

## Digest of The New York Times

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## 1 Another Peril<sup>1</sup> in War Zones: Sexual Abuse by Fellow G.I.'s

Capt . Margaret H. White began a relationship with a warrant officer while both were training to be deployed to Iraq. By the time they arrived this year at Camp Taji, north of here, she felt what she called “creepy vibes” and tried to break it off.

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In the claustrophobic confines of a combat post, it was not easy to do. He left notes on the door to her quarters, alternately pleading and menacing. He forced her to have sex, she said. He asked her to marry him, though he was already married. He waited for her outside the women’s latrines or her quarters, once for three hours.

“It got to the point that I felt safer outside the wire,” Captain White said, referring to operations that take soldiers off their heavily fortified bases, “than I did taking a shower.”

Her ordeal ended with the military equivalent of a restraining order and charges of stalking against the officer. It is one case that highlights the new and often messy reality the military has had to face as men and women serve side by side in combat zones more than ever before.

Sexual harassment and sexual assault, which the military now defines broadly to include not only rape but also crimes like groping and stalking, continue to afflict the ranks, and by some measures are rising. While tens of thousands of women have served in Iraq and Afghanistan, often in combat, often with distinction, the integration of men and women in places like Camp Taji has forced to the surface issues that commanders rarely, if ever confronted before.

The military – belatedly, critics say – has radically changed the way it handles sexual abuse in particular, expanding access to treatment and toughening rules for prosecution. In the hardships of war, though, the effects of the changes remain unclear.

The strains of combat, close quarters in remote locations, tension and even boredom can create the conditions for abuse, even as they hinder medical care for victims and legal proceedings against those who attack them.

Captain White said she had feared coming forward, despite having become increasingly despondent and suffered panic attacks, because she was wary of she-said-he-said recriminations that would reverberate through the tightknit military world and disrupt the mission. Despite the military's stated "zero tolerance" for abuse or harassment, she had no confidence her case would be taken seriously and so tried to cope on her own, Captain White said.

A Pentagon-appointed task force, in a report released this month, pointedly criticized the military's efforts to prevent sexual abuse, citing the "unique stresses" of deployments in places like Camp Taji. "Some military personnel indicated that predators may believe they will not be held accountable for their misconduct during deployment because commanders' focus on the mission overshadows other concerns," the report said.

That, among other reasons, is why sexual assault and harassment go unreported far more often than not. "You're in the middle of a war zone," Captain White said, reflecting a fear many military women describe of being seen, somehow, as harming the mission.

"So it's kind of like that one little thing is nothing compared with 'There is an I.E.D. that went off in this convoy today and three people were injured,' " she said, referring to an improvised explosive device.

### Common Fears

By the Pentagon's own estimate, as few as 10 percent of sexual assaults are reported, far lower than the percentage reported in the civilian world. Specialist Erica A. Beck, a mechanic and gunner who served in Diyala Province in Iraq this summer, recalled a sexual proposition she called "inappropriate" during her first tour in the country in 2006-7. "Not necessarily being vulgar, but he, you know, was asking for favors," she said.

She did not report it, she said, because she feared that her commanders would have reacted harshly – toward her.

“It was harassment,” she said. “And because it was a warrant officer, I didn’t say anything. I was just a private.”

Her fears were common, according to soldiers and advocates who remain skeptical of the military’s efforts to address abuse. A report last year by the Government Accountability Office concluded that victims were reluctant to report attacks “for a variety of reasons, including the belief that nothing would be done or that reporting an incident would negatively impact their careers.”

When Sgt. Tracey R. Phillips told a superior about an unwanted sexual advance from a private the night their unit arrived in Iraq in May, the accusations unleashed a flurry of charges and countercharges, an initial investigation of her on charges of adultery, a crime in the military justice system, and, according to her account, violations by her commanders of the new procedures meant to ease reporting of abuse.

In the end, she was kicked out of Iraq and the Army itself, while the private remained on duty here.

The military disputed her account but declined to state the reasons for sending her out of Iraq. Her paperwork showed that she received an honorable discharge, though with “serious misconduct” cited as the reason. The so-called misconduct, she said, stemmed from the Army’s allegation that she had had an inappropriate relationship with the private she accused. She denied that.

“If I would have never, ever, ever said anything, I wouldn’t be sitting here,” she said in an interview at her parents’ home near San Antonio. “I’d still be in Iraq.”

At bases around Iraq, many said that acceptance and respect for women in uniform were now more common than the opposite. In part, they said, that reflects a sweeping change in military culture that has accompanied the rise of women through the ranks and into more positions once reserved for men.

“It’s not tolerated – it’s just not,” said Lt. Brenda L. Beegle, a married military police officer, referring to sexual harassment and abuse.

In an interview at Liberty Base, near Baghdad's airport, she said: "Everyone has heard stories about bad things that have happened. I've never had an issue."

Although exact comparisons to the civilian world are difficult because of different methods of defining and reporting abuse, Pentagon officials and some experts say that the incidence of abuse in the military appears to be no higher than in society generally, and might be lower. It appears to be even lower in combat operations than at bases in the United States, because of stricter discipline and scrutiny during deployments, as well as restrictions on alcohol, which is often a factor in assaults, for example, on college campuses.

#### Complaints Increase

The number of complaints, though, is rising. Across the military, there were 2,908 reported cases of sexual abuse involving service members as victims or assailants, in the fiscal year that ended in September 2008, the last year for which the Pentagon made numbers available. That was an 8 percent increase from the previous year, when there were 2,688.

In the turbulent regions from Egypt to Afghanistan where most American combat troops are now deployed, the increase in reported cases was even sharper: 251 cases, compared with 174 the year before, a 44 percent increase. The number in Iraq rose to 143, from 112 the year before. Everyone agrees that those represent only a fraction of the instances of assault, let alone harassment.

"A woman in the military is more likely to be raped by a fellow soldier than killed by enemy fire in Iraq," Representative Jane Harman, a Democrat from California, said at a Congressional hearing this year, repeating an assertion she has made a refrain in a campaign of hers to force the military to do more to address abuses.

At least 10 percent of the victims in the last year were men, a reality that the Pentagon's task force said the armed services had done practically nothing to address in terms of counseling, treatment and prosecution. Men are considered even less likely to report attacks, officials said, because of the

stigma, and fears that their own sexual orientation would be questioned. In the majority of the reported cases, the attacker was male.

Senior Pentagon officials argued that the increase in reports did not necessarily signify a higher number of attacks. Rather, they said, there is now a greater awareness as well as an improved command climate, encouraging more victims to come forward.

“We believe the increase in the number of reported cases means the department is capturing a greater proportion of the cases that occurred during the year, which is good news,” said the Pentagon’s senior official overseeing abuse policies, Kaye Whitley.

The military can no more eradicate sexual abuse than can society in general, but soldiers, officers and experts acknowledge that it is particularly harmful when soldiers are in combat zones, affecting not only the victims but also, as the military relies more than ever on women when the nation goes to war, the mission.

“For the military the potential costs are even higher as it can also negatively impact mission readiness,” the Pentagon’s annual report on sexual abuse said, referring to sexual violence. “Service members risk their lives for one another and bear the responsibility of keeping fellow service members out of harm’s way. Sexual assault in the military breaks this bond.”

Even investigations into accusations, which are often difficult to prove, can disrupt operations. In Sergeant Phillips’s case, she was relieved of her duties leading a squad of soldiers refueling emergency rescue helicopters and other aircraft at Camp Kalsu, south of Baghdad.

Cases like hers suggest that the vagaries of sex and sexual abuse, especially in combat zones, continue to vex commanders on the ground, despite the transformation of the military’s policies.

The majority of sexual abuse allegations end with no prosecution at all. Of 2,171 suspects of investigations that were completed during the fiscal year that ended in September 2008, only 317 faced a court-martial. Another 515 faced administrative punishments or discharges. Nearly half of

the completed investigations lacked evidence or were “unsubstantiated or unfounded.”

The Pentagon, facing criticism, maintains that it has transformed the way it handles sexual abuse. In the wake of the invasions of Afghanistan and Iraq, as well as highly publicized cases and revelations of rampant abuse at the Air Force Academy in 2003, the Pentagon created a single agency to oversee the issue and rewrote the rules of reporting, treatment and prosecution. Beginning in October 2007, the Uniform Code of Military Justice expanded the provision that once covered rape – Article 120 – to include other offenses, like indecent exposure and stalking.

The Army, which has provided the bulk of the forces in Iraq, has increased the number of investigators and lawyers trained to investigate accusations. Most bases now have kits to collect forensic evidence in rape cases, which was not the case immediately after the invasion in 2003.

Larger field hospitals in Balad and Mosul now have the same type of sexual assault nurse examiners widely used in the civilian world, as well as a dozen other examiners who are not nurses but are trained to conduct forensic examinations.

The military has set up a system of confidential advisers women can turn to who are outside the usual chain of command – an avenue Sergeant Phillips said she had been denied.

If they want to, the women can now seek medical treatment and counseling without setting off a criminal investigation. And all the services have started educational programs to address aspects of a hierarchical warrior culture that some say contributes to hostility toward women. Posters for the campaign blanket bulletin boards in offices, chow halls and recreational buildings on bases across Iraq.

The military’s efforts, however well intentioned, are often undermined by commanders who are skeptical or even conflicted, suspicious of accusations and fearful that reports of abuse reflect badly on their commands. The Pentagon task force also reported that victims of assault did not come forward because they might “have engaged in misconduct for which they



could be disciplined, such as under-age drinking, fraternization or adultery.”

Marti Ribeiro, then an Air Force sergeant, said she was raped by another soldier after she stepped away from a guard post in Afghanistan in 2006 to smoke a cigarette, a story first recounted in “The Lonely Soldier,” a book by Helen Benedict about women who served in Iraq and elsewhere. When she went to the abuse coordinator, she was threatened with prosecution for having left her weapon and her post.

“I didn’t get any help at all, let alone compassion,” said Ms. Ribeiro, who has since retired and joined the Service Women’s Action Network, a new advocacy organization devoted to shaping the Pentagon’s policy.

The hardships of combat operations often compound the anguish of victims and complicate investigations, as well as counseling and treatment. The Government Accountability Office suggested that the “unique living and social circumstances” of combat posts heightened the risk for assault. Both the G.A.O. and the Pentagon’s task force found that, despite the Pentagon’s policy, remote bases did not have adequate medical and mental health services for victims. The task force also found that abuse coordinators and victim advocates were often ill trained or absent.

As a result, victims often suffer the consequences alone, working in the heat and dust, living in trailers surrounded by gravel and concrete blast walls, with nowhere private to retreat to. In Captain White’s case, she had to work and live beside the man who assaulted and stalked her until their deployment ended in August and they both went home.

“You’re in such a fishbowl,” she said. “You can’t really get away from someone. You see him in the chow hall. You see him in the gym.”

### The Danger Nearby

Captain White’s case is typical of many here, according to military lawyers and experts, in that she knew the man she said assaulted her, circumstances that complicated the investigation and prosecution.

She had dated the warrant officer when they arrived in Fort Dix, N.J., for predeployment training with the 56th Stryker Combat Team. The newly

revised article of the Uniform Code of Military Justice says that “a current or previous dating relationship by itself” does not constitute consent.

Once at Camp Taji, a sprawling base just north of Baghdad, she grew troubled by his behavior. He cajoled her with presents and sent her e-mail messages. She said that for fear of running into him, she stopped drinking water after 7 p.m. so she would not have to go to the latrine at night alone.

She never came forward herself. Her case came to light only when military prosecutors questioned her about another investigation involving the warrant officer. He was ultimately charged with 19 offenses, said Lt. Col. Philip J. Smith, a spokesman for the division that oversaw operations in central Iraq. The charges included seven counts of fraternization and two of adultery, interfering with an investigation and, in Captain White’s case, stalking.

After their deployment ended in September, the officer pleaded guilty and resigned from the Army in lieu of prosecution, Colonel Smith said.

Captain White said that she was satisfied with the legal outcome of her case, though her account of it highlighted the emotional strains that sexual abuse causes.

“I’m not saying that I handled it the best way,” she said in an interview after her own retirement from the Army, “but I handled it at the time and in the situation what I thought was the best way, which was just to keep my head down, keep going – which was kind of an Army thing to say: Drive on.”

## 2 Elite U.S. Force Expanding Hunt in Afghanistan

**S**ecretive branches of the military’s Special Operations forces have increased counterterrorism missions against some of the most lethal groups in Afghanistan and, because of their success, plan an even bigger expansion next year, according to American commanders.

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The commandos, from the Army's Delta Force and the Navy's classified Seals units, have had success weakening the network of Sirajuddin Haqqani, the strongest Taliban warrior in eastern Afghanistan, the officers said. Mr. Haqqani's group has used its bases in neighboring Pakistan to carry out deadly strikes in and around Kabul, the Afghan capital.

Guided by intercepted cellphone communications, the American commandos have also killed some important Taliban operatives in Marja, the most fearsome Taliban stronghold in Helmand Province in the south, the officers said. Marine commanders say they believe that there are some 1,000 fighters holed up in the town.

