The device was as elegant as an old cigarette case and not much larger than a child’s palm. I was holding a video iPod, poised at the frontier of a new digital age, a new platform for movies, a new convenience that will annihilate old paradigms. Last spring and summer, when I visited a number of executives and tech guys in big-studio Hollywood, I kept hearing disdain for the mall cinemas and the multiplexes—the theatres in which most Americans see movies. And I heard a new mantra: “Content on demand—when you want it, where you want it, and how you want it.” By the end of the summer, movies were beginning to flow into homes and portable devices through the Internet. In September, Apple began offering previously released Disney movies through its iTunes Store. I downloaded the first “Pirates of the Caribbean” onto my hard drive, then put it onto a video iPod. The screen was only two inches across.

If you are sitting down, the natural place for an iPod is in your lap; that way, your arms don’t get tired. At that distance, however, I couldn’t focus on the image. So I rested the iPod on my stomach. And there it sat, riding up and down every time I took a breath. I was on the Black Pearl, all right, standing on her foredeck like a drunken sailor as she plowed through heavy seas. The horizon line kept pitching and heaving, and I had trouble seeing much of anything. “Pirates” has lots of wide vistas and noisy tumult—a vast ocean under the dazzling sun and nighttime roughhousing in colonial towns, with deep-cleavaged prostitutes and toothless drunks. What I saw, mainly, was a looming ship the size of a twig, patches of sparkling blue, and a face or a skull flashing by. The interiors were as dark as caves. My ears, fed by headphones, were filled with such details as the chafing of hawsers and feet stomping on straw, but there below me Johnny Depp and Orlando Bloom were duelling like two angry mosquitoes in a jar.

In a theatre, you submit to a screen; you want to be mastered by it, not struggle to get cozy with it. Of course, no one will ever be forced to look at movies on a pipsqueak display—at home, most grownups will look at downloaded films on a computer screen, or they’ll transfer them to a big flat-screen TV. Yet the video iPod and other handheld devices are being sold as movie-exhibition spaces, and they certainly will function that way for kids. According to home-entertainment specialists I spoke to in Hollywood, many kids are “platform agnostic”—that is, they will look at movies on any screen at all, large or small. Most kids don’t have bellies, and they can pretzel their limbs into almost any shape they want, so they can get comfortable with a handheld device; they can also take it onto a school bus, down the street, into bed, cuddling it under the covers after lights-out.

The movies currently offered by Apple and other downloading services are the first trickles of a flood. Soon, new movies will come pouring through the Internet and perhaps through cable franchises as well, and people will look at them on screens of all sizes. For those of us who are not agnostics but fervent
believers in the theatrical experience, this latest development in movie distribution is of more than casual interest.

The skeletons danced on shipboard; their bones looked like pieces of string dipped in Elmer’s glue. With a groan, I tried to suppress memories of a camel train making its stately way across a seventy-foot-wide screen in “Lawrence of Arabia.” On the iPod the camels would traverse my thumb. Where, I wondered, were movies going? Were they going any place good?

Talk of distributing movies over the Internet has been around for years, but it has sharpened in recent months as Hollywood has run into financial trouble. In the middle of the summer, the studios were clearly undergoing a contraction and what some even called a “panic.” They laid off hundreds of employees; they made one of their periodic attempts to control runaway star salaries and production budgets, cancelling, for example, comedies with stars like Jim Carrey and Ben Stiller which were budgeted at more than a hundred million dollars. In the future, as writers, directors, and actors try to gain a better percentage of revenue derived from the Internet, labor disputes look inevitable.

