

In China, most palpable response to incident's end is disappointment

by Michael A. Lev
Chicago Tribune
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One of the first reactions in China to the release of the 24 Americans was sarcastic: "Let's become American citizens, then we'll never be bullied," a displeased Chinese observer wrote on an Internet bulletin board run by the Communist Party newspaper *People's Daily*.

Through the evening, as people in this city heard the news that China's government had agreed to free the crew of the American spy plane, there was no sense of joy that a crisis had been averted. Instead, the most palpable emotion was disappointment.

Particularly in the Internet discussion forums, where the most vocal supporters of Chinese nationalism are allowed to engage in rollicking discussions about world events, writers were shocked that China's government would end the 11-day stand-off by accepting a letter from the Bush administration that expressed sentiments short of a full apology.

"I suggest we set today as National Shame Day," one Internet writer posted to the forum operated by Sina.Com.

From the moment China's government announced that the Americans were being held in the aftermath of a collision over the South China Sea, Beijing set a tone of nationalistic fury by demanding that the United States accept full responsibility and apologize for the collision of a U.S. military surveillance plane and a Chinese fighter jet.

When the agreement to end the stand-off included American expressions of regret and sorrow but not capitulation, it elicited a negative reac-



U.S. NAVY PHOTO/JOHN A. GILES

Crew members from the detained U.S. spy plane await final preparations for departure on a commercially chartered aircraft. The aircraft first stopped in Guam to give the crew a chance to contact families, and then continued to Hawaii for military debriefing before final repatriation with families and friends at Whidbey Island Naval Air Station in Washington.

The feeling was that after flying a spy plane along China's coast, causing an accident that killed a Chinese pilot and then landing the damaged plane in Chinese territory, the U.S. had gotten off too leniently.

"The American government shouldn't believe they can do whatever they want," said a 34-year-old university professor named Zhu as he left a restaurant Wednesday evening. "It absolutely wasn't right for American to send a spy plane into Chinese airspace," said Sun Li, a 23-year-old student. "We need a further explanation."

In Thursday's edition of *People's Daily*, China's government portrayed the agreement to free the Americans as an outright victory that taught the Bush administration a lesson by forcing the president to say the United

States was "very sorry."

The front page of Thursday's Beijing Youth Daily featured a heroic photograph of the Chinese pilot posed by his plane and quoted Chinese President Jiang Zemin as saying the Americans were allowed to go home as a "humanitarian" gesture.

He said the incident is not over yet because there will be more negotiations over the fate of the impounded airplane.

But some Chinese seemed to think the episode was over, and China didn't get all that it should have.

"I'm heartbroken," wrote one contributor to Sina.Com.

Yahoo store gives pornography new prominence on the web

by P.J. Huffstutter
Los Angeles Times
April 10, 2001

Yahoo Inc., struggling for profit amid a shaky dot-com marketplace, has become the first top-tier Internet company to embrace the porn industry, opening an online store stocked with thousands of hard-core DVDs and video tapes.

The marriage between porn and technology is one of the few profitable online business models, but no Internet titan has jumped into bed with the adult-entertainment industry.

Because of Yahoo's dominant online presence, the company immediately emerges as a behemoth in the online pornography business, industry experts say. An estimated 185 million people worldwide access Yahoo each month.

"In the online sex market, size does matter," said Dan Lavin, a principal with the high-tech market analysis firm International Venture Research. "There's no one bigger than Yahoo."

The push into porn is a departure for Yahoo, which has long cultivated a Main Street reputation in its bid to become the Web portal for the world. Consumers have always been able to find racy material through the company's Web directory, but Yahoo served as only a pointer - not a promoter - of such X-rated products.

Yahoo's decision to become porn's online middleman reflects the desperation of Internet companies to find new sources of revenue amid a slowing economy.

Yahoo officials declined to discuss the erotic-video outlet, or to say why they are expanding its offerings. The "adult and erotica" store, connected to Yahoo's main shopping channel, was quietly expanded and relaunched in recent weeks as part of a companywide effort to offset a sharp drop in advertising sales.

In a written statement issued late Tuesday, company officials said that "under stringent control, adult products have been available through Yahoo Shopping for more than two years."

Despite the potential lucre, other leading online companies are squeamish at the thought of embracing porn.

America Online does not allow sale of adult material on its service and "that is not going to change," a company official said. Amazon.com Inc. stocks "some" adult-video titles, but shoppers can locate them only by searching for specific titles, officials said.

Microsoft Corp. allows outside merchants to sell "sensual" products such as relationship books and massage oil

through its eShops on the Microsoft Network. But X-rated DVDs are verboten because "we believe there's a difference between healthy sensuality ... and products that simply exploit sexuality," according to a company spokesman.

Even Blockbuster Inc., the Dallas-based video retailer, doesn't sell porn.

"We have one of the top (corporate) brands in the United States. You don't mess with that," said Karen Raskopf, senior vice president of corporate communications for Blockbuster. "This is not a morality statement. We just don't need to sell adult product to make money."

Yahoo's rush for revenue is a gamble and could easily backfire by alienating advertisers, traditionally its main source of revenue, analysts said.

