

Media's

sizable problems

[Conglomerates, from Page M1] is clicking. And investors are realizing that even if you can run a TV network or a movie studio or a cable system, you may not be able to do all of that under the same roof.

"The word 'synergy' is used to hide a lot of sins," said Henry Berghoef, director of research at Chicago's Harris Associates, an investment firm with stakes in Hollywood's big corporate players. "Shareholders are generally better off if companies stick to what they're good at."

That, of course, is a realization that already has hit the rest of the corporate world. The appetite for conglomerates has always been faddish, reaching its peak in the 1980s and 1990s, when companies such as News Corp., Time Warner and Viacom came into their own. Now, the mood has shifted, in part because some of the biggest conglomerates of the last decade — Cendant, Tyco, even Enron — have proved to be fatally flawed.

But Hollywood has held on, partly because of money and partly because of ego. Executives of multinational corporations like rubbing shoulders with movie stars as much as the next guy.

The game may now be up, however, because nearly every part of the entertainment business is hitting a wall. Movies are hurting not just because of lousy box office but because the biggest stars have more leverage than ever. That is forcing studios to give away more and more of their profits to the celebrities, who are essentially free agents and can turn against them on a dime (or 10% of the gross, as the case may be). The stars themselves, not the studios, are the brand.

Elsewhere, in TV and in print, competition and digital distribution are putting pressure on costs. Digital cable has resulted in an explosion in the number of network competitors, creating a glut of networks and an insatiable hunger for something to put on them. In print, the very survival of many newspapers and magazines is under debate as marketers realize that the Web enables them to reach exactly the consumers they want — for a sliver of the price.

If you're an investor, all of this makes that conglomerate discount that much tougher to take. Sure, you can buy stock in Disney, News Corp. or Time Warner — which offer you a soup-to-nuts play on Hollywood — but why would you?

Earlier this year, Viacom bowed to the new reality. After spending years singing the praises of its sprawling setup, the company split in two in January; Viacom retained the cable and movie business, while CBS took on the television network, radio and outdoor advertising. Although it's too early to tell whether the split

The bigger-is-better mantra may indeed have run its course.

will work, both companies' stock prices have gained since the split.

Time Warner and Sony may have to be next, despite the Icahn flop. Both have tried, unsuccessfully, to marry their digital arms with their entertainment ones, and both are struggling to address simultaneous drops in their entertainment businesses.

Ironically, it is Disney, despite its recent turmoil, that may end up being the Hollywood conglomerate that works. Though Disney's tentacles are everywhere, it has a focus that seems to work; apart from ESPN, most of the rest of the company is aimed at a family-friendly, youth-oriented demographic, so the kind of cross-selling that is critical to conglomerates actually makes sense. And Donald Duck never asks to renegotiate his contract.

For the consumers of Hollywood content, the breakup of the conglomerates may be a good thing. Todd Gitlin, a Columbia University sociology professor who has long been critical of Hollywood's wares, is convinced that a slimming of the bureaucracies could improve the movies, TV shows and magazines that these companies produce.

"It's easier for people to advance in their corporate hierarchies by green-lighting self-imitative blockbuster material than by doing something different," said Gitlin, author or "Media Unlimited: How the Torrent of Images and Sounds Overwhelms Our Lives." "Right now, their imaginations are thwarted."

It's unfortunate that Icahn didn't talk about any of this. His charmingly retro proxy fight was focused on criticizing Time Warner's corporate jets and swanky Manhattan digs, which is why Wall Street didn't take his effort too seriously.

But Dick Parsons, Time Warner's chief executive, and his cohorts in those lavish digs should not assume that Icahn's comedown amounts to proof that their business model is sound. Icahn, the 70-year-old takeover artist, may have been more right than even he knew.

THE RUSSIAN EVOLUTION



MLADEN ANTONOV Agence France-Presse

Man of steel: Despite the "cult of personality" attack, Josef Stalin remains a force in Russians' lives.

The speech that shook the world

By Robert Conquest

WHEN NIKITA KHRUSHCHEV took the podium on the final day of the 20th Congress of the Communist Party of the Soviet Union, the speech he gave was so surprising and unexpected that some members of the audience actually fainted.

It was Feb. 25, 1956, three years after the death of Josef Stalin and Khrushchev's accession as first secretary of the party. Although the speech was made in closed session, and has been known forever after as the "secret speech," it did not remain secret for long. The text had been given to local Soviet organizations to be read aloud and to East European Communist parties. A Polish version soon reached the West, and although its authenticity was denied for a long time by Moscow, it soon became obvious it was genuine.