At first glance, the cause of the problem was a little mysterious: domestic box-office, after a dip in 2005, was up again (and has remained up), and overseas box-office was healthy, too. But theatrical grosses actually account for less than twenty per cent of total movie revenues. Despite the to-do in the media every weekend over what’s No. 1 and what’s No. 2, and how the take for “Crushed Knees 3” compares with that for “Crushed Knees 2,” the theatres bring in much less money than other revenue streams—sales to television in all its forms (free, cable, pay-per-view) and rentals and sales of DVDs, which make up half of total movie revenues. Not that the theatres are financially unimportant: in general, the more noise made about a movie when it opens, the bigger the eventual return from the ancillary markets, which is one reason the studios still contend to be the weekend box-office champ. In crude terms, the theatres can be seen as a branding device and a stimulant to DVD sales. In August, when Tom Cruise’s production deal with Paramount Pictures, Viacom’s film division, ended, Sumner Redstone, the chairman of Viacom, mentioned Cruise’s controversial public behavior, which, he said, hurt the box-office for Paramount’s summer release of the third “Mission: Impossible” movie. What Redstone didn’t say, as Edward Jay Epstein reported in the Financial Times, was that Cruise had a 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 contempt that I heard Hollywood executives direct at the theatres has been am- plified, a dozen times over, by friends and strangers alike. The concession stands were wrathfully noted, with their “small” Cokes in which you could drown a rabbit, their candy bars the size of cow patties; add to
that the pre-movie purgatory padded out to thirty minutes with ads, coming attractions, public-service announcements, theatre-chain logos, enticements for kitty-kat clubs and Ukrainian bakeries—anything to delay the movie and send you back to the concession stand, where the theatres make forty per cent of their profits. If you go to a thriller, you may sit through coming attractions for five or six action movies, with bodies bursting out of windows and flaming cars flipping through the air—a long stretch of convulsive imagery from what seems like a single terrible movie that you’ve seen before. At poorly run multiplexes, projector bulbs go dim, the prints develop scratches or turn yellow, the soles of your shoes stick to the floor, people jabber on cell phones, and rumbles and blasts bleed through the walls.

If we want to see something badly enough, we go, of course, and once everyone settles down we can still enjoy ourselves. But we go amid murmurs of discontent, and the discontent will only get louder as the theatre complexes age. Many of them were randomly and cheaply built in response to what George Lucas conclusively demonstrated with “Star Wars,” in 1977: that a pop movie heavily advertised on national television could open simultaneously in theatres across the country and attract enormous opening-weekend audiences. As these theatres age, the gold leaf doesn’t slowly peel off fluted columns. They rot, like disused industrial spaces. They have become the detritus of what seems, on a bad day, like a dying culture.

The studio heads and production chiefs who furnish the multiplexes with movies are powerful figures in Hollywood. But in the giant conglomerates of which the movie divisions are a part they are no more than high-level managers. Their job, baldly stated, is to keep revenue flowing and to buoy the parent company’s stock price. They work under enormous pressure. I was just joking when I said to Michael Lynton, the chairman and C.E.O. of Sony Pictures Entertainment, in the studio’s creamy executive offices in Culver City, that no actor or director has ever received a phone call saying, “I have to face stock analysts in three weeks. What does fourth-quarter revenue look like?” But Lynton quickly retorted, “I’ve had that call.” As a result of the pressure, the executives fashion a good deal of their films for the opening-weekend audiences—mostly families and people aged twelve to twenty-five. That is the simplest reason that the content of so many big-studio movies—fantasy, animation, inspirational sports stories, dumb-guy comedies—seems infantile and repetitive through so much of the year.

Let’s not allow regret to turn into honeyed glances at a high-minded time that never was. Studio moviemaking has always been a big-money game. According to Forbes, the most expensive movie ever made remains the 1963 “Cleopatra,” which, in 2006 dollars, cost Twentieth Century Fox close to three hundred million. And there never was a golden age in which art or great entertainment poured unremittingly from the studio gates. The majority of movies at any time are junk. From 1953, we remember “From Here to Eternity” and “The Band Wagon” and maybe “The Big Heat,” but not “The Redhead from Wyoming” or “Guerrilla Girl.” For most people, memory itself is a kind of revival house in which only the most vivid things survive. But if there was never a golden age there were a few structures that encouraged superior work—or at least didn’t actively defeat it. One was the contract model of the nineteen-thirties and forties in which, to cite the most obvious miracle, the producer Hal B. Wallis, at Warner Bros., was able to put together “Casablanca” with actors, screenwriters, set designers, and a director who could all be found eating lunch at the commissary on the Warner lot. The contract model, which many actors hated but which often made good use of their talents, fed a system in which most of the stable genres—women’s films, Westerns, sophisticated comedies, period literary adaptations, crime films, psychological dramas, and all the varieties of noir—were aimed at the
grownup audience. Another productive structure arose in the fifties, during a period of loosened studio
control when directors like Nicholas Ray, Anthony Mann, and Douglas Sirk did highly idiosyncratic
work. Still another was the director-controlled model of the early and mid-seventies, when the studio
executives, baffled by the tastes of the new young audience, turned to such recent film-school
graduates as Francis Ford Coppola, Martin Scorsese, and Steven Spielberg, as well as Robert Altman
(who was a generation older). Operating freely, these directors turned out a series of remarkable
movies with complexly motivated characters and startlingly original forms and moods.