Although President Obama and his top aides have not publicly discussed these highly classified missions as part of the administration's revamped strategy for Afghanistan and Pakistan, the counterterrorism operations are expected to increase, along with the deployment of 30,000 more American forces in the next year.

The increased counterterrorism operations over the past three or four months reflect growth in every part of the Afghanistan campaign, including conventional forces securing the population, other troops training and partnering with Afghan security forces, and more civilians to complement and capitalize on security gains.

American commanders in Afghanistan rely on the commando units to carry out some of the most complicated operations against militant leaders, and the missions are never publicly acknowledged.

The commandos are the same elite forces that have been pursuing Osama bin Laden, captured Saddam Hussein in Iraq in 2003 and led the hunt that ended in 2006 in the death of Abu Musab al-Zarqawi, the leader in Iraq of the insurgent group Al Qaeda in Mesopotamia.

In recent interviews here, commanders explained that the special-mission units from the Joint Special Operations Command were playing a pivotal role in hurting some of the toughest militant groups, and buying some time before American reinforcements arrived and more Afghan security forces could be trained.

“They are extremely effective in the areas where we are focused,” said one American general in Afghanistan about the commandos, speaking on the condition of anonymity because of the classified status of the missions.

Gen. David H. Petraeus, who is in charge of the military’s Central Command, mentioned the increased focus on counterterrorism operations in testimony before the Senate Foreign Relations Committee on Dec. 9. But he spoke more obliquely about the teams actually conducting attacks against hard-core Taliban extremists, particularly those in rural areas outside the reach of population centers that conventional forces will focus on.

“We actually will be increasing our counterterrorist component of the overall strategy,” General Petraeus told lawmakers. “There’s no question you’ve got to kill or capture those bad guys that are not reconcilable. And we are intending to do that, and we will have additional national mission force elements to do that when the spring rolls around.”

Senior military officials say it is not surprising that the commandos are playing such an important role in the fight, particularly because Gen. Stanley A. McChrystal, the senior American and NATO officer in Afghanistan, led the Joint Special Operations Command for five years.

In addition to the classified American commando missions, military officials say that other NATO special operations forces have teamed up with Afghan counterparts to attack Taliban bomb-making networks and other militant cells.

About six weeks ago, allied and Afghan special operations forces killed about 150 Taliban fighters in several villages near Kunduz, in northern Afghanistan, a senior NATO military official said.

Some missions have killed Taliban fighters while searching for Pfc. Bowe R. Bergdahl, who was reported missing on June 30 in eastern Afghanistan. The Taliban in July posted a video on jihadist Web sites in which the soldier identified himself and said that he had been captured when he lagged behind on a patrol. A second video was released on Friday.

“We’ve been hitting them hard, but I want to be careful not to overstate our progress,” said the NATO official, speaking on the condition of anonymity in order to describe the operations in detail. “It has not yet been decisive.”

In Helmand, more than 10,000 Marines, as well as Afghan and British forces, are gearing up for a major confrontation in Marja early next year. Brig. Gen. Larry Nicholson, the senior Marine commander in the south, said in a recent interview, “The overt message we’re putting out is, Marja is next.”

General Nicholson said there were both “kinetic and nonkinetic shaping operations” under way. In military parlance that means covert operations, including stealthy commando raids against specific targets, as well as an overt propaganda campaign intended to persuade some Taliban fighters to defect.

Military officials say the commandos are mindful of General McChrystal’s directive earlier this year to take additional steps to prevent civilian casualties.

In February, before General McChrystal was named to his current position, the head of the Joint Special Operations Command, Vice Adm. William H. McRaven, ordered a halt to most commando missions in Afghanistan, reflecting a growing concern that civilian deaths caused by American firepower were jeopardizing broader goals there.

The halt, which lasted about two weeks, came after a series of nighttime raids by Special Operations troops killed women and children, and after months of mounting outrage in Afghanistan about civilians killed in air and ground attacks. The order covered all commando missions except those against the top leaders of the Taliban and Al Qaeda, military officials said.

Across the border in Pakistan, where American commandos are not permitted to operate, the Central Intelligence Agency has stepped up its missile strikes by Predator and Reaper drones on groups like the Haqqani network.

But an official with Pakistan’s main spy agency, the Inter-Services Intelligence directorate, or I.S.I., said there had also been more than 60 joint operations involving the I.S.I. and the C.I.A. in the Federally Administered Tribal Areas and Baluchistan in the past year.

The official said the missions included “snatch and grabs” – the abduction of important militants – as well as efforts to kill leaders. These operations

were based on intelligence provided by either the United States or Pakistan to be used against the Taliban and Al Qaeda, the official said.

“We can expect to see more U.S. action against Haqqani,” a senior American diplomat in Pakistan said in a recent interview.

The increasing tempo of commando operations in Afghanistan has caused some strains with other American commanders. Many of the top Special Operations forces, as well as intelligence analysts and surveillance aircraft, are being moved to Afghanistan from Iraq, as the Iraq war begins to wind down.

“It’s caused some tensions over resources,” said Lt. Gen. Charles H. Jacoby Jr., the second-ranking commander in Iraq.

### **3 A Record Budget Stirs Debt Worries in Japan**

**T**he Japanese government approved on Friday a record trillion-dollar budget for the next fiscal year that encompasses ambitious welfare outlays to help households cope with the country’s deep economic woes, but the scale of new spending could renew investor jitters about the government’s burgeoning debt.

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Prime Minister Yukio Hatoyama, who took office in September after landmark elections that ended an era of single-party rule in Japan, has been trying to strike a balance between a budget big enough to kick-start economic recovery while keeping new lending in check.

He has been distracted, however, by mishandled negotiations over the fate of a United States military air base in Japan and by a campaign finance scandal. On Thursday, Mr. Hatoyama apologized to the nation after two aides were charged with falsely reporting donations, though he denied any wrongdoing on his part.

Addressing the country for the second night in a row on Friday, Mr. Hatoyama, who leads the Democratic Party, urged the public to stay focused

on the task of rebuilding an economy recovering from its worst recession since World War II.

The record \$1 trillion budget for the year starting in April reorients spending to households by allocating more to welfare and education at the expense of public works projects, where the ousted Liberal Democrats had poured a large amount of government funds.

Mr. Hatoyama hopes the generous welfare spending will encourage households to consume more, offering a much-needed boost to the economy.

“Together with all of you, I want to build a better Japan, a new Japan,” Mr. Hatoyama said at a news conference. “I have adhered to the principle that people matter more than concrete,” he said.

Japan will issue fresh debt worth a record \$485 billion, in line with an earlier estimate, he said. The new borrowing brings Japan’s public debt to about \$9.4 trillion, or 181 percent of gross domestic product, at the end of March 2011, by far the highest in the industrialized world.

Dogging Mr. Hatoyama’s budgeting efforts has been a plunge in tax revenue as Japan’s export-oriented economy struggles with a falloff in international trade brought on by the global economic crisis.

Tax receipts, at about \$405 billion, are expected to make up less than half the government’s budget, forcing the government to borrow more than it receives in revenues – another postwar first.

Citing tough finances, the government abandoned a campaign pledge to cut an unpopular tax on gasoline, and it has backtracked on promises to abolish tolls on Japanese highways. But the government stuck with its ambitious social agenda, which includes cash payments to child-rearing households and free public high school education.

Though most voters had appeared to be willing to give Mr. Hatoyama time to deliver on his promises, public support for him is waning. A public opinion poll recently showed his approval rating had fallen below 50 percent, from a post-election high of 71 percent.

The campaign financing scandal has further eroded his credibility. At first, the allegations of improper accounting raised few anxieties among voters because much of the money involved was from Mr. Hatoyama's own coffers or from his mother, an heiress to the fortune of the Japanese tire maker Bridgestone.

But the charges have increasingly painted Mr. Hatoyama as a leader out of touch with the economic plight of average Japanese at a time of high unemployment and persistent deflation.

The falling support puts the Democrats in a potentially precarious position ahead of elections for Parliament's Upper House, which must be held next year. The Democrats hope to clinch a majority in that chamber to match their control of Parliament's powerful Lower House.

## 4 Passengers' Quick Action Halted Attack

Despite the billions spent since 2001 on intelligence and counterterrorism programs, sophisticated airport scanners and elaborate watch lists, it was something simpler that averted disaster on a Christmas Day flight to Detroit: alert and courageous passengers and crew members.



During 19 hours of travel, aboard two flights across three continents, law enforcement officials said, Umar Farouk Abdulmutallab bided his time. Then, just as Northwest Flight 253 finally began its final approach to Detroit around noon on Friday, he tried to ignite the incendiary powder mixture he had taped to his leg, they said.

There were popping sounds, smoke and a commotion as passengers cried out in alarm and tried to see what was happening. One woman shouted, "What are you doing?" and another called out, "Fire!"

And then history repeated itself. Just as occurred before Christmas in 2001, when Richard C. Reid tried to ignite plastic explosives hidden in his shoe on a trans-Atlantic flight, fellow passengers jumped on Mr. Abdulmutallab, restraining the 23-year-old Nigerian.



Jasper Schuringa, a Dutch film director seated in the same row as Mr. Abdulmutallab but on the other side of the aircraft, saw what looked like an object on fire in the suspect's lap and "freaked," he told CNN.

"Without any hesitation, I just jumped over all the seats," Mr. Schuringa said, in an account that other passengers confirmed. "I was thinking, Oh, he's trying to blow up the plane. I was trying to search his body for any explosive. I took some kind of object that was already melting and smoking, and I tried to put out the fire and when I did that I was also restraining the suspect."

Mr. Schuringa said he had burned his hands slightly as he grappled with Mr. Abdulmutallab, aided by other passengers among the 289 on board, and began to shout for water.

"But then the fire was getting worse, so I grabbed the suspect out of the seat," Mr. Schuringa said. Flight attendants ran up with fire extinguishers, doused the flames and helped Mr. Schuringa walk Mr. Abdulmutallab to first class, where he was stripped, searched and locked in handcuffs.

"The whole plane was screaming – but the suspect, he didn't say a word," Mr. Schuringa said.

He shrugged off praise for his swift action, which he said was reflexive. "When you hear a pop on the plane, you're awake, trust me," he said. "I just jumped. I didn't think. I went over there and tried to save the plane."

In an affidavit filed in court, an F.B.I. agent said that Mr. Abdulmutallab stayed in the bathroom for 20 minutes before the attempt, returned to his seat, told his seatmates that his stomach was upset and covered himself with a blanket. It was then that the smoke and popping sounds began.

After he was subdued and the fire extinguished, a flight attendant asked him what had been in his pocket, and he answered, "explosive device," the affidavit said. The powder was identified by the F.B.I. as PETN, a high explosive.

The close call was followed by several tense hours as counterterrorism officials checked on other United States-bound flights to determine whether

more planes were targets, as in the thwarted 2006 plot to smuggle liquid explosives aboard multiple flights leaving from Britain.

They found no immediate signs that other flights were in danger, officials said. They tightened airport security, ordering new restrictions on carry-on luggage and passenger movement inside the cabin, but did not elevate the nation's threat level, which has been at orange since 2006.

Dozens of investigators led by the Federal Bureau of Investigation were working Saturday to understand exactly how a passenger managed to get PETN and a syringe of chemicals aboard the flight. Intelligence agencies were studying intercepted communications to see whether clues were missed and to assess whether the incident could presage more attacks.

David Schilke, 49, of Livonia, Mich., who works in the information technology department at the Ford Motor Company, was traveling home from Moscow with his wife, Iliana, and their 5-year-old son, sitting two rows behind the suspect. He said he heard a pop, and then someone asking for water and screams coming from the rows in front of him. The fire, he said, lasted for a full minute.

"The guy wasn't fighting or doing anything," Mr. Schilke said. "He was just sitting there in the flames. I was shocked that he would do that." He added that he was surprised at how little panic there was. Many passengers who were farther away thought the pops were from fireworks, he said.

Richard Griffith, 41, of Pontiac, Mich., who said he had been sitting in the back of the plane during the episode, praised the crew for its professionalism in preventing panic.

Mr. Griffith said the passenger who had been sitting next to the suspect told him the suspect got up once midflight to use the bathroom and returned to the bathroom about 20 or 30 minutes before the attempt, apparently to brush his teeth. Otherwise, he said, "He just sat there; he didn't talk to nobody."

The episode, which riveted the attention of President Obama on vacation in Hawaii and prompted counterterrorism officials to rush back to work, capped a year in which plots of violence inside the United States have surged.

The attempt appeared to underscore the continuing determination of Muslim militants to kill Americans more than eight years after the Sept. 11 attacks.

Passengers transferring from foreign flights at the Amsterdam airport, where Mr. Abdulmutallab changed planes and boarded the flight bound for Detroit, are required to be screened by security there before taking off on another flight, an airport spokeswoman said Saturday. She could not confirm the details in Mr. Abdulmutallab's case but said he was presumably subject to that sort of screening.

