

# Internet might disrupt economics

By DEAN VISSER  
Associated Press Writer

SINGAPORE — The wildfire growth of the Internet could have unintended and possibly disruptive economic consequences, particularly for financial assets, experts said yesterday.

The value of a stock or a currency is based on trust and accuracy of information — which are easy to manipulate on the Internet, said Geoffrey Baehr, chief network officer for Sun Microsystems, the American maker of business and network computers.

People put too much trust in the Internet and don't have the "facilities right now to accurately mistrust what they see or what they read," Baehr told some 700 economists, business executives and government officials at the eighth annual East Asia Economic Summit.

The Internet has the ability "to really transcend the traditional definitions of the stock market, or the traditional definitions of a currency," he said. "Anyone can now create a stock market."

The growth of Internet commerce could also undermine the value of the world's most established brand names, said Ramesh Vangal, president of Seagram Asia Pacific.

"Recent statistical results suggest that all brand names are some-

"Anyone can now create a stock market."

— Geoffrey Baehr  
chief network officer for Sun Microsystems

what anathema to the newish Internet users," Vangal said. "They are almost irritated when big brand names come onto the Net, which could mean that the valuation of huge, massive brand companies, both image-wise and trust-wise, are under a significant threat."

Vangal said the Internet would give Asian entrepreneurs better opportunities to compete with major corporations.

Sachio Semmoto, a professor at the graduate school of business administration at Japan's Keio University, was much more upbeat about the potential of the Internet, especially in countries where governments are less democratic.

"In the coming years, in the Asian countries, Internet penetration will bring ... disclosure and transparency," Semmoto said. "In traditional societies, some very few people grasped that power. But with Internet, more than 90 percent of the people can have equal access to information."

A top World Bank official told the conference that it was too early to claim that East Asia had triumphed over the crippling financial crisis that began in 1997.

"I agree with the general consensus that East Asia is in the process of recovery, but I think it is a little too early to declare victory," World Bank Senior Vice President Joseph Stiglitz said.

Stiglitz said he was worried that "wrong lessons will be drawn from the fact that recovery has occurred," warning that some government policies used to combat the crisis might not always work.

"The question is not whether the economy recovered, but what happened between the time of the crisis and the recovery," he said, calling for careful assessment of what policies need to be put in place for the region to move forward.

A high-ranking Chinese government official said China has no need to devalue its currency, the yuan. A possible devaluation of the yuan has been the subject of enormous speculation over the last few months.

Wang Chunzhen, a leading economic planner, told reporters China's growing foreign reserves and its floating exchange rate system made a devaluation, or intentional weakening of the currency, unnecessary.

# Britannica free on the Internet

In order to compete, Encyclopedia Britannica will offer its services free on its Web site, along with current news and e-mail.

By DAVE CARPENTER  
AP Business Writer

CHICAGO — The Encyclopedia Britannica, afraid of becoming just a dusty relic of the pre-computer age, is making its 32-volume set available for free on the Internet.

From a-ak (an ancient East Asian music) to Zywiec (a town in Poland), the Rolls Royce of encyclopedias was there in its entirety starting yesterday at the company's retooled Web site, www.britannica.com.

The 231-year-old company dumped door-to-door sales three years ago and hopes now to make money selling advertising on its site. The move may have been inevitable in an era when students doing homework are more likely to get their information from a computer than from a book.

The privately held company won't reveal revenue figures, but

sales of its print volumes — which cost \$1,250 a set and are now sold mostly to schools and other institutions — have seen a steep decline, admitted Don Yannias, chief executive of Britannica.com.

In an Internet-dominated market, "you have to be free to be relevant," said Jorge Cauz, senior president of Britannica.com Inc., the new company that holds the Chicago encyclopedia publisher's digital properties.

Free encyclopedias are only part of the lure. The Web site also will offer current information from newspapers, news agencies and 70 magazines as well as e-mail, weather forecasts and financial market reports.

Analysts who follow Britannica say its belated but aggressive moves into the electronic world, including some significant success with CD-ROM sales over the past three years, just may work.

"They're clearly not going to be able to recoup their revenues in the short term," said Aram Sinnreich of Jupiter Communications Inc. in New York. "But the move just might save them in the long run."

The early response was promising. Britannica said the

site received millions of hits yesterday, temporarily blocking access for some. The company said it expected to clear up the problems by the end of the day.

For generations, Britannica set the standard for encyclopedias. The leather-bound books were sold door-to-door, via direct mail, or at shopping mall kiosks.

At its peak in 1989, Britannica had estimated revenue of \$650 million and a worldwide sales force of 7,500. But with direct sales abandoned, the staff shrank as low as 280 and is now about 400.

The company lost ground badly after it spurned Microsoft, which went on to team up with discount encyclopedia publisher Funk & Wagnalls to produce a colorful, multimedia encyclopedia on CD-ROM in 1993.

Britannica's own CD-ROM version, released a year later, was low on graphics and did not fare as well.

Britannica became the first encyclopedia available on the Web in 1994, but there was an \$85-a-year subscription fee.

Since Swiss investor Jacob Safra bought Britannica in 1996, the company has been making a bigger push for the electronic market.