The current big-studio model is not only aesthetically depressing but fi-nancially bizarre. The
familiarity of the numbers makes them no less astonishing. The average cost of making a big-studio
movie is sixty million dollars; the average cost of marketing one domestically is around thirty-six
million. Would-be blockbusters, or “tent pole” movies, like “King Kong” or “The Da Vinci Code,”
which open simultaneously around the world, can run to three hundred million or more in total costs.
Any big-studio movie is a bet against long odds. A worldwide theatrical gross of around four hundred
million apiece for “M:i:III” and “Superman Returns” does not insure that either movie will be
profitable, even though some of the ancillary-market dollar has yet to arrive. The five hundred and
fifty million dollars taken in by “King Kong” was also considered disappointing.

How much theatrical gross is enough? Recent editions of Variety have featured an ad for the second
“Pirates” movie that shows how much. A skull-and-crossbones motif is positioned over a number one
followed by nine zeroes. That death’s-head billionaire, by luring studios to fresh big-budget follies,
could hurt the movie business for years. Everyone wants the big kill and the bragging rights that come
with it. Despite the flops and the movies that only break even, gambling has always been part of the
excitement of working in Hollywood. Yet some gambles are surely worth more than others. Reviving
James Bond with acid wit and a sexy new star is fine. But “Superman Returns,” with its underwritten
script and its bland hero, was not just boring but superfluous: in the digital years since the 1978
“Superman”—which have also seen five “Batman”s, two “Spider-Man”s, and three “X-Men”s—the
airborne crusader has lost his wonder. But Warner, in late October, announced that it would make yet
another “Superman” film. Variety earlier summed up the situation as follows: “Many speculate that
WB has invested too much time and money to walk away. What’s more, the film fuels a number of
Time Warner outlets, including homevid, ancillaries, and merchandising—even subsid DC Comics.”

So there you have it: the business model swallows the studio, which, obliged to supply its
conglomerate outlets and subsidiaries, cannot prevent itself from repeating a failure. The studios have
been reining in budgets, but Paramount, Disney, Fox, and M-G-M, a moribund studio in renewal
mode, have at the same time been ransacking their own libraries as well as comic books and
children’s-lit classics for titles they can turn into monster spectacles. These movies, which will tie up
billions of dollars in resources, are not necessarily the ones that audiences want but the ones that the
conglomerate parent company thinks it can sell. Peter Bart, the editor-in-chief of Variety, who was an
executive at Paramount in the seventies, put it to me this way: “During the late sixties and seventies,
the studios would look at the box-office results and conclude, ‘Aha, the audience is responding to
“Midnight Cowboy” and “The Graduate.” ’ Today, the conglomerates are saying, ‘We have the
resources to tell the public what it wants to see.’ ” But for how long? Teen-agers are making their own
movies and showing them on YouTube and MySpace. They’re multitasking for fun, with computer
games, instant messaging, and television. They may be unwilling to sit in a darkened theatre for two
hours, submitting to someone else’s control.

There are, of course, many other kinds of movies besides would-be tent poles and sophomoric
comedies, and, in fairness to Warner Bros., it did release “Syriana” in 2005 and “Blood Diamond” and
“The Good German” this year, three films that could be called ambitious descendants of “Casablanca.” But the balance is way off, and has been for more than two decades. Young people get many more movies sent their way than are warranted by their numbers—almost half of the audience but only twenty-five per cent of the population is aged between twelve and thirty. After that, the group that goes to the movies most frequently is people in their thirties and forties, who make up about a third of both the population and the audience. People over fifty make up thirty per cent of the population but only twenty per cent of the audience. The trouble is that grownups are less likely than kids to go on opening weekends (they wait for reviews and reports from friends), so, apart from the fall awards season, when most of the serious movies are released, they don’t pull their weight in terms of what gets made. As a result, the studios have conceived grownup moviegoing behavior in such a way that confines it to an enclosed circle. When the adult audience does go to a low- or mid-budget movie released in winter or in spring—say, “Crash” or “Inside Man”—the studios consider the hit an anomaly, a “non-repeatable event.” In the jargon of the trade, such movies are “execution dependent” (they have to be good to succeed), rather than “audience dependent” (the audience will show up regardless of the quality). Some execution-dependent movies, such as “Inside Man,” “The Devil Wears Prada,” and “Sideways,” are hits by any standard. Some, like “The Squid and the Whale” and “Capote,” haven’t made big money but are still counted as successes in relation to their costs. Others, like “Little Children,” are financial failures, although that film, a stubborn and prickly plant, played through the fall to loyal audiences, and may pick up some awards attention and, with it, added box-office. Many more people go to bad movies than go to good ones, but the good small movies that do well, like “Brokeback Mountain” and “Borat,” are, in relation to cost, among the most successful movies ever made.