Investigators planned to interview all the passengers on the suspect's flights and to look over any security-camera video footage of him, a law enforcement official said.

Mr. Abdulmutallab apparently left Murtala Muhammed Airport in Lagos aboard KLM Flight 588, a Boeing 777, at 11 on Christmas Eve and arrived at Schiphol Airport in Amsterdam a little early, at 5:37 a.m. on Christmas Day.

Three hours later, at 8:54 a.m., Northwest 253, an Airbus A330, took off for Detroit Metropolitan Wayne County Airport, with three pilots, eight flight attendants and the 278 passengers.

Amsterdam has long been an airport of concern for American aviation security officials, like other major gateways in Europe, including London, Brussels and Frankfurt, where the Transportation Security Administration sees an unusually large number of hits from people on so-called selectee or no-fly lists associated with security threats, one former senior Homeland Security official said.

In 2007, the Amsterdam airport began testing body-scanning machines that can find threats hidden under passengers' clothing, but there are only 10 such machines out of 200 security checkpoints at the sprawling airport. In the United States, the T.S.A. has begun to substitute similar machines, called millimeter-wave technology, for walk-through metal detectors.

"Those will pick up anything underneath clothing," said Edmund S. Hawley, who served as the agency's administrator until January. "If he had it taped to his leg, it could have easily identified something there."

Mr. Hawley said of Al Qaeda and like-minded militants: “They have been trying since 2001, and they are going to keep trying. You have to keep your vigilance up over the long term. That is the hard thing.”

## 5 For Airline Passengers, Pat-Downs, Searches and Restroom Monitors

**A**s Detroit’s airport was rattled on Sunday by a second frightening incident in three days, passengers at airports in the United States and around the world encountered stiff layers of extra security, with international travelers undergoing newly required bag inspections, body searches and questioning at security checkpoints and before they boarded planes.



At the Detroit Metropolitan Wayne County Airport here, officials detained a passenger who caused a disruption aboard Northwest Airlines Flight 235 from Amsterdam, the same flight involved in a terrorism attempt on Friday, when a Nigerian man caused a fire by injecting chemicals into a device taped to his leg.

Pilots on Sunday declared an emergency after a second man, also a Nigerian, spent an unusually long time in an airplane restroom, said a Department of Homeland Security spokeswoman, Sara Kuban.

In a similar scene to the one Friday, the plane was taken to a remote corner of the airport, far from the terminals, where it was surrounded by emergency vehicles. All of the baggage was removed from the plane, lined up on the tarmac and searched by explosive-sniffing dogs.

The passenger, whose name was not made public, “was removed from the flight and interviewed” by the Federal Bureau of Investigation.

“Indications at this time are that the individual’s behavior is due to legitimate illness,” Ms. Kuban said, “and no other suspicious behavior or materials have been found.”

The incident came amid security measures that were begun by the Transportation Security Administration in response to Friday’s terrorism attempt.

The T.S.A. issued an update on its Web site Sunday that said passengers would be subject to greater security, but its information was not as detailed as the memorandums sent by the agency to airlines this weekend. The airlines said the new T.S.A. measures required an additional round of searches, including body pat-downs at airport gates overseas.

International travelers were also told that they could not leave their seats for the last hour of a flight, during which time they also could not use a pillow or blanket. They were also limited to one piece of carry-on baggage, including a purse or briefcase, and that piece had to be stowed in an overhead compartment for the last hour of a flight.

Airlines were ordered to turn off in-flight entertainment systems with maps showing a plane's location, and pilots and flight crews were told not to make comments about cities or landmarks below the flight path.

There also were unspecified measures at airports in the United States, where lines at screening machines grew long. At the Detroit airport, officers in bright blue vests marked "Police" walked through the check-in lobby.

Jodi Syens, of Holland, Mich., her husband, Marvin, and daughter Rachel were aboard a flight from London that arrived in Detroit several hours behind schedule Sunday. The Syens, who had arrived at Heathrow Airport three-and-a-half hours before their flight, said passengers were taken by their aircraft rows up to the gate, where carry-on bags were thoroughly checked and the travelers were patted down.

"It was long, but we were appreciative," Mrs. Syens said.

Tightened security at Narita International Airport in Tokyo came as a surprise to Wen-Lung Huang, of Ann Arbor, Mich., who traveled from Taipei with his wife, Linda, and infant daughter, Catherine. The Huangs, who had two carts loaded with baggage, had to check Catherine's car seat and portable stroller. Japanese airport officials wrapped each in plastic and heavy tape.

Mr. Huang was skeptical of the new measures, saying, "I don't know that storing everything and not going to the lavatory for the last hour is going to help."

The one-bag limit proved a headache for Nicole Williams, a Canadian who lives in Manhattan and was headed home Sunday from Ottawa. She was busily stuffing a BlackBerry and other valuables from her purse into a carry-on bag that also held her Boston terrier.

Ms. Williams, who was flying to La Guardia Airport, said that because Air Canada had charged her extra to take her dog in the cabin, she had mistakenly thought that the dog's bag was not covered by the new carry-on restrictions.

There was a good deal of confusion among international passengers interviewed on arrival at several American airports Sunday, with many saying they had been unaware of Friday's terrorism attempt and had not been told of the new security measures until they were actually confronted with them.

Henry Chen, 48, a businessman who lives in San Francisco, said he was shocked to have a female flight attendant barge in on him in the restroom while he was washing his face during a flight from Seoul. "It was kind of weird, to have a lady try to get in," he said. "She said that they had to watch people being in the restroom too long."

Joel Barnes and Bryan Duncan, both 27, were sitting in a Starbucks at Los Angeles International Airport, after a 13-hour flight from Brisbane, Australia. They were awaiting the arrival of a friend who had sent them a text message to alert them that his flight from Vancouver had been delayed for two hours because of heightened security measures at the airport there.

The men said their armpits and shoes had been searched before they boarded their flight, and Mr. Barnes said, "They rubbed their hands on the soles of our feet."

They also recounted how an hour before landing an announcement had been made that no one could get up for the remainder of the flight.

"It was kind of funny," Mr. Barnes said, "because the previous announcement had been about the danger of deep-vein thrombosis or strombosis or whatever you get from sitting for too long. We laughed."

Priya Prasad, 32, an administrative assistant who lives in Oakland, Calif., said she was annoyed by the extra hour it took her to get through security

when she boarded a flight in Mumbai. “They’re being extra cautious, which I guess is fine,” she said. “But I don’t understand what it is they’re looking for. They went through my bag three times, and still I got my scissors and tweezers on the plane.”

Lee Hung Kyu, 40, who has worked as a Korean Air flight attendant for 15 years, said the new rules posed challenges for flight crews. On a flight to San Francisco, a woman who claimed to be sick protested when asked to give up her blanket an hour before landing.

Mr. Lee, who had made two in-flight announcements warning of the blanket collection, said he could not turn up the temperature on the plane, for fear of overheating the other passengers. “I allowed her to keep her blanket with one condition,” he said. “I checked it again to make sure there was nothing between the blanket and her lap.”

For the most part, crew members said passengers were cooperative. But Mee Hyum Koo, a passenger on a Korean Air flight from Seoul to New York, said the extra steps added to the anxiety of flying. “I don’t feel good,” she said. “It’s uncomfortable. Scary.”

Still, Sarah Woodhouse, of Norwich, England, said she could understand the new steps. Before leaving Amsterdam for Newark Liberty International Airport, she said she was asked to switch on her camera to prove it was not an explosive device.

“Everyone just accepted that that’s what you have to do,” Ms. Woodhouse said. Paul Bidwell, her traveling companion and a fellow high school teacher, said: “I’m quite happy for them to do it. It’s peace of mind for everyone.”

There was little peace of mind among passengers landing here Sunday on Northwest Flight 253 from Amsterdam, many of whom said they feared they were about to be victims of an attack similar to the attempt made on the same flight as it landed Friday.

Ali Hashemian, a passenger from Fort Lauderdale, Fla., said a man who had been sitting in the last row of the plane had been in the restroom for a long time when an air marshal, his badge visible, began knocking on the door, but received no answer.

Mr. Hashemian and other passengers said it was unclear to them what happened next, but when the plane landed, the authorities escorted the man off. “He was very quiet,” Mr. Hashemian said. “He knew he was being arrested.” The Associated Press said he had been released after questioning.

Another passenger, Denise Kabalka-Chesney, of Romeo, Mich., said passengers were told that the man had been “unruly.”

The plane made an abrupt landing and then taxied to the remote location.

“When we made the touchdown, we knew something was going on,” said another passenger, Hitesh Desai. “The captain asked us to be quiet and stay in our seats. It all felt a little surreal.”

Passengers eventually boarded buses for the international terminal, where they waited another 30 minutes for the baggage before departing around 5:15 p.m., more than four hours after the plane had been scheduled to land.

“In the end,” said Joydeep Yadav, of Rochester Hills, Mich., “it was just an inconvenience.”

## 6 In Las Vegas, Sports Books in a Pocket

**F**or decades, sports bettors in this city have queued up at sports book windows and handed over cash in exchange for paper tickets formalizing their bets.



But on a recent Sunday in the sports book at the M Resort in nearby Henderson, gamblers seeking action on professional and college football games were engaging in a much different ritual: betting through hand-held devices no larger than a smartphone.

The technology, part of a new system from Cantor Gaming, a subsidiary of the financial services firm Cantor Fitzgerald, lets gamblers place bets on certain sporting events like football or baseball, tennis matches and horse races from anywhere in the casino and play other games like blackjack and baccarat.



Gamblers can also for the first time wager on the outcomes of events as the events transpire. When a football team lines up for a field goal, for example, bettors can bet on whether the kicker will make it or miss.

Not surprisingly, casino operators like it. They are always trying to make their books more profitable. While annual casino revenue in Nevada hovers around \$10 billion, last year revenue from sports bets was only \$125 million, or 1.25 percent of that amount.

“All of a sudden, these same people who were betting once or twice a game at the beginning of a sporting event can place wagers every minute if they want,” says Anthony A. Marnell III, chief executive of the M Resort. “Having this technology changes the entire equation for everyone involved.”

To wager, bettors still fork over cash to human ticket writers in the sports book, but those workers simply convert the money into electronic credits, which are stored in a triple-encrypted database hosted on backroom servers.

At the M Resort, gamblers have two options to use these credits: they can sit in front of touch-screen monitors in the sports book that resemble airline check-in kiosks, or they can check out location-aware wireless handhelds, called eDecks. These devices then connect to the casino servers over a secured wireless Internet connection.

The eDecks resemble chubby iPhones, and can be taken almost anywhere in the casino – into the lounges and restaurants, for example. Bettors, however, cannot use them (or any other devices) while playing table games.

At the sports books at the Venetian and the Palazzo on the Strip, eDecks are the only option, and have been rebranded as PocketCasino.

In both introductions, the portable devices offer standard sports bets and are already loaded with software that allows supplemental wagering in the form of blackjack and baccarat games. The games include basic wagers, as well as propositional bets that dynamically calculate odds based on the cards dealt.

The betting during events option is called in-running betting, and Lee Amaitis, chief executive of Cantor Gaming, says oddsmakers have dreamed of this

for decades but have lacked the number-crunching resources to hang lines at game speed.

To solve this problem, Cantor Gaming sets its in-game lines based upon algorithms from the financial services world. Mr. Amaitis says these algorithms are variations of those created by a sister company, Cantor Index, a financial spread-betting company in London that offers bets on various markets including equities, indices, bonds and commodities.

“We’ve created an environment in which we’re trading sports,” Mr. Amaitis said. “With markets, realities and probabilities of future events are changing constantly. It’s no different in sports; each game has millions of permutations and potential outcomes we can offer as odds.”

Despite its pedigree, Cantor Gaming’s eDeck technology had to overcome a number of challenges before it was approved by the Nevada Gaming Commission in 2008. First was the issue of security. The company requires all eDeck users to obtain a plastic card embedded with a Radio Frequency Identification chip. When bettors check out a device, ticket writers program it to work only within a few feet of that chip, so no other people can pick up the device and wager on the original user’s account.

Sunny Tara, Cantor Gaming’s chief technology officer, says that as soon as the device can no longer read the RFID chip, it prohibits any further betting before being reset.

Mr. Tara said another security precaution was to protect all monetary transactions by relegating them to back-end servers. “The portable devices are sophisticated, but they really are just tools to access the real technology, which sits on the servers,” Mr. Tara said.

He added that the devices transmitted data over channels “not normally used” for mainstream Wi-Fi.

A second challenge for Cantor Gaming has been persuading old-school sports bettors to embrace the new approach.

Mark Goldman, director of race and sports for the Venetian and Palazzo Las Vegas, said his sports books were licensing 200 eDecks. Older gamblers

have been slow to adopt them, he said, but younger bettors have shown interest. The overall betting has increased since October.

“Once most people know this is available, they seem pretty interested to try it out,” Mr. Goldman said. “This is something we’ll probably have in our sports books for a long, long time.”