Why was the speech so shocking? Because it came at the end of decades of totalitarian terror during which millions of people died, in a country where the misuse of power had gone virtually unquestioned and unchecked (and where anyone who dared question the state's authority was courting arrest). Yet on that February day, 50 years ago this week, Khrushchev cut through years and years of unwavering propaganda to reveal not all, but many, of the crimes of Stalin — his predecessor and mentor — to the world.

Officially, the speech was an attack on the "cult of personality" that had grown up around Stalin. This may sound like little more than a critique of a certain vanity and self-advertisement on the part of the longtime *vozhd*, or great leader, and that was certainly part of it. "It is impermissible and foreign to the spirit of Marxism-Leninism to elevate one person," Khrushchev said, "to transform him into a superman possessing supernatural characteristics akin to those of a god."

But the full text went a good deal further, citing "grave perversions of party principles." Stalin (although Khrushchev defended him against Trotskyites and other "deviationists") came out badly. He had, according to Khrushchev, made fearful mistakes in World War II; he had ruined the country's agriculture; V.I. Lenin, the revolutionary Bolshevik leader who governed the country after the revolution, had condemned him; he had wrongly broken with Josip Broz Tito, the Yugoslav leader.

Even more shocking than these criticisms were the "glaring violations of revolutionary legality" Khrushchev referred to, particularly in Stalin's treatment of those of his followers he had purged and executed. Khrushchev stressed Stalin's insistence on "confessions" and of torture as the way to obtain them. Not

ing that "70% of the Central Committee members and candidates elected at the 17th Congress were branded as enemies of the party and of the people," Khrushchev gave names of prominent victims and their torturers. Stalin, he said, justified the torture; citing the notoriously faked "Doctors' Plot" of 1953 (the only non-party victims to appear in the speech), Khrushchev quoted Stalin's interrogation instructions: "Beat, beat and beat again."

Khrushchev strongly hinted that the murder of party leader Sergei Kirov in 1934 had been ordered by Stalin. And he condemned Stalin's mass deportations of Chechens and others in the 1940s. (But he gave no attention to those condemned in the "show trials" of the 1930s, many of whom had to wait 30 or 40 years for redress — or to the Katyn massacre of more than 4,000 Polish army officers during World War II.)

It is difficult all these years later to explain the extraordinary effect of this speech. The Soviet Union at the height of the Cold War was secretive and mendacious. Despite the purges and plots, despite Stalin's brutality and paranoia, the credulous throughout the world — including many in the United States — refused to believe the worst.

This was not the first indication of Stalin's crimes, of course. A great deal of firsthand testimony on the lethal Stalinist record had already been published in the West, but it had not been accepted everywhere as true; a large amount of misinformation had filled the shelves, often by "intellectuals" of high standing — enough to lead to a verdict of "not proved" from many others. To the general public, then, the speech was a revelation. In an unprecedented act of journalism, Britain's leading liberal Sunday newspaper, the *Observer*, devoted an entire issue to it.

Khrushchev does not seem to have quite realized the degree of damage he might do to the Soviet Union's image as a humanist, progressive country by speaking of official tortures and murders. Throughout the West there was an astonishing revulsion. Those who had been totally deceived had their minds cleared (although many eventually returned to the fold, anti-Western feeling outweighing all else for those whom George Orwell described as "renegade liberals").

The speech's effect on the Communist

parties of Eastern Europe was radical. In Poland, it resulted in the overthrow of the servile pro-Moscow leadership later that year and a confrontation that included military threats and the direct intervention of Khrushchev and his colleagues. In Hungary came the collapse of the Stalinist order, and then the revolution and the bloody Soviet intervention in October. All through the Soviet bloc, the Stalinist mentality was severely disrupted — in preparation, it might be said, for its final collapse later.

Why did Khrushchev give the speech? For a time it was thought that he had spoken without the agreement of the rest of the leadership. We now know that he had, in fact, managed to get some sort of approval. It is also clear now that the speech served, in part, as a continuation of the same internecine struggle within the Politburo that had marked the Stalin epoch and that persisted long afterward.