The ability to repeat “non-repeatable” events requires judgment. Popular plot elements can be codified by computer and laid into scripts like Sheetrock, but no amount of audience analysis can replace instinct, taste, and daring, not to mention acting, directing, and cinematography. What computer analysis could synthesize “Borat”? The studio heads, however much they try to shorten the odds, must choose talent over formula. If they can’t do that, they should get out of the way, or soon enough cheaper ways of making movies may push them out.

The executives complain about the theatres, but the second-rate, dispirited atmosphere of so many multiplexes is part of the world they have made, complete with its tiresome, meaningless annual cycle of pictures that storm the media beachhead and wash out with the tide, and the overloaded fall seasons with doleful dramas about depression, suicide, addiction, and random death. Theatre attendance is holding up, but if the audience gets weary and chooses to watch movies at home we have to understand what we are doing not only to an art form but to ourselves.

At the house of my friend Harry Pearson, who started the high-end video magazine *The Perfect Vision*, I watched movies on what must be close to the ultimate home-theatre system, a setup priced at two hundred thousand dollars. I thought that a glimpse of the best now available might be a way of anticipating the affordable future. It was also tremendous fun. Harry’s system uses a digital projector suspended from the ceiling, which fed a movie screen nine feet across the diagonal. Various electronic components decoded or upgraded the digital information or sent the sound to multiple speakers positioned around the room. The player was one of the new HD DVD sets made by Toshiba, and the experience of watching what it produced on that screen was like putting on a stronger pair of glasses for the first time: everything was brighter, crisper, more sharply defined—*newer* somehow, as if it had been freshly created, even though one of the movies we watched was a half century old. (Digital
transfers are made by scanning a film negative or a print; technicians then digitally enhance the images.) With amazement, we watched a DVD of John Ford’s 1956 masterpiece, “The Searchers,” which is widely considered to be one of the most successful transfers of an old movie. The southwestern sky above Monument Valley was a brilliant azure; the desert was not a mass of orange-brown glop but grains of sand and pieces of rock; and, inside the pioneers’ cabin, details normally hidden in shadow, like drying corn hanging from the ceiling, were clearly visible. And so it was with a recent film. When Clint Eastwood’s “Million Dollar Baby” opened two years ago, I referred to the Hit Pit—the gym where much of the action takes place—as “sweat-stained” and a “relic.” But the high-definition transfer of the film, bringing shapes and textures out of the murk, revealed a gym that was old and shabby but also tidy and scrubbed clean.

Yet, though the detail was extraordinary, the image was different from a film image, and strange in some ways. In film, the illusion of three-dimensionality is produced by the laws of perspective, by the manipulation of focus, and by the subtleties of lighting: we are led into depth by gradations of color or, in black-and-white movies, by shades of gray. A digital transfer compacts color and increases contrast, so, in the early attempts—say, from a decade ago—the actors looked almost like cutouts against a flat background, their flesh tones waxy and doll-like. The images didn’t breathe the way the original film images did—the faces seemed to have lost their pores. But high-definition digital produces a more nuanced gradation of color and a more definite molding of the face—you see planes and hollows. To my eyes, both in digital transfers and in movies that were shot digitally, flesh still looks a little synthetic, but it looks better than before, and no doubt it will look even better in a few years. (“You want pores, we’ll give you pores,” a digital technician in Los Angeles told me.) The image was steady, too, in a way that a film image is not. A film, after all, gets pulled into place in a projector by pins entering and then withdrawing from sprocket holes; the image onscreen can jiggle a bit. On Harry’s system I noticed an evenness, steadiness, and hard focus into the far reaches of the screen, and also the absence of earlier digital artifacts, like a black edge around shapes or a flaring of solid whites.

All in all, high definition is a big improvement over standard digital imagery, though in truth I admire it without loving it. To arrive at a film print ready for exhibition, the image has to go through at least four generations—from negative to positive, and then back and forth again—and, by the end, the multiple printing produces some minor softening and darkening of color. I like the way color blends on film: the image is painterly and atmospheric; more poetic, perhaps, than a digital image; lyrical rather than analytic. I may have seen more of the Hit Pit in the high-definition transfer, but expressive metaphor had yielded to workaday reality. I was happier with my earlier sense of the gym as a place of defeat redeemed by Clint Eastwood and Morgan Freeman. And I think that Eastwood, having directed almost thirty films, may have intended “Million Dollar Baby” to look the way it looks on film.