## 7 Adding Fees and Fences on Media Sites

Over more than a decade, consumers became accustomed to the sweet, steady flow of free news, pictures, videos and music on the Internet. Paying was for suckers and old fogeys. Content, like wild horses, wanted to be free.



Now, however, there are growing signs that this free ride is drawing to a close.

Newspapers, including this one, are weighing whether to ask online readers to pay for at least some of what they offer, as a handful of papers, like The Wall Street Journal and The Financial Times, already do. Indeed, in the next several weeks, industry executives and analysts expect some publications to take the plunge.

Rupert Murdoch, beyond charging for access to The Journal, has talked about forming a partnership with a single search engine, which would pay him for the rights to scour the news and entertainment programming produced by his company, the News Corporation, rather than letting all search engines crawl his sites. Also Hulu, which is owned partly by Mr. Murdoch’s company, is considering charging viewers to watch some of the TV shows it now streams free.

Magazine publishers, meanwhile, have banded together to try to create their own version of the iTunes store, aiming for a day when they can sell enhanced versions of what they have been giving away. And more and more media companies are planning to charge for apps on iPhones and other mobile devices, as well as on the Amazon Kindle and other e-readers.

Media companies of all stripes built their business models on the assumption that advertising would continue to pour into their coffers. But with advertising in a tailspin, they now must shrink, shut down or find some way to shift more of the cost burden to consumers – the same consumers who have so blissfully become accustomed to Web content that costs nothing.

So will future consumers look back on 2010 as the year they finally had to reach into their own pockets?

Industry experts have their doubts, saying that pay systems might work, but in limited ways and only for some sites. Publishers who sounded early this year as though they were raring to go have not yet taken the leap, and the executives who advocate change tend to range from vague to cautious in making any predictions about fundamentally changing the finances of their battered businesses.

But one thing clearly has shifted already, in a year rife with magazine closures and newspaper bankruptcies: conventional wisdom among media companies has swung hard from the belief that pay walls would only curb traffic and stifle ad revenue, to the view that media businesses need to try something new, because the current path appears to lead to extinction.

“Content providers see that the idea that everything has to be free, supported by ads, isn’t working well, and they’re trying to put the toothpaste back into the tube, but only partially,” said Alan D. Mutter, a media consultant and blogger who has been an executive at digital media companies.

He went on: “So we’re looking at some sort of an inflection point, at least in attitude. But I haven’t seen much realistic, hard-headed thinking about how that’s going to happen, so I don’t know how much is really going to change.”

Ann S. Moore, the chief executive of Time Inc., the nation’s largest magazine publisher, said, “A lot is going to change over the next two years.” But she conceded that it was very hard to predict the shape of that change, and she said that adding pay walls alone probably would not work.

Of course, it is the established media, with their legacy of high operating costs and outdated technology, that face this problem. Leaner, newer on-line competitors will continue to be free, avidly picking up the users lost by sites that begin to charge.

Arianna Huffington, co-founder and editor in chief of The Huffington Post, predicted that much of the talk of media's mining the Web for new revenue would never become reality – and that if it did, free sites like hers would benefit. Some of the plans now being laid might work, she said, but many of them would just alienate the Internet users who click from one site to another, wherever links and their curiosity take them.

“I’m not minimizing the fact that there’s a need to experiment with multiple new business models,” she said. “I just don’t believe in ignoring the current realities.”

For more than a decade, media companies have hoped for a day when they could either control access to their products online or at least put a price on them that a mass market would bear. But that day has never come. What has changed is the level of threat they face, given the worst advertising downturn in memory.

Since the infancy of the Web, there have been predictions that by making information more plentiful and accessible, prices would be steadily driven down, with no bottom in sight. At first, it did not seem to matter: Internet advertising grew at a breakneck pace, and traditional media thrived even as the assumption of free content took root online.

But eventually, the rise of the Internet punished most media, starting with the music industry, in the form of file-sharing. That history offers an object lesson. Despite the success of iTunes and other pay services, illegal downloads remain common.

Print publications are suffering most now, but digital distribution has grown in importance for broadcast television. Nearly all of its content is now available free online, as broadcast media lose audience and advertising. Book publishers are also fighting the tide; Simon & Schuster said recently that it would delay the release of e-book versions of 35 big titles, like Karl Rove’s

memoir and a Don DeLillo novel, fearing that the \$9.99 digital versions would eat into sales of hardcover copies.

Cable television has been an exception, thriving on subscriber fees, but even there, executives fret that consumers are disentangling themselves from their cable boxes, free to pick and choose individual programs online and watch on their TVs. Jeffrey L. Bewkes, the chairman and chief executive of Time Warner, has advanced a plan that he calls TV Everywhere, which would allow paying cable television subscribers to view shows online for no extra charge.

Similarly, Comcast started a service this month that gives subscribers to its broadband Internet and digital cable services access to its cable programming on the Web.

These efforts are not about wringing extra dollars from the Web but about preserving the current economics of the business.

“We’re saying, since those payments you have made have found their way to the networks and through distributors that give you the connection, that we want to have you be able to watch all those networks on broadband,” Mr. Bewkes said recently at an investor conference in New York.

A leading evangelist for the coming of a new era is Rupert Murdoch, who has said he envisions a not-too-distant day when all of the News Corporation’s news properties, including Fox News Channel, The Times of London and The New York Post, charge online. He and his executives have repeatedly criticized search engines and news aggregators, saying it was “theft” to profit from publishers’ work.

The News Corporation has been shopping around an online payment software system – so far without much success – in hopes of playing pied piper to other publishers, and it is a charter member of the group of magazine publishers that have banded together, in a consortium announced this month. And there have been talks about the possibility of Microsoft paying for the exclusive rights to have its Bing search engine direct users to News Corporation sites.

“Quality content is not free,” Mr. Murdoch wrote in The Wall Street Journal on Dec. 8, days after delivering a similar message at a Federal Trade

Commission workshop. “In the future, good journalism will depend on the ability of a news organization to attract customers by providing news and information they are willing to pay for.”

People who have studied the problem argue that charging online would work only if consumers were offered a much-improved product with the convenience of access anywhere, on any digital device – the core idea behind the magazine consortium and its planned online store.

By that standard, much of the talk of wringing more money from Internet users rings hollow, said Jay Rosen, a professor of journalism at New York University and a prominent blogger on media subjects. “People who really think we have to charge or the industry is sunk would be more persuasive if they said at the same time we have to add more value than we’ve been adding,” he said.

And, most industry experts agree, entertainment will be easier to charge for than news. It may be hard to prevent free distribution of an episode of “The Office” or “NCIS,” but the product is unique, with no substitute being created by someone else.

A small number of publications already charge for Internet access, including The Wall Street Journal, The Financial Times, Newsday, Consumer Reports and The Arkansas Democrat-Gazette. But they tend to be either specialty products or near-monopolies in local markets, and they generally do not charge enough to fundamentally alter their profit pictures.

But for most general-interest news, any paid site would be competing with alternative versions of the same articles, delivered by multiple free news sources.

“One of the problems is newspapers fired so many journalists and turned them loose to start so many blogs,” Mr. Mutter said. “They should have executed them. They wouldn’t have had competition. But they foolishly let them out alive.”

## 8 Why Studios Keep Cranking Out TV Remakes, Despite the Flops

In the fall of 2000 all the buzz in the television business was about a new drama on CBS on Friday night.



Not “CSI” – that had no buzz at all. All it had was ratings. No, the buzz that fall was about the remake of “The Fugitive,” the classic innocent-man-on-the-run series from the 1960s.

The redo seemed a can’t-miss idea. But it lasted 23 episodes.

And then there was “Bionic Woman.” The NBC remake in 2007 of that sci-fi chestnut from the 1970s started out as the hottest new show of that fall season – and was gone after all of nine episodes.

There might be a lesson in there somewhere, but you would not know it from looking at the development lists at three networks this winter. Among the most prominent projects under consideration as new series next fall are these familiar names: “The Rockford Files” on NBC; “Charlie’s Angels” on ABC; and “Hawaii Five-O” on CBS.

All of the projects were announced with some fanfare by their networks, though the program creators and top network entertainment executives were reluctant to discuss any specifics about the new versions yet, saying they were still in the writing stages. But the network executives expressed genuine excitement about the possibilities for the projects.

It is easy to understand why. “It’s a good idea to try,” said Warren Littlefield, who was the top programmer at NBC and is now an independent producer. “Movies have proved you can do well with a presold concept.”

That is another way of saying it is only natural to turn to familiar titles because they attract attention. The question is whether the series that result will attract viewers.

The track record does more than suggest not: it screams not. In the history of network television, no remake of a previous hit series has ever become a hit itself on network television.



Plenty have been tried. In recent years there have been efforts to revive both “Beverly Hills 90210” and “Melrose Place” on the CW network. No one would claim either approaches the success of their predecessors, or even passable hit status.

NBC created a splash when it brought back “Knight Rider” – featuring a talking car – as a two-hour movie in 2008, but a series version later that year hit the skids quickly.

Earlier in the decade the highly successful “Law & Order” producer Dick Wolf tried a remake of the hoary classic “Dragnet” and barely made it through one season. (Who remembers that Ed O’Neill played Joe Friday and that one of the co-stars was Eva Longoria?)

How many people could pass a quiz on who replaced Rod Serling as host of UPN’s 2002 version of “The Twilight Zone”? (Forest Whitaker, actually.)

Digging through the files of series past, one could perhaps make an argument for some shows spawned from original hits. “Star Trek,” of course, gave birth to four separate series, but those were all spinoffs. They were not remakes of the original with the same characters.

All of those characters appeared instead in a series of theatrical movies, where television remakes have been far more successful: “Mission: Impossible,” “Get Smart,” “The Addams Family” and “The Brady Bunch,” to name a few.

“Battlestar Galactica,” a flop on ABC in 1978 (21 episodes), returned to a more favorable reception on the Syfy network in 2004, but that was on cable, not broadcast television.

“Dragnet” itself looks like a potential outlier. It started as a radio series and made it to television in 1951. That run ended in 1959. But “Dragnet” came back in 1967 and was again a success. That would seem to qualify it as a remake hit.

But the second show was less remake than revival: It still starred Jack Webb playing Joe Friday with the same ominous theme music and intro about names being changed to protect the innocent.

The familiar titles on the current development slates are true remakes: “Charlie’s Angels” will star three new actresses as young women who are knockouts in looks and martial arts; “Hawaii Five-O” is still expected to be led by a no-nonsense type named McGarrett (and maybe even backed by a young aide named Danno); and “The Rockford Files” will inevitably feature a detective named Jim Rockford.

Perhaps more important for that show is that it will also feature a creator with one of the best recent résumés in television. “Rockford” is being written by David Shore, the chief creative force behind the hit drama “House.” Mr. Shore has said that “Rockford” was one of his favorite shows growing up and that he hopes to find a way to replicate its mixture of comedy and action.

But replicating a star on the level of James Garner, who played Rockford, may prove more challenging.

Mr. Littlefield said having a talent like Mr. Shore running the show would be a great advantage to a new “Rockford,” but he added, “I don’t think there are many gumshoe detectives around anymore, so the key will be how they reinvent the character.”

“Hawaii Five-O” is being created by the team of Alex Kurtzman and Roberto Orci, who wrote the scripts for the most recent “Star Trek” movie as well as the two “Transformers” films.

The issue of how much to remake and how much to reinvent has dogged previous efforts at bringing back familiar shows and characters. Fans and those who merely have heard of the old hits have tended to turn up for the initial episodes (and for two hours’ worth of a movie rendering), but have not stayed around once they got a whiff of what the new version was really like.

“The identity of a hit TV series is so intimately tied to the original stars, style and attitude that made it a hit in the first place that any deviation from that creates a real sense of aesthetic dissonance,” said Robert J. Thompson, a professor of television and popular culture at Syracuse University.

“This may be one case where an established brand is more a liability than an asset. In television, it’s a much safer approach to rip off an old idea

than to try to remake one. It's a perfectly plausible plan to develop a new TV show about three beautiful women fighting crime in fabulous clothes; maybe not such a good idea to call it 'Charlie's Angels.' ”

Mr. Littlefield said that the woeful track record of previous remakes should not discourage network programmers from continuing to buy projects based on old hits. “But there has to be a series there,” he said. “It can't be like a movie. You can't trick them.”

Mr. Littlefield suggested a formula that could work: “At the risk of being oversimplistic: it also has to be good.”

## 9 A High-Tech Movie Battle: Which 3-D Glasses Are Best?

While the blue-skinned Na'vi are shooting arrows out of the screen toward the audience in the 3-D movie “Avatar,” another battle is being fought in the theater – over the goofy-looking glasses that moviegoers must wear to see the three-dimensional effects.



Four companies are fighting for bridge of the nose with three different technologies. Each of them is more advanced than the paper glasses worn to view “Bwana Devil,” regarded as the first of the commercial 3-D movies in the 1950s, but all work on the same general principle. Each eye sees a slightly different frame of the movie, but the brain puts them together and perceives depth.

About four million glasses made by RealD, the market leader, were worn during Avatar's opening weekend in the United States. RealD's glasses use polarized lenses and cost about 65 cents each. MasterImage 3D, another vendor, uses a similar technology.