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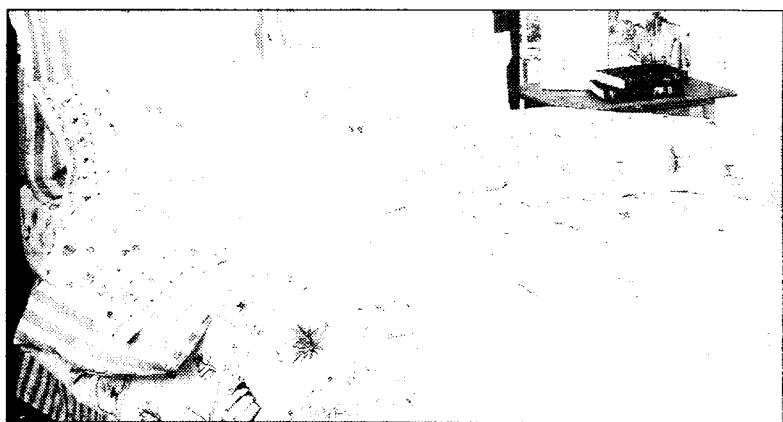
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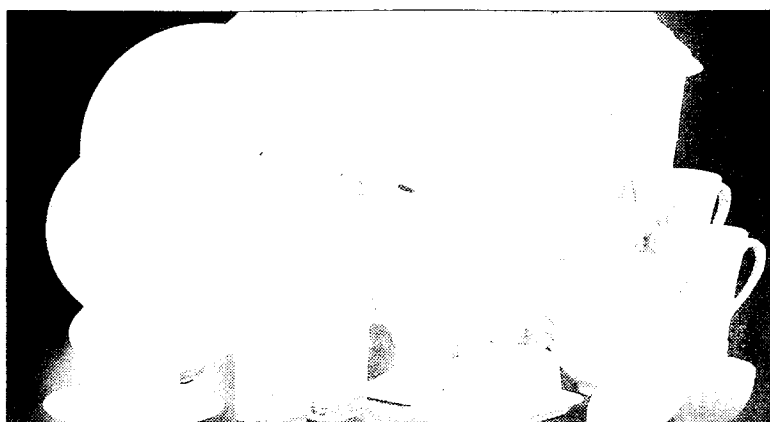
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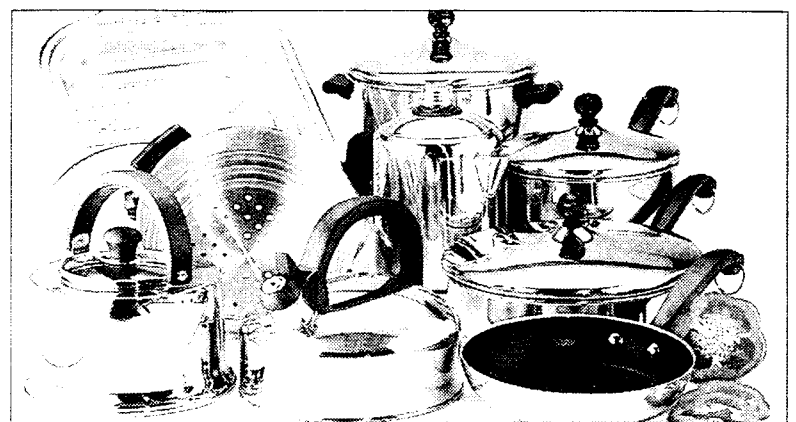
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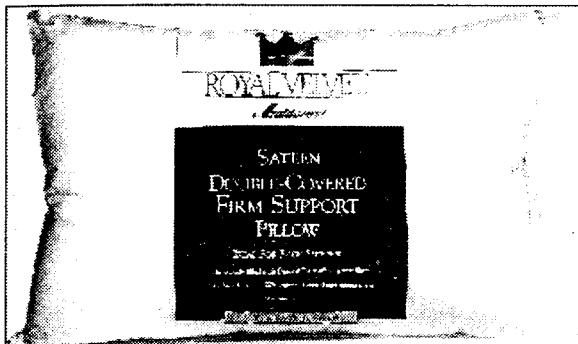
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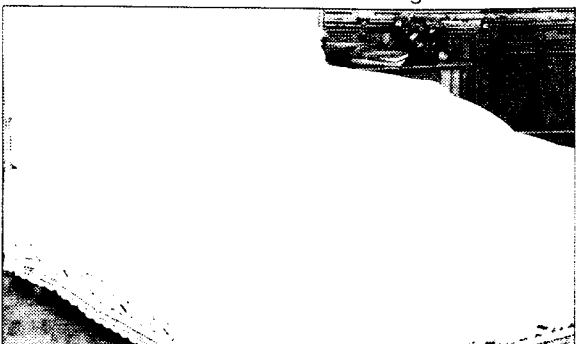
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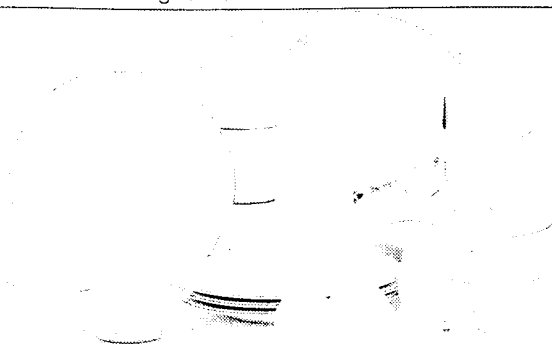
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