At home, watching an old movie that once engulfed us, we yearn for more emotion, more color, more meaning. If we can’t get it, we have to fill it in from memory, the way someone listening to a beloved piece of music on the beach will fill in instrumental color and rhythms wiped out by a roaring surf. A few days after my session at Harry Pearson’s, I went to a friend’s house and sat alone, looking at some familiar old movies on an excellent forty-two-inch gas-plasma screen fed by a standard DVD player. The classic 1940 comedy “The Philadelphia Story,” starring Katharine Hepburn, James Stewart, and Cary Grant, came pretty fully to life. The high-def screen yielded such benefits of M-G-M’s glamour years as the sheen (from backlighting) on Hepburn’s hair and the satiny white look of the studio’s imagined Main Line mansion. Few of the visual qualities were lost, and the fanged upper-class banter

http://www.newyorker.com/printables/critics/070108crat_atlarge
is so peculiarly intimate that it played very well at home.

Switching to color and to something that was largely digital and high-tech to begin with—the first “Spider-Man,” from 2002—I scored again. The director, Sam Raimi, went for a hard-edged jolt, with solid colors and the surging, swinging movement of the Marvel Comics style, and his graphics still looked sensational. There was little reality to capture—the movie, at its best, was pure artifice and pop rapture. But Scorsese’s “Taxi Driver,” from 1976—a neo-noir film that exaggerated aspects of reality into something that was the opposite of pop—was a dud at home. What I loved in the theatre was the encompassing lurid rawness: the hookers, pimps, and thugs prowling the neon-red streets. On the home screen, the steam rising from the manholes—Dante’s burning underground lake percolating in Manhattan—didn’t loom up and envelop me, and the bloody violence at the end didn’t explode in my face. The big plasma screen seemed inadequate; I was constantly aware of the outer edge of the frame just when I wanted to abandon myself within it, yielding to the power and sensuality that Scorsese and the cinematographer, Michael Chapman, had achieved. It wasn’t good, and it was worse than a diminution: it was a betrayal.

No exhibition method is innocent of aesthetic qualities. Platform agnosticism may flourish among kids, but platform neutrality doesn’t exist. Fifty years ago, the length of a pop single was influenced by what would fit on a forty-five-r.p.m. seven-inch disk. The length and the episodic structure of the Victorian novel—Dickens’s novels, especially—were at least partly created by writers and editors working on deadline for monthly periodicals. Television, for a variety of commercial and spatial reasons, developed the single-set or two-set sitcom. Format always affects form, and the exhibition space changes what’s exhibited.

I looked at “Brokeback Mountain” on a portable DVD player with a seven-inch screen and headphones—the kind of rig people use on airplanes and in jury waiting rooms. The focus was precise, the color bright. And, through the headphones, I heard such extraordinary details as the flip-flip-flip of the rain on the tent when Jake Gyllenhaal and Heath Ledger are up in the mountains. Yet there was something wrong. I was not in the mountains. The grandeur of the terrain is not something the men are necessarily conscious of, but the massiveness of the mountain range, the startling clarity of the air, the violence of the weather enlarge the experience of feelings they have no words for and can’t control. If you watch the movie on a small screen, you’re not living within this great breathing, palpable place. The small screen takes the emotion out of the landscape.

The experience was dissatisfying in other ways, too. Having a highly detailed soundtrack in your head and a reduced image before your eyes is an oddly unsettling experience. It’s as if the movie had been pulled back to the editing stage, before the sound and picture were “married.” You are reminded of the obvious reason that theatres have put speakers behind the screen all these years—so that the words seem to be coming out of the characters’ mouths. In “Brokeback,” as a storm breaks, the lightning flashed onscreen, but the thunder roared in my head.

“Brokeback” was made by Universal’s specialty division, Focus Features, which is led by the writer-producer James Schamus, who works out of a loft in an old building on Bleecker Street that has high ceilings, oak floors, and chic exposed air ducts painted white. Insofar as one can speak of a hip movie scene existing above the independent level, the specialty divisions are it. Schamus, a short, fast-talking man, is a longtime collaborator of Ang Lee’s; he served as both a producer and screenwriter on “The Ice Storm,” “Crouching Tiger, Hidden Dragon,” and other movies. In the past few years, Focus has
been jumping. Its recent releases include “Eternal Sunshine of the Spotless Mind,” “The Motorcycle Diaries,” “The Constant Gardener,” “Brick,” and “Pride & Prejudice.” To get these movies made, Schamus, like the other specialty-division mini-moguls, practices a very tight economy. “I make as many bad movies as a big studio,” he said to me cheerfully. “But when they make a bad movie they spend forty to sixty million telling everyone about it. When I make a bad one, it gets a round of applause at a film festival.”

