansas, the chief sponsor of the measure that would create the special Senate panel on culture.

Senator Charles E. Schumer, the New York Democrat, said he worried deeply about the content of the entertainment available to his 15-year-old daughter, Jessica. He has some influence in this regard as a father, he said, but essentially none as a lawmaker.

"If I could wave a magic wand and stop violence in the media, I would wave it," he said. "But it is impossible without the heavy hand of Government starting to censor, and

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when the Government starts censoring or giving a seal of approval, it has the potential to do more bad than good."

Political focus on violence in popular culture has waxed and waned over the years. Some senators and representatives said they remembered watching as children the televised hearings conducted in 1954 by Senator Estes Kefauver on whether violence in comic books contributed to juvenile delinquency.

(At a memorable moment, Senator Kefauver held up the cover of a comic book and said to its publisher, "This seems to be a man with a bloody ax holding a woman's head up, which has been severed from her body. Do you think that is in good taste?" Yes, the publisher replied, explaining that it would be "in bad taste if, for example, the severed head was held higher and blood was shown dripping from it.")

The political fervor reached a new pitch this year after the massacre at Columbine High School in Littleton, Colo., and other acts of violence around the country. In June, the House debated whether the availability of guns or the prevalence of violence in the media was the primary cause. In the end, the House voted to do nothing about either.

A pivotal vote came on a proposal offered by Representative Henry J. Hyde of Illinois, the Republican who is chairman of the Judiciary Committee. His measure would have made it a crime punishable by up to five years in prison to sell, distribute or lend violent movies, television programs, videos, books and Internet material to children.

Applying standards that the Supreme Court set for defining obscenity, the Hyde proposal applied to material that "the average person" would find was "patently offensive with respect to what is suitable to minors." The material would have to fail the so-called "slaps" test, meaning that it had no "serious literary, artistic, political or scientific value for minors."

The proposal even defined examples of violence, including "sadistic or masochistic flagellation" and "torture" (though, curiously, no mention was made of terrorist bombing or mass murder with automatic weapons).

"Anybody that thinks rotten movies, rotten television, rotten video games are not poisoning, toxically poisoning our kids' minds and making some kids think that conduct is acceptable just is not paying attention," Mr. Hyde declared in the debate.

It was clear from the debate that most members of the House agreed that children's minds were indeed being poisoned. Nonetheless, the Hyde proposal was overwhelmingly rejected, 282 to 146, a margin of nearly 2 to 1. It is rare for a committee chairman in the House to be defeated so soundly.

The dominant view was expressed by Representative Kenny Hulshof, a conservative Republican from Missouri. "If I believed that passing one additional law would prevent incidences of school violence in America, I would lead the charge," he said.

But Mr. Hulshof and a legion of others from both parties said that even if Congress could figure out a practical way to restrict violence in entertainment, the lawmakers were prevented by the First Amendment from doing so.

Even if the politicians take no definitive action to control cultural violence, some small steps are possible.

Under pressure from President

Clinton, representatives of movie theater owners across the country announced in June that they would begin requiring teen-agers to present photo identification cards when they showed up without an adult to see R-rated films.

Congress seems likely to approve legislation that would waive anti-trust restrictions so competing media companies could work together in developing codes that would limit violence in their products.

By Jan. 1, a 1996 law will require all new television sets to have a V-chip, a device that allows parents to program their sets to filter out programs that have been rated by networks as unsuitable for children.

Senator Brownback said the purpose of the special culture panel, which he said he hoped to lead, would be "informing the public" and "cajoling the industry." The panel will probably be called the Senate Task Force on the State of American Society. Democrats insisted that it be a task force and not a special committee so that it would not hold subpoena power.

Senator Joseph I. Lieberman of Connecticut, a Democrat who will probably be on the task force, agreed that the best politicians could do was to keep drumming on the subject in the hope the entertainment industry would rein itself in. "We have to keep pleading with the people who produce this stuff to take a look at the consequences," he said.

It was in that vein that the Senate and House passed resolutions expressing the opinion that funds should be withheld from the Brook-

Defining what is offensive and harmful is a problem in itself.

lyn Museum. The resolutions were approved by voice votes with only perfunctory debates, indicating that no one really expected the money to be cut off.

In fact, Senator Arlen Specter, Republican of Pennsylvania, said he was not challenging the Senate resolution, an amendment to a giant spending bill, "in the interest of moving this bill." But he was giving the Senate "no assurance as to how hard we will pursue it," Senator Specter emphasized, "to put it mildly."

In the past, such political pressure has led to some voluntary restraints. After the Kefauver hearings, for example, the comic book publishers formed a trade association and developed a code of standards that is still in effect. The decision of the theater owners to be stricter about admitting under-age customers to R-rated movies resulted at least in part, no doubt, from having been leaned on by the White House.

Just this week, the association that represents video stores nationwide said its members were posting new signs and emphasizing the policy that videotapes and video games designated as restricted will not be sold or rented to children under 17 unless they could prove parental consent.

Andrew Jay Schwartzman, a lawyer here who often represents consumer interests before the Federal Communications Commission, said there was little the politicians could do directly to keep violence off television. But speaking of broadcasters, Mr. Schwartzman said, "It might do some good if they feel footsteps."

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