Dolby Laboratories, the company behind theater sound systems, makes glasses that filter out different frequencies of red, green and blue. They

cost about \$28 each. The glasses of the third company, XpanD, use battery-powered LCD shutters that open and shut so each eye sees the appropriate frame of the movie. Those cost as much as \$50 each.

Each company claims its glasses and projection-system technology is better. Because glasses using one technology are useless in a theater using a different digital projection system, the companies backing the three technologies are scrambling for the upper hand while the 3-D industry is still in its infancy.

James Cameron, the director of "Avatar," is more often than not the main marketing tool. He has endorsed RealD, says the company, which has about 5,000 screens using its system. But he, his wife and his production partner were photographed at the premiere in Japan wearing XpanD glasses, which work on 2,000 screens worldwide. Dolby says its glasses work with 2,200 screens, but it has no Cameron connection. The company helpfully points out instead how a malfunction in the RealD system spoiled a press preview of "Avatar."

The battle over what glasses patrons wear is a big deal because exhibitors are convinced that 3-D, while seeming like a gimmick now, will lure movie lovers away from their crisp high-definition widescreen TVs at home and back to the theater. But Maria Costeira, the chief executive of XpanD, believes the sky's the limit: "Eventually, we'll see 3-D movies on airplanes as well."

The fight over the glasses may well intensify because TV makers are now pushing 3-D TVs for the home as a way to increase their sales of more expensive sets.

Despite the marketing effort, when it comes down to choosing a 3-D system, many exhibitors are making a decision based on one factor: Do they want to be in the cleaning as well as the movie business?

The expensive Dolby and XpanD glasses are going into a dishwasher after each use, not the trash. Both companies recommend that theater owners clean them in an industrial-grade machine. (To prevent pilfering, Dolby and XpanD glasses can also contain built-in antitheft tags that can be activated by exit-door sensors.)

XpanD offers its theater partners disposable wipes that it can distribute to customers along with their tickets to assure them the glasses are germ-free.

RealD, whose cheap throwaway glasses were being perceived as a liability, has addressed concerns of hygiene. Theater owners are now encouraged to ship back the used glasses to the company, which will clean, repair and repackage them for other theaters.

But in all the hubbub about each product's advantages and which system Mr. Cameron really, truly loves, the most important question remains unanswered: does one system create a better looking 3-D picture than another?

"I don't think the consumer can tell the difference," said Joe Miraglia, the director of design, construction, and facilities for ArcLight Cinemas, a chain of luxury theaters based in Hollywood. The movie chain uses each system in one or more of its theaters, and finds the cost of operation to be roughly the same for all.

While Mr. Miraglia uses RealD in several theaters, he chose XpanD's LCD glasses for the large curved screen in the company's flagship Cinerama Dome theater on Sunset Boulevard. This is similar to the technology that will be used by Panasonic, Sony and others as they bring 3-D HDTV to market next year. Recently, electronics makers set standards for creating 3-D Blu-ray discs and players.

But in order to make the wearing of 3-D glasses as routine as ordering popcorn, the makers need some help in the design department. Many of the glasses resemble the "fitover," or wraparound sunglasses favored by senior citizens in the Sun Belt, a look that is not appealing to young moviegoers.

RealD and XpanD hope that 3-D will soon become a fashion statement. In addition to its standard movie glasses, RealD is introducing child-size versions, as well as high-style 3-D specs that people can wear without embarrassment out in the three-dimensional world as sunglasses or prescription lenses.

Ms. Costeira of XpanD thinks personalized designs that can be used with 3-D HDTVs and video games could turn into something big. "Stylish, thin and light, 3-D glasses will become your new iPod," she said.

## 10 For Marketers, Love Is in the Air

New commercials for BlackBerry feature young go-getters, like a woman joining an all-male break-dancing group, a pair of designers sewing fabric for a triumphant fashion show, and a fledgling rock band performing for an ecstatic audience. The company's smartphones make only the briefest of cameos.

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The real star, it turns out, is love.

"All You Need Is Love" by the Beatles is the only audio in the spots – by the Toronto office of Leo Burnett, part of the Publicis Groupe – and the ads culminate with the slogan "Love what you do."

It is just one of a spate of campaigns focused on love, a sentiment enthralling Madison Avenue in spite of – or perhaps as an antidote to – a downturn and two wars. Love is selling cars ("Love. It's what makes a Subaru, a Subaru), LensCrafters eyeglasses ("See what you love, love what you see.") and Payless shoes ("I [heart] shoes."), not to mention long-running campaigns for McDonald's ("I'm lovin' it.") and Olay ("Love the skin you're in.").

How the word for the most profound of human emotions came to be so popular for peddling consumer goods has less to do with linguistics than psychology.

"There are left-brain and right-brain approaches to advertising," said Linda Kaplan Thaler, chief executive of the Kaplan Thaler Group, part of the Publicis Groupe. "For a long time, there was a left-brain approach" that highlighted "rational reasons and good selling points, but in the last several years studies have shown that emotional attachments really are a crucial factor in purchasing decisions."

Jerry Della Femina, chief executive of Della Femina Rothschild Jeary & Partners, is dubious about some love-themed ads.

"I wouldn't have the nerve to walk into a client's and say, 'Here's the campaign: everybody loves your product,' " said Mr. Della Femina, who has worked on Madison Avenue since the 1960s.

But he is not surprised that such pitches are approved. “Is a client going to say, when that’s presented, ‘No, nobody loves us’ ”? asked Mr. Della Femina. “Of course not – they’re going to say, ‘Everybody loves us.’ ”



In an ad for Subaru – by Carmichael Lynch in Minneapolis, part of the Interpublic Group – a man drives his Forrester for two days to “Subaru Heaven,” a junkyard where Subarus are left for parts.

“You don’t just let some wrecker haul off your 300,000-mile Forrester to who knows where,” says the driver. “You give that car a chance to live on – one part at a time.”

The commercial is based on a letter sent by a customer, said Kevin Mayer, director of marketing communication at Subaru, which introduced the “It’s what makes a Subaru, a Subaru” campaign in 2007.

“We think of our customers as experience seekers, and the response they fed back to us over and over is the love they had for the brand and how the product enables their lifestyles,” Mr. Mayer said, adding that many Subaru owners are skiers or kayakers traveling unpredictable roads, and they choose four-wheel-drive vehicles.

At Honda, a campaign that started in September – by RPA in Santa Monica, Calif. – features nonactors describing Honda owners, closing with the slogan, “Everybody knows somebody who loves a Honda.”

Tom Peyton, senior manager for advertising at the American Honda Motor Company, said that as domestic automakers have struggled this year, Honda, which has remained profitable, took a softer-sell approach. “It’s been such a difficult year that the standard car ad you’ve seen out there is some sort of incentive offer, some kind of lower-funnel, ‘come buy it now for this reason’ approach,” he said. “Not too many companies have had the luxury of having just an upper-funnel message that espouses love.”

A Nissan commercial that made its debut in October – by the Los Angeles office of TBWA/Chiat/Day, part of the TBWA Worldwide unit of the Omnicom Group – shows an Altima enduring a pothole and a student driver, to

the Nazareth song “Love Hurts.” It closes with Nissan’s new slogan, “Quality you can love.”

Asked how three automakers all arrived at love slogans, Erich Marx, director of Nissan marketing, responded, “Maybe we all felt there had been an emotional tug missing from the messaging.”



“The morning is jealous of your relationship with running,” begins a recent New Balance commercial, as a woman on the edge of her bed ties her laces, sheets magically wrapping themselves around her, trying to draw her back into bed. “ ‘What do you see in running anyway?’ But somewhere in the back of your mind is the thought of the perfect mile, politely telling the bed – to shut up.” As the woman bounds from her front door, the voice-over concludes that with New Balance, “you can hate the morning less, and love running more.”

Norma Delaney, senior manager of global advertising and brand strategy for New Balance, stressed that its “Love/hate” campaign – by BBDO New York, part of the BBDO Worldwide unit of the Omnicom Group – is not boasting about lovability.

“If I look at some other work out in the marketplace, it’s about telling the consumer to love the brand more,” Ms. Delaney said. “But we feel like the relevancy for our brand comes from demonstrating that we understand what the consumer is going through – this love-hate relationship with running.”

Olay, the Procter & Gamble brand, has used the “Love the skin you’re in” slogan for about a decade.

“We view Olay as a partner alongside women, so the emotional connection is Olay validating to a woman that we want to help her achieve her best skin, to get to a place where she loves her skin,” said Michael Kuremsky, vice president and global Olay brand franchise leader.

Research In Motion, parent company of BlackBerry, declined an interview request but provided a statement explaining that “Love what you do” was



inspired by “the strong connection that people feel with the BlackBerry brand, which is very often described and crystallized by BlackBerry customers with the word ‘love.’ ”

What may be tempering BlackBerry users’ love, however, is three widespread Internet and e-mail lapses in December.

Although love cannot be measured precisely, of course, BrandIndex tracks consumer perceptions through polling, subtracting negative responses from positive ones to assign companies a score from negative 100 to 100.

When it comes to respondents’ willingness to recommend a product, BlackBerry’s score has dropped to 16, from 20, since the beginning of 2009, while Apple, the maker of the iPhone, has remained steady at 36. Motorola, with its recent introduction of the Droid smartphone, has grown to 30, from 26.

(An ad for the Droid in The New York Times last week featured testimonials from users, who used the word love six times, including this, from Kat Hubbard Amundsen: “I love my Droid more than my kids, more than my husband.”)

As for buzz, which measures positive news that respondents have heard about companies, Apple again bests BlackBerry, with a 36 score consistent throughout the year, while BlackBerry slipped to 27, from 34, and Motorola rose to 19, from 8.

“Buzz scores are probably the most sensitive to major advertising campaigns,” said Ted Marzilli, a managing director at BrandIndex. “When I look at BlackBerry it seems pretty flat, and if you were out there spending that kind of money you’d want more buzz.”

## 11 Cellphone Companies Rush to Sue One Another

**W**hen Nokia, the world’s largest maker of mobile phones, sued Apple,

Samsung, LG and eight other competitors within six weeks beginning in October, it said it was conducting a routine defense of its intellectual property.

But for cellphone makers and suppliers accustomed to swapping valuable technologies, the suits filed by Nokia were far from standard.

Like many cellphone makers, Nokia is fighting the economic downturn. The company, which is based in Finland, has laid off thousands of employees this year to counter falling sales and profit and its slipping share of the global market, which fell to 35 percent in the third quarter, from 41 percent in the second.

Bill Tai, a partner at Charles River Ventures, a technology investment firm, said the new legal aggressiveness was “a natural evolution” similar to what took place in the semiconductor and desktop computer businesses during difficult or competitive times.

“As competition has intensified and margins have deteriorated, companies are trying to put up barriers to protect their positions,” said Mr. Tai, whose firm has invested about \$2 billion in technology start-ups since 1970.

The mobile industry, since its inception, has been a legal battleground. In 2008, Nokia settled a suit with Qualcomm, a United States maker of mobile phone chips, and agreed to pay an estimated \$400 million a year for Qualcomm patents over 15 years. According to recent financial reports, nearly all cellphone makers are suing or being sued.

Research In Motion, the maker of the BlackBerry, is suing Motorola, accusing it of using 20 of its patents; Motorola has countersued. Palm is being sued by Saxon Innovations, a patent licensing company in Tyler, Tex., over a third-party application processor. In March, Apple won a ruling in Japan against Shigeru Saito Architecture Institute, which had sued over touch-screen patents.

“Nokia has been very active of late, and in general, there has been an increase in litigation in the industry,” said Clive D. Thorne, an intellectual property lawyer at Arnold & Porter in London. “There is an attempt to

gain technical advantage. Mobile technology is fast-moving. The commercial life of products is limited. There is urgency in ensuring that I.P. rights are protected.”

In October, Nokia filed suit against Apple in United States District Court in Delaware, accusing the company of violating 10 of Nokia’s third-generation wireless patents with the iPhone. Then, in the United States and Britain, Nokia accused Samsung, LG, Philips, Sharp and others of operating a cartel to keep LCD screen prices high.

Louise Pentland, Nokia’s chief legal officer, said the company’s legal strategy had not changed. What has, she said, is the dynamics of the mobile phone business: increasing boundary testing by industry newcomers and suppliers, in addition to convergence of mobile Internet, information technology and other industries.

“The litigation is not the driver,” Ms. Pentland said in an interview. “It is the business environment that has changed.”

Another reason for the rise in litigiousness is the increase in the number of patents sought by makers of mobile phones and equipment in their relentless quest for the cutting edge, said Ian Drew, an executive vice president at ARM, a company in Britain that has licensed its Cortex cellphone chip designs to most of the world’s cellphone makers and parts suppliers.

ARM’s clients, in turn, use its designs for their own products, which they inevitably seek to protect through patents. This so-called patent differentiation, Mr. Drew said, of everything from chips to touch-screen input methods, has created a legal landscape prone to conflict.