The specialty divisions, which now include Fox Searchlight, Sony Pictures Classics, Paramount Vantage, Miramax, and Warner Independent Pictures, have been around, in one form or another, since the early nineties. For the studios, they serve multiple functions. They perform well as a laboratory for the kind of pictures that the studio can’t make, or doesn’t want to make; they employ a thrifty business model that the studio itself is unwilling to put into practice; they serve as the studio’s conscience and, increasingly, as its representative in the Academy Awards nominations, where they have scored heavily in recent years. In return, the specialty divisions gain access, when they need it, to the parent company’s distribution and promotion wings. But most of the time they run on their own. In effect, they have taken over the business model (and many of the artists) of the independent scene. The drill goes like this: Spend between five and twenty million dollars on production; devote most of your movies to character-driven plots or experimental forms; and use smart young actors or established performers who are willing to work on the cheap, like Nicole Kidman and George Clooney.

The office of Schamus’s opposite number at Fox Searchlight, Peter Rice, is not in the comfortable main headquarters at Fox’s Century City lot but in a small building that looks out on a parking alley. After the company’s triumph with “Sideways” and “Napoleon Dynamite” in 2004, it had an artistic and financial off year in 2005, but it came back in 2006 with “Thank You for Smoking” and “Little Miss Sunshine”; it also picked up distribution rights for “The Last King of Scotland,” “The History Boys,” and “Notes on a Scandal.” Searchlight acquired “Little Miss Sunshine,” its most successful film so far this year, at the Sundance Film Festival, for ten and a half million dollars, opened it at just seven theatres in July, then gradually enlarged the run, reaching more than sixteen hundred theatres by the beginning of September. The movie has now grossed more than eighty-four million dollars worldwide.

Rice, a forty-year-old Englishman, speaks quietly and calmly but has an unnerving way of staring at you as he talks. “We have a movie environment now of limitless choice,” he said, speaking of the large number of small movies opening at any given time. “ Mediocrity will be punished, and punished severely.” He then told me about one of his flops, “Bee Season”—which wasn’t a mediocrity but a well-designed, well-acted film that didn’t quite hit the mark. It cost fourteen million dollars to make and had a worldwide theatrical gross of less than seven million. “We will lose, when everything is in, maybe two to three million,” Rice explained. “If it had cost forty million, we would have spent so much on marketing that, even with the ancillary take, we would have lost much more.”

The specialty divisions have learned from the follies of the parent companies. A thirty-second spot for a big movie on one of the four TV networks costs up to six hundred thousand dollars; a full-page color ad in the Sunday Times costs a hundred and sixty thousand. But young people, the largest market for big movies, don’t read many newspapers, and they are barely aware of the networks. Why should the studios spend millions chasing them? Rice’s problems exist on a smaller scale. If two prints, say, of a Searchlight film like “Thank You for Smoking,” a satire of the “sin” lobby, are playing theatrically in a given market, is it worth sustaining a sizable ad in the local newspapers week after week?

Ads produce a general awareness of a film, but they don’t necessarily persuade people to go see it. “You don’t need eighty per cent of the entire public to know about your movie,” Rice said. “You need
one hundred per cent of those whom the movie is for. If we can reach that audience, we can do this kind of filmmaking profitably.” The specialty-division chiefs have embraced the intricacies of niche marketing, finding their way to the interested parties—hitting a fraction of the audience through Web sites. In the usual studio parlance, the audience is divided into four quadrants—younger men, younger women, older men, older women. To promote “Brokeback,” for example, Schamus and his marketing people polled women who did volunteer work on a weekly basis to find out what Web sites they visited. These women, generally older, were of a compassionate nature, they reasoned, so Focus advertised on those sites.