Stalin had nurtured his heirs very carefully to prevent any solidarity among them that might lead to mutiny, and this highly quarrelsome group continued to distrust each other even after he died. The speech was, in this context, an attack by Khrushchev on his rivals. It served his purposes to denounce some of the Soviet past, to blame the safely dead Stalin and to implicate some of his surviving heirs. Like him, they had been dragged through years of terror and stupefaction. The following years saw Khrushchev defeating one coup d'état but later being ousted by another.

In Russia itself, the speech prompted the beginnings of a thaw, but one that did not last. And among a portion of the population there remained, and remains even now, a favorable attitude toward Stalin, which is sometimes seen as the result of centuries of submission to tyranny. For others, the "secret speech" massively undermined the Stalin regime.

But the machine he had built, or inherited from Lenin, survived for a third of a century. And, by an odd paradox, much of the parasitical apparat remains to this day, long after its ideological justifications have gone, like a cartoon character — Wile E. Coyote or Mr. Magoo — walking on after his plank has disappeared.

A hundred years ago, Anton Chekhov wrote of Russia's "heavy, chilling history, savagery, bureaucracy, poverty, and ignorance. . . . Russian life weighs upon a Russian like a thousand-ton rock." And over most of the 20th century, things got worse still, adding yet further burdens to the Russian psyche. Recovery has set in, sporadically, in the 50 years that have passed since Khrushchev delivered his "secret speech." But progress was slow and even now has far to go. Let us hope that by 2056 we might see a marked upturn.

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A 'secret' cracked the Soviet monolith

[Speech, from Page M1]

Wall in 1989 and the collapse of the Soviet Union in 1991, 20 years after my great-grandfather died.

Just as Russia sits between the East and the West geographically, Russian politics is also in between: always on a narrow line between black and white, right and wrong, reform and dictatorship. Russians have lived for generations under an essentially despotic system of government that is constantly trying to modernize itself through more (Peter the Great, Stalin) or less (Khrushchev, Mikhail Gorbachev) authoritarian means.

But even our reformers are only lesser

dictators. At bottom, our people and our leaders share a belief that only authoritarian rule can protect the country from anarchy and disintegration. They support a "strong" state, in which decisions come from the top and citizens are left to tremble with respect and fear.

The most liberating events — Khrushchev's de-Stalinization campaign of 1956, or Boris Yeltsin's privatization of 1991 — generally end up in disillusion or disarray, suggesting that Russian society is never fast enough to digest modernization or patient enough to see the liberal changes through.

Instead, Russians look back fondly on their great victories and parades and, even-

tually, after short periods of thaw or *perestroika*, find themselves wanting their "strong" rulers back — the rulers who by inspiring fear provide a sense of orderly life, whose "firm hand" is associated with stability. Stalin's order was unbreakable while he lived; Vladimir Putin now promises a new order in the form of his "dictatorship of law."

There's an old saying that "every nation deserves its government." I hope that's not true. I believe my great-grandfather gave Russia its first taste of freedom over fear. And I hope that one day Russians will be able to embrace that freedom without yearning for the old days of totalitarianism and terror.

BY THE NUMBERS

Is Josef Stalin making a comeback among Russia's youth? Researchers Sarah Mendelson and Theodore Gerber recently wrote that many young Russians "do not view Stalin — a man responsible for millions of deaths and enormous suffering — with the revulsion he deserves." Here is what their poll of Russians ages 16 to 29 found (excludes those who answered "hard to say"):

Stalin was a wise leader.
Agree: 51%
Disagree: 39%

Stalin was a cruel tyrant.
Agree: 43%
Disagree: 47%

Stalin was directly responsible for the imprisonment, torture and execution of millions of innocent people.
Agree: 70%
Disagree: 16%

Stalin may have made some mistakes, but he did more good than bad.
Agree: 56%
Disagree: 33%

Nowadays some people exaggerate Stalin's role in the repressions.
Agree: 42%
Disagree: 37%

Stalin deserves credit for the Soviet Union's defeat of the Nazis.
Agree: 61%
Disagree: 28%

Monuments to Stalin's victims should be built.
Agree: 53%
Disagree: 27%

Monuments to Stalin should be built.
Agree: 23%
Disagree: 58%

If Stalin were running for president today, would you vote for him?
Yes: 19%
No: 70%

Which statement do you agree with most?
Democracy is always best: 37%
Authoritarian government is sometimes better: 36%
Does not matter to people like me: 19%

What is the best form of government for Russia today?
Purely democratic: 22%
Mainly democratic, partly authoritarian: 40%
Mainly authoritarian, partly democratic: 19%
Purely authoritarian: 7%

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