“In the mobile phone industry, there are lots of semiconductor and handset players jockeying for position at the moment,” Mr. Drew said. “Because there are so many smaller players, it is a more dynamic business and you are going to get the odd skirmish.”

As cellphones become more like tiny computers, intellectual property will take on increasing importance to equipment makers in their quest for market advantage.

For example, the Rosum Corporation, a technology company that developed a method for pinpointing the physical location of mobile devices in dense urban areas with the aid of television broadcast signals, is vigorously protecting its investment.

Rosum, which is privately owned and based in Sunnyvale, Calif., has only 24 employees but has already obtained or applied for 71 patents.

“We have taken a great deal of care to protect our technology,” said Todd Young, a vice president for business development at Rosum. “We think it is critical to our business.”

Such investments can be risky. When a company makes a patent infringement claim, it is often countersued by its opponent. And often, the costs can be so high as to make the legal victories almost worthless.

Nokia filed its suit against Apple more than two years after the iPhone went on sale, which suggested that the suit was a symbolic line in the sand, said Jan Ihrfelt, an analyst at Swedbank, one of the largest Swedish banks.

“There is no expectation that Nokia will gain a financial windfall from these lawsuits,” he said. “I think it was more Nokia trying to send a message.”

## 12 Awkward Timing for a Book by Woods

**M**otorists could soon be driving under the influence of Tiger Woods, opening another round of possibilities for late-night talk show hosts.



Mr. Woods has been the subject of an almost endless stream of jokes since crashing his sport utility vehicle in his driveway, leading him to acknowledge his marital infidelities and take an indefinite leave from professional golf. Among other things, his skills behind the wheel have been compared to his precision when driving a golf ball.

And now, in what is not a joke, but might sound like a setup for one, Hachette Audio in May will release Mr. Woods's 2001 best seller, “How I Play

Golf,” as an audio book. According to the magazine AudioFile, 53 percent of audio book customers listen to the books while driving.

In the audio book, Mr. Woods shares the “psychological practices he uses daily to keep his game in top shape and help him transcend all the ups and downs of golf,” according to a description in Hachette Audio’s spring-summer 2010 catalog, which was mailed recently to bookstores and journalists.

“The catalog went to bed months before the scandal unfolded,” Anthony Goff, publisher and director of Hachette Audio and Digital Media, wrote in an e-mail message. “We had no idea he’d be all over the news for anything other than his golf game.”

Mr. Woods’s favorability rating has plummeted recently to 33 percent, from a prescandal 85 percent, according to a USA Today/Gallup Poll; advertisers including Accenture, Gillette and Tag Heuer have either dropped him or removed ads that feature him.

The catalog says the book will be promoted with “Father’s Day promotions” like retail display racks – awkward, perhaps, since the fact that Mr. Woods has two young children has intensified the disenchantment of some fans.

“We feel any marital infidelities wouldn’t impact his solid golf advice in the least,” Mr. Goff wrote. “We were selling this title into stores for Father’s Day promotions not for personal relationship advice, but for tips on the game, which are still completely valuable to anyone who knows golf.”

Mr. Woods recorded his portions of the book (some segments are read by the actor Walter Franks) at the time of the hardcover release in 2001, but the audio book was issued only on cassette, and has not been available from the publisher for years. It will be sold on CD and as a digital download.

The audio release was originally scheduled to coincide with a paperback edition of “How I Play Golf,” which has now been postponed, according to Rick Wolff, vice president and executive editor of Grand Central Publishing, an imprint of Hachette.

The decision was made because the hardcover “still sells well,” Mr. Wolff wrote in an e-mail message. “This was postponed long before Tiger ran into his current troubles.”

## 13 China to Stay the Course on Currency, Wen Says

**P**rime Minister Wen Jiabao of China struck a defiant note Sunday about the country's exchange rate policy, saying the government would not give in to foreign demands that it let the renminbi rise in value.

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Mr. Wen said in an interview with Xinhua, the official Chinese news agency, that the currency was facing growing pressure to appreciate, but he insisted that China was committed to keeping it stable, having virtually pegged it to the dollar since the global financial crisis worsened in the middle of last year.

"We will not yield to any pressure of any form forcing us to appreciate," he said. As I have told my foreign friends, on one hand, you are asking for the yuan to appreciate, and on the other hand, you are taking all kinds of protectionist measures." The renminbi is known informally as the yuan.

The true purpose of these calls is to contain China's development, he said.

The renminbi has fallen against the currencies of most of China's trading partners this year because it has been fixed to the weakening dollar, while China's economy has bounced back strongly. U.S. senators have asked for an investigation into whether current renminbi policy represents a subsidy that would justify tariffs on Chinese imports.

Mr. Wen also repeated an oft-made declaration that the stable renminbi had contributed to the global economic recovery.

He gave a cautious outlook for the domestic economy in 2010, saying that it was too early to pare down the government's stimulus policies but that officials needed to be attentive to surging real estate prices and incipient inflation.

Although China will continue to encourage citizens to buy homes for their own use, differentiated interest rates will be used as a tool to fight property market speculation, Mr. Wen said.

He was apparently referring to a proposal that China keep offering preferential mortgages – at a discount of as much as 30 percent from benchmark lending rates – for people buying their first homes but eliminate such mortgages for additional home purchases.

More broadly, Mr. Wen warned of rising imbalances from too much bank lending while defending China's use of a stimulus package worth 4 trillion renminbi, or \$586 billion, to limit the effects of the global economic crisis.

"Parts of the economy are not balanced, not coordinated and not sustainable," Mr. Wen said, repeating previous statements. He added that it would be better if lending by Chinese banks were not on such a large scale.

China's overall lending situation improved in the second half of the year, when banks drastically slowed their pace of credit issuance after a record surge in the first half, Mr. Wen said. Chinese banks are on course to lend an unprecedented 9.5 trillion renminbi this year, double the total of the previous year.

## 14 Bloggers Crash Fashion's Front Row

Not everyone thought it was adorable in September when a 13-year-old wunderkind blogger named Tavi was given a front-row seat at the fashion shows of Marc Jacobs, Rodarte and others.

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Oh now, don't misunderstand. She was totally adorable. You could have gobbled her up, with her goofy spark plug style – a Peggy Guggenheim for the Tweeting tween set. Her feet, in designer stockings, did not quite touch the ground. Within a matter of months, Tavi Gevinson, the author of a blog called Style Rookie, was feted by designers, filming promotions for Target, flown to Tokyo for a party with the label Comme des Garçons and writing a review of the collections for no less than Harper's Bazaar. Kate and Laura Mulleavy, the designers of Rodarte, described her in the pages of Teen Vogue as "curious and discerning."

Rather, it was what the arrival of Ms. Gevinson, as a blogger, represented that ruffled feathers among the fashion elite. Anne Slowey, who has spent

decades climbing the editorial ladder to a senior position at Elle, dismissed the teenager's column as "a bit gimmicky" in an interview with New York magazine. And in an instant, the subtext in her complaint was read by dozens of Ms. Gevinson's fans as an example of the tension between old media and new, when one leapfrogs ahead of the other.

As a relatively new phenomenon in the crowded arena of journalists whose specialty it is to report the news of the catwalks, fashion bloggers have ascended from the nosebleed seats to the front row with such alacrity that a long-held social code among editors, one that prizes position and experience above outward displays of ambition or enjoyment, has practically been obliterated. After all, what is one to think – besides publicity stunt – when Bryan Boy, a pseudonymous, style-obsessed blogger from the Philippines, is seated at the D & G show in Milan between the august front-row fixtures of Vogue and Vanity Fair, a mere two positions to the right of Anna Wintour?

"There has been a complete change this year," said Kelly Cutrone, who has been organizing fashion shows since 1987. "Do I think, as a publicist, that I now have to have my eye on some kid who's writing a blog in Oklahoma as much as I do on an editor from Vogue? Absolutely. Because once they write something on the Internet, it's never coming down. And it's the first thing a designer is going to see."

Perhaps it was to be expected that the communications revolution would affect the makeup of the fashion news media in much the same way it has changed the broader news media landscape. At a time when magazines like Vogue, W, Glamour and Bazaar have pared their staffs and undergone deep cutbacks because of the impact of the recession on their advertising sales, blogs have made remarkable strides in gaining both readership and higher profiles. At the shows this year, there were more seats reserved for editors from Fashionista, Fashionologie, Fashiontoast, Fashionair and others, and fewer for reporters from regional newspapers that can no longer afford the expense of covering the runways independently.

But it is somewhat surprising that designers are adjusting to the new breed of online reporter more readily than magazines, which have been slow to adapt to the demand for instant content about all things fashion. Blogs are



posting images and reviews of collections before the last model exits the runway, while magazine editors are still jockeying to feature those clothes in issues that will be published months later.

So it is not without reason that some editors feel threatened, or that seasoned critics worry that they could be replaced by a teenager. The designers and publicists who once quivered before the mighty pens are now courting writers from Web sites that offer a direct pipeline to potential customers. Sure, magazines and newspapers have started their own blogs and tweets, but reading them, you often sense a generational disconnect, something like the queasy feeling of getting a “friend” request from your mother on Facebook. (From Glamour.com: “Dating Tips: Why It’s Important to Get That Number.”)

Sites that include readers in the conversation are thriving, in a sense democratizing the coverage of style, much as designers and retailers – with lower priced fast-fashion collections – have democratized fashion itself. Garance Doré and Scott Schuman, two photographers who have become stars online (and who are a couple off-line), have created popular blogs with the simple idea of posting images of stylish people and opening them to public comment. Now designers are seeking their advice on communications strategies and even design – Ms. Doré and Mr. Schuman have worked on projects with Gap.

Other sites have gained credibility along with traffic. Fashionista.com had 103,512 unique visitors in November, and Fashionologie.com had 27,125, according to the online tracking agency Compete. Jezebel.com (a saucy blog that includes coverage of fashion) shot ahead of Style.com (the Condé Nast fashion site) for the first time this fall with more than a half-million visitors. These are considered large audiences for dispatches on such trivial developments as models refusing to wear Alexander McQueen’s crazy shoes or that such-and-such designer is looking for an intern.

The personalities behind those sites, in turn, are becoming as famous as some magazine editors. Marc Jacobs named one of his bag designs after Bryan Boy, while Sephora asked Lauren Luke, whose makeup videos are an Internet sensation, to preside over beauty contests in its stores. Designers are thinking differently in response to consumers who want instant gratification. Doo-Ri Chung, for example, describing her new basics collection

in The Financial Times this fall, said her customer has a “blog mentality, not a magazine mentality.”

“The old idea of reading a magazine and planning ahead, that’s not something that younger customers do,” she said. “It’s a different world, and designers have to adapt.”

Still, the popularity and novelty of such sites have raised concerns that their writers might be unduly influenced by designers or beauty companies. New guidelines from the Federal Trade Commission, announced in October, require blogs to disclose in their online product reviews if they receive free merchandise or payment for the items they write about. This bothered some bloggers, and reasonably so, since magazine editors commonly receive stockpiles of the same expensive goodies to review in their pages, and that practice is rarely disclosed even though magazines are beholden to advertisers for their livelihood.

Those guidelines also seem excessive at a time when magazines and newspapers are changing their tone to embrace the online culture. On several fashion sites last week, it was reported that Vogue is planning to feature a group of bloggers in its March issue, including Tommy Ton of Jak & Jil, Ms. Doré and, yes, even Bryan Boy.

## 15 Dissident Chinese Writer Appeals Sentence

**L**iu Xiaobo, the Beijing writer who was given an 11-year prison sentence on subversion charges on Dec. 25 after urging Chinese leaders to embrace democratic reforms, appealed his conviction to the Beijing Supreme People’s Court on Monday, according to one of his lawyers.

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The lawyer, Shang Baojun, told The Associated Press that Mr. Liu told him during a meeting that he had filed the appeal. “We are making an effort to defend his innocence, but we have no idea whether it will be successful,” Mr. Shang said.

Mr. Liu's sentence, judged by many analysts to be unusually harsh, has drawn criticism from human rights groups, Western governments and writers worldwide. Most regard the chances that it will be overturned or softened as slim.

Mr. Liu, 53, was seized by security officials in December 2008 as he and other intellectuals prepared to issue Charter 08, a lengthy manifesto that called on China's Communist Party to uphold individual rights and relinquish its monopoly on power. After being held more than a year in secret detention and later in jail, Mr. Liu was found guilty by a Beijing court on Dec. 25 of "inciting subversion of state power."

More than 300 intellectuals and activists signed the charter, which was drafted in part by Mr. Liu. More than 10,000 others since have added their signatures to the document, which appeared briefly on the Internet before Chinese censors banned it.

Legal experts said the 11-year prison term, the lengthiest handed down for subversion in at least a decade, was intended to send a signal to other dissidents that Chinese leaders would tolerate no challenge to the Communist Party's 60-year control of state power.

China's state-controlled news media have made no mention of Mr. Liu's arrest, trial or sentencing. The government news agency Xinhua issued a statement after Mr. Liu's sentencing declaring that the government had followed Chinese legal procedures in the case and that it had protected Mr. Liu's rights.