“Brokeback” cost fourteen million dollars to make, and its worldwide theatrical gross is a hundred and eighty million. Still, Schamus’s strategy for its domestic marketing makes me a little uneasy. Perhaps “Brokeback,” with its “taboo” subject matter, needed to be sold in a specialized way, but “The Constant Gardener,” which broke no taboos, was also niche-marketed, through political blogs. We’re enormously lucky to have such movies, but the assumptions about the audience they appeal to are a little dismaying. In the past, commercially successful artists like Alfred Hitchcock, Preston Sturges, George Cukor, John Ford, and Billy Wilder would have been astonished if anyone had told them that they could succeed with only slivers of the audience. They thought they were working for everybody, and often they were. Today, with a few exceptions like Ang Lee, Scorsese, Spielberg, and Eastwood (and not necessarily with all their movies), the artistically ambitious director who is considered to have universal or even widespread appeal is an endangered species. Part of the reason, perhaps, is that directors are working for an audience more diverse than the audience of fifty or sixty years ago. The most important reason, however, is that, by splitting the audience into a spectacle-and-comedy, opening-weekend crowd and a specialty-division urban élite, the studios have given up the old dream of movies as an art form for everyone.

Four or five years from now, there will be a big box in your den, study, or living room connected to the Internet. It will collect music and TV shows and also movies, both new and old. You will be able to burn these movies onto DVDs on the box and play them in another room. Or there will be a device that allows you to send them to your TV wirelessly. The children will transfer movies onto one portable device or another, and then squirrel themselves away somewhere, free from brothers, sisters, and parents; or they will take a copy to a friend’s house and load it onto a screen there. Their parents will watch many of the movies at home, on screens that will get bigger and bigger, eventually covering an entire wall.

The quality of DVDs will still be better than that of downloaded movies, especially if high-definition players catch on, so DVDs, however flattened or diminished in sales, are in no danger of disappearing in the near future. But what about the theatres? There are thirty-eight thousand screens in the United States, spread over six thousand sites. Do we need that many? I spoke to John Fithian, the president of the National Association of Theatre Owners, the Washington lobbying group that promotes the theatre chains’ interests in Congress. When Fithian is in Los Angeles, he operates from a plain office in North Hollywood, where he recently told me that digitizing theatrical projection is the key to survival.

“We’re competing with the high-tech home-entertainment crowd, and we’re using a technology in theatres that’s a hundred years old,” he said. “We need to modernize existing theatres, and tear down old ones at the same rate.”

Only about two thousand theatres (about five per cent) have digital projection now, but Fithian estimates that as many as four thousand screens could be digital in two years, and the majority of them
within five. “In ten years, I doubt there will be any more film,” he said, a shift that would cause major battles—Spielberg and M. Night Shyamalan, for instance, want to continue shooting and exhibiting their films in the traditional way. To what extent digital can continue to improve visually will probably determine its fate among directors. (Mel Gibson believes in it, and used it well in “Apocalypto.”)

There’s no doubt, however, that digital projection will transform the multiplexes. As the critic Godfrey Cheshire predicted seven years ago, theatres will show more than just movies (and a few have already started doing so). They could show high-quality broadcasts of the Olympics, or political rallies, or religious revivals, or concerts. “Suppose a music company is kicking off the release of a new CD with a concert in Los Angeles,” Fithian said. “People could watch the concert all over the country.”

Even after digitization, the number of screens will probably diminish—perhaps by as much as thirty or forty per cent in ten years. But the movie theatres, as tawdry and unwelcoming as many of them are, are unlikely to vanish. The studio executives may be planning to distribute movies through the Internet, but they know the value of the theatrical experience. As Tom Rothman, the chairman of Fox Filmed Entertainment, said to me, “There is something about the commonality of the experience that is irreplaceable.” Rothman, who grew up in theatres, knows the excitement of a full house, “the infectious urgency of movies.” And executives can remember what it was like to be twenty-one. “You want to have sex with someone,” Schamus said. “You say, ‘Do you want to go the movies with me Friday night?’ Movies are a pretext for social interaction. So don’t think of the future in terms of technology. It’s not a question of platforms but of how people want to use social spaces, how given ethnic and age groups want to interact.” I hope Schamus is right, because even people who like going to movies alone don’t necessarily go to be alone. In a marvellous paradox, the people around us both relieve us of isolation and drive us deeper into our own responses.

A theatrical opening, for better or worse, will remain an event. The opening creates and aggregates the publicity—the ads, the magazine covers, the newspaper and television interviews, the cable “documentaries” about the making of the picture, the hundreds of reviews, the ceaseless nattering of blogs. If the studios send too many movies home, it will be hard to distinguish them from television. How will they sell them as movies? “It’s not going to be any one thing exclusively,” the Warner chairman Barry Meyer said. “Digital allows you to explore a lot of things, but there will always be a model of going to the multiplex to see a big movie with special effects. Other movies—maybe you see them on DVD, or through downloads, maybe it goes to an iPod. There are smaller movies that we are releasing theatrically today that in five years we might be releasing direct to video.”

