



deal with Paramount which gave him an enormous share of the DVD revenue on the movie. "M:i:III" cost a hundred and fifty million dollars to make, and its worldwide theatrical gross was almost four hundred million. But Paramount realized that after the theatres took their cut, and the production, promotion, and overhead costs were deducted from what was left, it wasn't going to make much money—maybe none—while Cruise would walk away with seventy million dollars.

The disappointing performance of "M:i:III" came at a painful moment for the studios. After years of double-digit growth, DVD sales, while still high, have levelled off and cancelled out the recovery at the box office. Furthermore, no one knows if the technology that could juice up sales again—the new high-definition players and high-definition versions of movies—will take off. Consumers may simply tire of the format wars between the two kinds of players (Blu-ray and HD DVD) and stick with what they've got. As one executive told me, summing up the panic, "As long as over-all revenue was increasing, people here felt comfortable with rising costs. But if revenue flattens out, the movie business could enter a death spiral."

What should the studios do? They could cut production costs, or they could reduce the cost of getting movies to the public. Loaded into cans, movies weigh between fifty and eighty pounds; they

have to be flown to regional depositories, and then trucked to theatres. If a movie flops, the theatres have to wait for a new one to replace it. But once the theatres convert to digital projection—a change now in its beginning stages—the studios could bounce movies to theatres off satellites or send them on portable hard drives. I spoke to Barry Meyer, the chairman and C.E.O. of Warner Bros. Entertainment, in a wood-panelled conference room adjacent to his office, in Warner's venerable Burbank headquarters. "Digital distribution is easy, ubiquitous, and inexpensive," Meyer said. He took a deep breath. "We have to adapt, or we'll become dinosaurs."

The seven major studios, with their many divisions, produce or pick up for distribution most of the American "content" that is sent all over the world. Should they continue to shoot on film or switch to digital? Digital technology opens enormous possibilities for filmmakers, and even for exhibitors, but it also offers a radical break with the many ways of watching movies that have given us pleasure in the past. Every kind of screen comes with its own aesthetic, and imposes its own social experience on moviegoers. We've all watched hundreds of movies on old TVs, and taken endless pleasure from doing so, but to watch "Citizen Kane" on TV for the first time is a half-fulfilled promise; to see it on a big screen is a revelation. If watching movies at home becomes not just an auxiliary to theatregoing but a replacement

of it, a visual art form will decline, and become something else. Kids who get hooked on watching movies on a portable handheld device will be settling for a lesser experience, even if they don't yet know it—even if they never know it. And their consumer choices could affect the rest of us, just as they have in the music business. If the future of movies as an art form is at stake, we are all in this together.

The old downtown picture palaces have been gone so long that to think of them at all is to indulge in nostalgia for nostalgia, a faintly remembered dream from childhood of cathedral lobbies and ushers in red uniforms with gold braid. The palaces had names like the Alhambra, the Luxor, the Roxy; the auditoriums were evocative of pagoda pavilions or Persian courts or some celestial paradise with flocks of fleecy blond cherubim suspended in blue ether. They were uninhibited American kitsch, the product of a commercial culture dizzied by fantasies of European or Eastern magnificence. The absurdity of the theatres—imperial spaces for democratic man—was reassuring; they were the perfect environment for an art form that was so lovable precisely because it was devoted to the unending appeal of illusion.

The neighborhood theatres that thrived at the same time were easier to deal with. Slipping in and out of them, we avoided the stern white-shoed matrons who patrolled the aisles; sometimes we arrived in the middle of the movie and stayed on until it reached the same point in the next show—we just wanted to go to the movies. Even now, moviegoing is informal and spontaneous. Still, we long to be overwhelmed by that flush of emotion when image, language, movement, and music merge. We have just entered from the impersonal streets, and suddenly we are alone but not alone, the sighing and shifting all around hitting us like the pressures of the weather in an open field. The movie theatre is a public space that encourages private pleasures: as we watch, everything we are—our senses, our past, our unconscious—reaches out to the screen. The experience is the opposite of escape; it is more like absolute engagement.

Such is the ideal. But how often do we find it now? Consider the mall or the urban multiplex. The steady rain of con-