## 16 For Shanghai Fair, Famous Fund-Raiser Delivers

In the hectic last week before she became secretary of state, Hillary Rodham Clinton squeezed in a Bon Jovi benefit concert in New York, part of a frantic effort to pay off the debt from her presidential campaign. No sooner had she arrived at the State Department than Mrs. Clinton discovered she needed to start raising money all over again.



This time, the cash-starved beneficiary was not her own campaign but the United States, which needed \$61 million to finance the construction of a national pavilion at a world's fair in Shanghai. Under federal law, no public money could be used for the project. And Mrs. Clinton, as a federal official, could no longer solicit private financial donations herself.

So she turned to her well-established network of Clinton fund-raisers, and after negotiating with the State Department's lawyers about what she could legally do herself to support the project, she mounted an ambitious fund-raising campaign that has netted close to \$54 million in barely nine months.

With multimillion-dollar pledges from PepsiCo, General Electric, Chevron and other American corporations, the United States is on track to open a sleek, 60,000-square-foot pavilion at the Shanghai Expo 2010, which runs from May through October.

The prospect of the nation's chief diplomat asking for money worried government lawyers, according to officials. Referring to the first secretary of state, one lawyer asked, "Would Thomas Jefferson do this?" They imposed strict limits on the kinds of calls or other contacts she could make, allowing her to promote the pavilion but prohibiting any one-on-one appeals for cash.

Despite those restrictions, and a dismal economy, Mrs. Clinton is closing in on her \$61 million goal. She is clearly proud of the effort, which staved off what could have been a rupture in American-Chinese relations. In a year in which she has mostly worked to prove herself a loyal member of the Obama team, the campaign also showcases her enduring political drawing power.

"The idea, for many people, of raising more than \$50 million would seem really daunting," Mrs. Clinton said in an interview. "Maybe because I had participated in raising so much money in the past, I wasn't daunted by it. I knew it was going to be hard under the circumstances."

By all accounts, the effort to build a national pavilion was near death at the end of the Bush administration. The near-collapse of the global economy, the proximity of the expo to the Beijing Olympics in 2008 and the general

ambivalence of the State Department had left U.S.A. Pavilion, the nonprofit group in charge of the project, with little support or money.

“There is a sense in the U.S. that Americans got disenchanted” with world’s fairs, said Nick Winslow, a former Warner Brothers executive who is the president of U.S.A. Pavilion.

With deadlines passing, the Chinese advanced the Americans money to conduct technical work for the pavilion. They raised the issue with former President Jimmy Carter when he visited China last January.

Enter Mrs. Clinton, who made her first trip as secretary of state to Beijing in February and was eager to talk about trade, climate change and the North Korean nuclear threat. Instead, she got an earful about how bad it would be if the United States did not have a presence at the Shanghai Expo.

For the Chinese, the expo is a bookend to the Olympics. Shanghai is spending \$45 billion to transform the city, even more than Beijing spent preparing for the Games. Nearly 200 countries have signed on to take part, leaving only the United States and minuscule Andorra as potential no-shows.

“I was dumbfounded that so little attention had been paid to it,” Mrs. Clinton said. “Everyone knows China is going to be an enormously powerful player in the 21st century. They have an expo, which is a kind of rite of passage that countries like to do to show they have arrived. We’re not there? What does that say?”

She said she did not relish the prospect of more fund-raising – “When would it ever end?” she recalled asking herself – but she promised Chinese officials that she would try to raise the money.

There was little support within the State Department. So Mrs. Clinton turned to two major fund-raisers with long ties to the Clinton family: Elizabeth F. Bagley and Jose H. Villarreal.

Mrs. Bagley, who is married to Smith Bagley, an heir to the R. J. Reynolds fortune, was ambassador to Portugal under President Bill Clinton. Mrs. Clinton appointed her to be the department’s special representative for global

partnerships, a job that involves rounding up private support for public projects.

Mr. Villarreal, a well-connected San Antonio lawyer, has raised money for Mrs. Clinton as well as for Mr. Clinton, former Vice President Al Gore and Senator John Kerry. In July, Mrs. Clinton named him the commissioner general to the expo.

To kick off the effort, Mrs. Clinton held a conference call with 10 prominent chief executives. Chevron, PepsiCo and General Electric each pledged \$5 million. Indra K. Nooyi, the chief executive of PepsiCo, made calls to other chief executives. Mrs. Bagley and Mr. Villarreal also opened their Rolodexes, calling companies with operations in China. Some obvious prospects, like banks, were off limits because they were receiving federal bailout money.

“In the beginning, we had to use a patriotism argument,” said Kris M. Balderston, Mrs. Bagley’s deputy. “The second wave of argument was commercial diplomacy. All of a sudden the companies understood it would be good for them.”

Although Mrs. Bagley is a State Department employee, she said she was advised that she could solicit contributions. She noted that every would-be donor also had to be vetted by lawyers.

Fred Wertheimer, an advocate for stricter regulations for campaign fundraising, said he was satisfied that the State Department had handled a difficult situation properly.

“It would have been far better if the U.S. government was able to pay for the activity involved, but that does not appear to have been the case,” he said.

While Mrs. Clinton was barred from soliciting individuals, she met with corporate sponsors in Shanghai in November, when she visited the expo site.

Her experience in the political trenches made a difference, Mr. Villarreal said. “Any other diplomat would not have had the broad base of contacts,” he said.

Mrs. Clinton said it was easier raising funds for this project than to pay off campaign debt. “I’m much better at raising money for other people and other causes than I am for myself anyway,” she said, adding, “Even though I’ve obviously raised a lot of money.”

Mark Landler reported from Washington, and David Barboza from Shanghai.

## 17 For Some in Japan, Home Is a Tiny Plastic Bunk

**F**or Atsushi Nakanishi, jobless since Christmas, home is a cubicle barely bigger than a coffin – one of dozens of berths stacked two units high in one of central Tokyo’s decrepit “capsule” hotels.

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“It’s just a place to crawl into and sleep,” he said, rolling his neck and stroking his black suit – one of just two he owns after discarding the rest of his wardrobe for lack of space. “You get used to it.”

When Capsule Hotel Shinjuku 510 opened nearly two decades ago, Japan was just beginning to pull back from its bubble economy, and the hotel’s tiny plastic cubicles offered a night’s refuge to salarymen who had missed the last train home.

Now, Hotel Shinjuku 510’s capsules, no larger than 6 1/2 feet long by 5 feet wide, and not tall enough to stand up in, have become an affordable option for some people with nowhere else to go as Japan endures its worst recession since World War II.

Once-booming exporters laid off workers en masse in 2009 as the global economic crisis pushed down demand. Many of the newly unemployed, forced from their company-sponsored housing or unable to make rent, have become homeless.

The country’s woes have led the government to open emergency shelters over the New Year holiday in a nationwide drive to help the homeless. The

Democratic Party, which swept to power in September, wants to avoid the fate of the previous pro-business government, which was caught off-guard when unemployed workers pitched tents near public offices last year to call attention to their plight.

“In this bitter-cold New Year’s season, the government intends to do all it can to help those who face hardship,” Prime Minister Yukio Hatoyama said in a video posted Dec. 26 on YouTube. “You are not alone.”

On Friday, he visited a Tokyo shelter housing 700 homeless people, telling reporters that “help can’t wait.”

Mr. Nakanishi considers himself relatively lucky. After working odd jobs on an Isuzu assembly line, at pachinko parlors and as a security guard, Mr. Nakanishi, 40, moved into the capsule hotel in Tokyo’s Shinjuku district in April to save on rent while he worked night shifts at a delivery company.

Mr. Nakanishi, who studied economics at a regional university, dreams of becoming a lawyer and pores over legal manuals during the day. But with no job since Christmas, he does not know how much longer he can afford a capsule bed.

The rent is surprisingly high for such a small space: 59,000 yen a month, or about \$640, for an upper bunk. But with no upfront deposit or extra utility charges, and basic amenities like fresh linens and free use of a communal bath and sauna, the cost is far less than renting an apartment in Tokyo, Mr. Nakanishi says.

Still, it is a bleak world where deep sleep is rare. The capsules do not have doors, only screens that pull down. Every bump of the shoulder on the plastic walls, every muffled cough, echoes loudly through the rows.

Each capsule is furnished only with a light, a small TV with earphones, coat hooks, a thin blanket and a hard pillow of rice husks.

Most possessions, from shirts to shaving cream, must be kept in lockers. There is a common room with old couches, a dining area and rows of sinks. Cigarette smoke is everywhere, as are security cameras. But the hotel staff



does its best to put guests at ease: “Welcome home,” employees say at the entrance.

“Our main clients used to be salarymen who were out drinking and missed the last train,” said Tetsuya Akasako, head manager at the hotel.

But about two years ago, the hotel started to notice that guests were staying weeks, then months, he said. This year, it introduced a reduced rent for dwellers of a month or longer; now, about 100 of the hotel’s 300 capsules are rented out by the month.

After requests from its long-term dwellers, the hotel received special government permission to let them register their capsules as their official abode; that made it easier to land job interviews.

At 2 a.m. on one recent December night, two young women watched the American television show “24” on a TV inside the sauna. One said she had traveled to Tokyo from her native Gunma, north of the city, to look for work. She intended to be a hostess at one of the capital’s cabaret clubs, where women engage in conversation with men for a fee.

The woman, 20, said she was hoping to land a job with a club that would put her up in an apartment. She declined to give her name because she did not want her family to know her whereabouts.

“It’s tough to live like this, but it won’t be for too long,” she said. “At least there are more jobs here than in Gunma.”

The government says about 15,800 people live on the streets in Japan, but aid groups put the figure much higher, with at least 10,000 in Tokyo alone. Those numbers do not count the city’s “hidden” homeless, like those who live in capsule hotels. There is also a floating population that sleeps overnight in the country’s many 24-hour Internet cafes and saunas.

The jobless rate, at 5.2 percent, is at a record high, and the number of households on welfare has risen sharply. The country’s 15.7 percent poverty rate is one of the highest among industrialized nations.

These statistics have helped shatter an image, held since the country’s rise as an industrial power in the 1970s, that Japan is a classless society.

“When the country enjoyed rapid economic growth, standards of living improved across the board and class differences were obscured,” said Prof. Hiroshi Ishida of the University of Tokyo. “With a stagnating economy, class is more visible again.”

The government has poured money into bolstering Japan’s social welfare system, promising cash payments to households with children and abolishing tuition fees at public high schools.

Still, Naoto Iwaya, 46, is on the verge of joining the hopeless. A former tuna fisherman, he has been living at another capsule hotel in Tokyo since August. He most recently worked on a landfill at the city’s Haneda Airport, but that job ended last month.

“I have looked and looked, but there are no jobs. Now my savings are almost gone,” Mr. Iwaya said, after checking into an emergency shelter in Tokyo. He will be allowed to stay until Monday.

After that, he said, “I don’t know where I can go.”

## 18 Large Oil Spill Reported in China

A large oil spill in northwest China has heavily polluted a tributary of the Yellow River, and threatens to reach one of the country’s longest and most important sources of water.



China’s state-run news media said late Saturday that a “large amount” of diesel oil had leaked out of a pipeline last Thursday in Shanxi Province.

The government has not explained why the report of the spill was not released until late Saturday. But Xinhua, the official state news agency, said the leak was caused by construction work and that a crew of 700 people was struggling to contain the damage from what Shanxi officials said was about 150,000 liters, or about 40,000 gallons, of diesel oil.

The damaged pipeline belongs to the China National Petroleum Corporation, one of the country’s state-owned oil giants and the parent company of

PetroChina. The company did not specify on Saturday exactly how much oil was spilled but said that it had shut down the pipeline. The company also said that “much of the leaked oil and polluted silt has already been taken away.” But government officials in Shanxi province said on Saturday that oil has been detected far downstream from the leak and warned local residents not to use water in the region.

The oil pipeline, which transports oil from northwest China to central parts of the country, was damaged and released oil into the Chisui River and Wei River, a tributary of the Yellow River, according to Xinhua.

The Yellow River, which stretches for about 5,500 kilometers, or about 3,400 miles, is a source of water for approximately 140 million residents, and it also provides water to factories and farms through northern China.

In November 2005, a huge amount of toxic benzene leaked out and damaged the Songhua River in north China’s Heilongjiang Province, cutting off water supplies for millions of residents.

Some local officials were disciplined for a delay in reporting the spill, which later created a panic among residents.

## 19 Hong Kong Protesters Seek Democracy

**T**housands of Hong Kong residents marched to the Chinese government’s liaison office on Friday demanding that Beijing grant full democracy to the semiautonomous financial hub.



The turnout for the protest – the police said 9,000 people took part – was a boost to Hong Kong’s political opposition, which is trying to reignite the democracy movement at a time when locals are more preoccupied with economic issues. At their peak, pro-democracy protests here drew hundreds of thousands.

Five pro-democracy legislators plan to resign this month, hoping to turn the resulting special elections into a referendum on democracy.