Meyer’s division into large and small pictures makes me wince, since small pictures look better on a big screen, too. But independent filmmakers may not feel the same way. Access to an unlimited audience through the Internet may be an irresistible lure. Richard Linklater, who makes both commercial comedies like “School of Rock” and intimate, low-budget movies like the “Before Sunrise” and “Before Sunset” duo, told me that his small movies reach the larger cities and some of the college towns but never make it to many suburban multiplexes or to rural areas. Linklater said, “On the Internet, the people who have been shut out of the national conversation on those movies will now be able to take part in it, and for the independent filmmaker that’s an incredible gain.” For the beginning filmmaker, the game is afoot. Shooting with lightweight digital equipment, he could put together a feature-length movie for very little money and then distribute it through the Internet. All he needs is ability and a cast and crew open to adventure.

Big digital spectacles that click with the audience make so much money for the conglomerates that
it’s impossible to imagine that the studios will ever stop making them. But it is crazy to spend almost a 
hundred million dollars to make and market a routine movie. The big-studio business model has its 
uses—overhead costs can be buried in a production budget—but it’s bound to break down someday. 
Steven Soderbergh is one director who is positively evangelical about reform. He has an alternative 
business plan, which he put into practice with “The Good German,” that goes like this: The A-list 
talent (actors, directors, writers) work for relatively small up-front payments—not the market-driven 
“quotes” of five or ten or even twenty million but a “nominal” fee of, say, a million or two. (If the 
talent doesn’t like this arrangement, they can be paid more up front but they will have to forfeit special 
arrangements, like “gross points,” which are paid later.) When revenues start coming in, the take is 
divided according to fixed percentages. If the studio and its financing partners have put up the 
production budget, they get the biggest piece—say, fifty or sixty cents of every dollar. Star A gets six 
cents, star B five, writer X two, and so on. If the movie is a bomb theatrically, the ancillary markets 
will minimize the studio’s loss, as they do now. If the movie is a hit, everyone owns a piece of it 
forever. And the artistic payoff is a lessening of fear. “If the initial outlay is kept down this way,” 
Soderbergh said to me, “then there’s a good chance that the studios will make more interesting choices 
of material.”

At the moment, the smart money may be going small budget. Just recently, wealthy individuals, 
pooling their money in hedge funds, have begun setting up deals not with studios but with successful 
producers like Joel Silver and producer-directors like Ivan Reitman. The production money will go to 
genre films—thrillers and comedies and horror pictures—in the low-budget (about twenty-million-
dollar) range. John C. Malone, the chairman of Liberty Media Corporation, is opening his own studio 
to make movies on a similar scale. Some of these pictures will undoubtedly be routine, but the 
relatively low stakes could also allow producers to hire writers and directors who are willing to do 
more daring work, the way B-movie directors, toiling quietly on back lots, did sixty years ago.

Films made fast and cheap in this way would still need studio distribution and marketing, but once the 
theatres go digital that may no longer be true. Distribution is the key to freedom. In the future, what is 
to stop a group of producers, directors, and writers from forming a coöperative, raising money for a 
slate of films, and hiring non-studio distribution and promotion people to get the movies to digitized 
theatres—liberating themselves at last?

The lobby contains a restaurant, a bar, and a book-and-gift shop. Before the movie, people hang out 
and have a drink or leaf through a hot new novel or a movie-star biography. The rest rooms are 
spotless, and the concession stand serves delicious coffee. All the seats are reserved, and they are 
plush, with plenty of legroom. The steeply raked auditorium is dark, and insulated from the sound of 
the other theatres in the same multiplex. Is this some sort of upper-bourgeois dream of the great good 
place? A padded cell for wealthy movie nuts? No, it’s an actual multiplex, the ArcLight, on Sunset 
Boulevard near Vine.

The idea of user-friendly theatres may be catching on. Sumner Redstone’s daughter Shari, the president 
of National Amusements, the family-owned theatre business, has vowed to convert half the lobbies of 
the chain’s hundred and nineteen theatres to social spaces with comfortable lounges, and to build more. 
Martinis will be served; newspapers and magazines will be offered. If theatres go in this Starbucks-
plus-cocktails direction, the older audience might come back, with a positive effect on filmmaking, and 
the value of the movies as an art form and an experience could be preserved. After you are seated at 
the ArcLight, an usher standing at the front of the auditorium tells you who wrote and directed the
movie and how long it is. He promises that he and another usher will stay for a while to make sure that the projection and the sound are up to snuff. There are no advertisements following his speech, and only four coming attractions. The movie begins, and you are utterly lost in it. ♦