"This is a company that has posted losses because ad sales are down," said

tap into Yahoo's comparison-shopping program to find the cheapest price being offered by various affiliated porn merchants.

Yahoo's online store stocks films from 36 adult-oriented studios. The selection ranges from smaller fringe companies such as Androgeny Productions to mainstream outlets such as Hustler and Playboy.

"I'm a bit surprised that Yahoo's doing this, to be honest," said Larry Lux, president of Playboy.com, a unit of Chicago-based Playboy Enterprises. "Clearly, having a Yahoo in this space furthers the trend of mainstream acceptance of adult content."

Yahoo has long accepted banner ads for adult-oriented Web sites, and the company's prominence makes it an attractive target for adult-site operators looking to place ads to draw traffic.

Ads alone, however, are not enough

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Van Baker, vice president of the e-business group at research firm Dataquest. "This won't hurt them with advertisers in the young-male demographic. But to everybody else - and certainly anyone's who's advertising to the Christian or kids market - this is going to be shocking."

As it does with its other online stores, Yahoo will receive a percentage of each sale made in its porn store, according to merchants that are working with Yahoo.

Company officials decline to discuss revenue and profit scenarios.

In addition to the video shop, Yahoo also is building a series of customized stores for adult-entertainment production companies that are planning to use the sites to sell a variety of intimate products.

Shoppers at Yahoo's new porn store must register an e-mail address and enter a credit-card number, which is cross-checked with the issuer to verify the cardholder's age.

Once cleared, shoppers can purchase titles aimed at either straight and gay audiences and from a variety of categories: explicitly hard-core to animated features or fetish titles.

After selecting a film, shoppers can

to bolster the company's bottom line. Around the beginning of the year, Yahoo began charging online commerce sites a fee if they wanted to be listed in its directory. Mainstream shops pay \$200. Adult-oriented sites fork out \$600.

Company officials insist their new shop "is just like any other we have on our site."

But critics note that Yahoo, which is expected to report its second consecutive quarterly loss Wednesday, has not avidly promoted the porn venture.

"This is the opposite of what Yahoo is about, of chat and community and all the news you can get," said John H. Corcoran, executive director for the Internet and new media group at CIBC World Markets. "This is all about dollars."

Nobody knows exactly how many porn DVD or VHS titles were sold last year, but industry watchers peg the U.S. market at several billion dollars.

"Yahoo understands that these slopes are slippery," said CIBC's Corcoran. "They also know that sex, sports and stocks are the power of three that drove the Internet in the past. ... Yahoo can put a bit of a filter up, put their hand out and take the money."

Private support could boost space efforts

by Earl Lane
Newsday
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Advocates of private development of space vehicles note the contrast to the early days of aviation, when hundreds of aircraft and engine manufacturers helped drive the rapid development of new equipment. Early advances in aviation were stimulated by a series of prizes offered for milestones, such as the greatest distance flown between sunrise and sunset or the first trans-Atlantic crossing.

In a throwback to those days, some companies and foundations are offering prizes for space-related achievements. Nevada-based Bigelow Aerospace is offering a \$10,000 prize to be awarded each year to "any domestic person, organization or company outside the satellite industry" that contributes the most toward the promotion or use of space for private enterprise. The X Prize Foundation in St. Louis is offering \$10 million to the first private team to fly a reusable, three-person spacecraft to an altitude of 62 miles and repeat the feat within two weeks. So far, 21 teams have signed up to compete for the prize, according to Gregg Maryniak, executive director of the foundation.

"The fundamental difference between early aviation and early spaceflight is that the public acquired the expectation that space was the sole province of governments," said Maryniak, who presented a paper at a recent conference on commercial space at the libertarian Cato Institute in Washington. "Ironically, the same Cold War competition that accelerated the early development of spaceflight fostered this belief which now impedes sustainable commercial space development. The belief that government

should be the lead player in space remains all-pervasive and continues to frame the discussion of commercial space even among space development advocates."

There has been an almost self-fulfilling sense that spaceflight belongs to the government. Unless there are ways found to get ordinary people into space at reasonable cost, he said, "we will perpetuate the myth that it is a government gig."

Still, many small companies have found it difficult to go it alone, analysts say, and have sought government funds to help get them started. Robert Walker, a former Republican member of Congress and past chairman of the House Science Committee, said space entrepreneurs must be wary, however, of chasing government contracts as an end in themselves. There were,

he said, "too many people whose whole business plan was to get a government contract with NASA or the military." That could hinder their ability to pursue their novel ideas without having to meet government milestones and specifications, he said.

Still, when it comes to radical advances in spaceflight, Walker offers a dose of realism as well. "Single-

stage-to-orbit is going to be very difficult to achieve without the government stepping in in some way," Walker, now a lobbyist with the Wexler Group, told the Cato Institute meeting. "Without some government money, even the big companies are not willing to step in."

Going to space is not easy, and developing the technology to make it affordable is a challenge that is properly shared by industry and government, many analysts say. But some entrepreneurs chafe at what they consider NASA's emphasis on only the most cutting-edge technologies and on spacecraft designs that suit its mission, which for now means servicing the space station.

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-Gregg Maryniak, executive director of the X-prize foundation.

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