The former British colony returned to Chinese rule in 1997 under a separate political system that promises Western-style civil liberties. The Chinese government ruled in 2007 that the territory cannot directly elect its leader until 2017 and its legislature until 2020.

The protesters Friday said Beijing's timetable for democracy was too slow.

## 20 Telecom Company to Pay \$3 Million in China Bribe Case

**U**Tstarcom, an American telecommunications company, has agreed to pay \$3 million in fines after United States law enforcement officials accused it of a long-running scheme to bribe officials of China and other countries with cash, travel junkets and other gifts.



The Justice Department and the Securities and Exchange Commission, which both issued statements on Thursday, said that from 2002 to 2007, UTStarcom paid about \$7 million for hundreds of trips by employees of China's government-owned telecommunications companies to visit the United States for "training" sessions that were often sightseeing vacations to Hawaii, Las Vegas and other tourist locations.

The company also offered jobs to the family members of clients, paid them to attend universities, secured their travel visas and arranged for a "consultant" to bribe a Mongolian official to win a contract, the American officials said.

The actions appeared to violate the Foreign Corrupt Practices Act, which forbids bribing foreign government officials, the officials said.

Those officials did not say why UTStarcom and its executives were not prosecuted.

Often, American officials choose not to prosecute because it is difficult to prove a case beyond a reasonable doubt. Instead, they often opt to pressure companies to reform their operations and pay large fines.

In a statement released on Thursday, UTStarcom said it took responsibility for the actions listed in the government complaint. A company spokesman could not be reached for comment on Thursday.

The settlement is a window into how global companies sometimes do business in China, where bribery and corruption are widespread.

Every year, tens of thousands of Chinese officials are arrested and accused of corruption. Many legal experts say that steering clear of bribery here has become increasingly difficult, largely because government officials control access to the country's booming economy.

Two years ago, Lucent Technologies, the American telecommunications giant, settled a similar case with the S.E.C. after it was accused of spending \$10 million from 2000 to 2003 to pay for about 1,000 employees of Chinese government-owned telecommunications companies to inspect its plants and attend training sessions. Instead, the groups traveled to Las Vegas, Disneyland, the Grand Canyon and other tourist sites.

And just this week, China Mobile, one of China's biggest telecommunications companies, removed its vice chairman because of "serious economic crimes."

For UTStarcom, which is based in Alameda, Calif., China is a crucial market. One of the company's founders is a Chinese-born American, and most of the company's operations and employees are based in China.

UTStarcom, which sells networking and broadband equipment, has for the last decade sold large quantities of goods to three of China's biggest government-owned telecommunications companies: China Netcom, China Telecom and China Mobile.

S.E.C. officials said employees from many of the company's big Chinese clients accepted bribes.

Apparently eager to maintain or increase its sales, UTStarcom engaged in complex frauds to please its customers here, American officials said.

Company executives arranged for Chinese officials and their relatives to travel to the United States and falsely recorded some of those trips as “training sessions,” even though no training took place, the officials said.

The S.E.C. said there were also “lavish gifts and all-expense-paid executive training sessions” in the United States for customers.

“This was apparently a standard practice,” said Steven D. Buchholz, a lawyer with the S.E.C.’s San Francisco office.

Sometimes, the government said, customers were given cash allowances, and on other occasions, UTStarcom put a Chinese official’s relative on the payroll, even though that person never worked at the company. The company “paid and provided benefits to at least three of these individuals for a period of two years each as if they were real employees, even though they never worked,” the S.E.C. said in its complaint.

The settlement comes at a difficult time for UTStarcom. The company is suffering through a sharp downturn in sales. It lost over \$185 million in the first three quarters of 2008 and recently sold one of its plants in China.

## 21 Ex-Senator Runs for Governor in Rhode Island as Independent

**L**incoln D. Chafee, the former Republican senator from Rhode Island who lost his seat to a Democrat in 2006 despite his family’s longtime presence in state politics, announced Monday that he would run for governor there as an independent.



Mr. Chafee, 56, left the Republican Party after his loss to Sheldon Whitehouse, a Democrat, saying the party’s agenda had grown too conservative. In Congress, he opposed President George W. Bush’s tax cuts and was the only Senate Republican to vote against authorizing the war in Iraq.

Gov. Donald L. Carcieri, a Republican who took office in 2003, cannot seek re-election because of term limits, and the only Republican to enter the race

dropped out last month. Mr. Carcieri, a conservative with flagging approval ratings, is the only Republican in statewide office.

On the Democratic side, Patrick C. Lynch, the state's attorney general, and Frank T. Caprio, its general treasurer, are competing for their party's nomination. Both are well known in the state, but so is Mr. Chafee, whose family has loomed large in Rhode Island politics for more than a century. His father, John, was the state's governor for six years in the 1960s before serving in the Senate for two decades; upon his death in 1999, his son was appointed his successor.

"I believe that running as an independent will free me from the constraints that party politics impose on candidates," Mr. Chafee said in his announcement speech in Warwick, R.I. "This freedom will allow me to bring in the best people from both major parties and people without political ties to solve our problems."

During the recession, Rhode Island has suffered from some of the nation's worst budget problems and one of its highest unemployment rates. In his speech, Mr. Chafee said the state should "carefully examine" expanding its sales tax to cover some items – like food, clothing and over-the-counter drugs – that are currently exempt.

Mr. Chafee faces significant challenges in the governor's race: Rhode Island is overwhelmingly Democratic, and he trails his Democratic opponents in fund-raising. But New England voters have elected a number of independents in recent decades, including two governors – Lowell P. Weicker Jr. in Connecticut and Angus King in Maine.

In Massachusetts, Timothy Cahill, the state treasurer, is running for governor as an independent after leaving the Democratic Party last year.

Darrell M. West, vice president of governance studies at the Brookings Institution, said Mr. Chafee would be a strong candidate even without the backing of a major political party. His name recognition, his personal wealth and the fact that about half of Rhode Island voters are not affiliated with a party all work in Mr. Chafee's favor, Mr. West said.

"The Chafee family name is the gold standard in Rhode Island," he said. "And while Rhode Island does tend to elect Democrats, independents are the largest voting bloc in the state."

## 22 Third Uninvited Guest at State Dinner

**T**he saga of President Obama's first state dinner continues.



The Secret Service said Monday that a third uninvited guest gained entry to the dinner at the White House on Nov. 24. A review of video from the party, which was held to honor the prime minister of India, showed that a man wearing a tuxedo entered with members of the Indian delegation.

The discovery came as the Secret Service was investigating the case of Tareq and Michaela Salahi, the Virginia couple who made their way into the White House as part of a publicity-seeking episode involving a potential role in a reality television show. The Salahis came face to face with Mr. Obama, but officials said the third man, whose identity was not disclosed by the Secret Service, apparently did not get near the president.

"At present, there is nothing to indicate that this individual went through the receiving line or had contact with the president or first lady," Edwin Donovan, a spokesman for the Secret Service, said in a statement Monday.

The Justice Department is investigating whether the Salahis violated the law by entering the White House without an invitation. The case of the third man, which was first reported on the Web site Newsmax, is also being reviewed by federal prosecutors to see whether he broke any laws.

The man is a United States citizen, a government official said, who was attending a meeting with Indian leaders before the state dinner. He and others traveled from a Washington hotel to the White House on a bus or van provided by the State Department.

"There was a group that was under our responsibility that went from a local hotel to the White House," Ian Kelly, a State Department spokesman, told reporters. "And there was a person who was not authorized to be in that group who inserted himself or herself into that group."

The incident has been reviewed, Mr. Kelly said, and changes were made to how the State Department handles visiting foreign delegations.



The uninvited guests at the dinner to honor Prime Minister Manmohan Singh of India, and his wife, Gursharan Kaur, became one of the biggest controversies during the first year of the Obama administration. Three uniformed Secret Service officers were placed on leave, and the White House social secretary, Desirée Rogers, was sharply criticized by members of Congress for her role in allowing the Salahis to get into the White House.

The director of the Secret Service, Mark Sullivan, has acknowledged that the security breach should not have happened. But he has said that neither the president nor the first lady was in any danger during the dinner.

The Salahis, as well as the third man, passed through metal detectors and other screening before entering the White House. But they did not undergo a background check, required for all visitors to the White House, because their names were not on a list.

Telephone calls to the Indian Embassy in Washington were not returned on Monday. Neither the White House nor the Secret Service would disclose the name of the third person who made his way into the dinner.

## 23 In Yemen, U.S. Faces Leader Who Puts Family First

The United States is quickly ramping up its aid to Yemen, which Washington sees as a revived new front against Al Qaeda. But one of the most delicate tasks will be managing the relationship with the president of Yemen, Ali Abdullah Saleh, who has filled his government with numerous members of his family and who wants to ensure that his son Ahmed succeeds him, Yemeni officials, analysts and Western diplomats say.



Mr. Saleh, 67, is wily, witty and fit. But he has been spending less time in the past two years managing the complicated tribal and regional demands of fragile Yemen than trying to consolidate the power of his family, the analysts say. As Yemen's oil revenues erode and Mr. Saleh has fewer resources

to spread around, the reach of the central government has been shrinking – “the government is practically caged in the capital,” Sana, one senior Western diplomat said.

Mr. Saleh presents the Obama administration with a problem that is all too familiar in Afghanistan and Pakistan. He is amenable to American support, but his ineffective and corrupt bureaucracy has limited reach. And his willingness to battle Al Qaeda, which he does not view as his main enemy, is questionable.

Much of Yemen is in turmoil. Government forces on Monday killed two militants suspected of being with Al Qaeda. There is another round of rebellion in the north and a growing secessionist movement in the south. In important provinces where key oil resources are and where Al Qaeda in the Arabian Peninsula is strong, government troops and the police largely remain in their barracks or in the central cities. Order outside the cities is kept by tribal chiefs, with their own complicated loyalties.

“You can’t see anyone in a government uniform in Abyan,” said Murad Zafir, a Yemeni political analyst, referring to a southern province. “There are large areas of the country where there is no electricity, no running water and no central authority.”

United States aid was paltry until last year, and it was only when American intelligence could show Mr. Saleh that his family was being singled out by Al Qaeda that he began to take the group’s threat seriously, diplomats said.

How effectively Yemen addresses the threat depends largely on Mr. Saleh’s family. Ahmed Saleh is head of the Yemen Republican Guard and the country’s special forces.

The president’s nephews – sons of his late brother – include Amar, the deputy director for national security; Yahye, head of the central security forces and the counterterrorism unit; and Tarek, head of the Presidential Guard. The president’s half brother is head of the air force.

The sense of Yemen as a family corporation that has also enriched itself is part of the problem, Mr. Zafir said; the president’s mosque, al-Saleh Mosque, was completed less than two years ago and is said to have cost

at least \$120 million. “President Saleh wants his son to succeed him,” Mr. Zafir said. To make that happen, he has sought to consolidate power in his family’s hands, but his influence over the tribal chiefs has receded, Mr. Zafir said.

Najeeb Saeed Ghanem, a former minister of health, is a member of Parliament from the largest opposition party, Islah, an Islamist party with close ties to tribal groups. “It is the size of the deterioration of the regime and its control over the country that we’re afraid of,” he said.

With oil revenues down, Mr. Saleh has had to turn to outside allies to help finance the war in the north. Saudi Arabia provided \$2 billion last year to make up for the budget shortfall – an amount that dwarfs the \$150 million in security assistance that the United States will ask Congress to approve for the 2010 fiscal year.

“The Saudis understand,” said Ahmed M. al-Kibsi, a political scientist at Sana University, “that they are the real prize for Al Qaeda, and Yemen is the platform.”

But there are challenges to Mr. Saleh’s goals of empowering his son, if not direct challenges to Mr. Saleh. One of his main allies, even as a young lieutenant colonel in 1977 when he initially took power in the north, was Ali Mohsen. Now he is the military commander in charge of the effort to stamp out the Houthi rebellion to the north. The Houthis are Shiites, and Mr. Mohsen is said to be a Sunni religious conservative.

Mr. Saleh and Mr. Mohsen are not related and are not considered rivals for the presidency. But Mr. Mohsen has signaled that he does not favor a direct succession of Ahmed Saleh to the presidency, diplomats and analysts said. Mr. Mohsen believes, they said, that the younger Mr. Saleh lacks the personal strength and charisma of his father and cannot hold the country together.

The tension between the two old comrades is visible in the criticism of the way the war in the north is being handled, with government officials sometimes complaining that Mr. Mohsen set off renewed fighting there by occupying or destroying the mosques and holy places of the Houthis and building Sunni mosques and schools in the area. Mr. Mohsen’s supporters have

countered that the war has not been fully supported by the central government.

Mr. Saleh and his son also face another internal challenge from the next generation of the powerful Ahmar family, Yemeni bluebloods. Sheik Abdullah al-Ahmar was the chief of the powerful Hashed tribe, founded the Islah party and was Parliament speaker until his death in December 2007. One of his sons, Hamid al-Ahmar, a businessman in his 40s, now leads Islah.

Mr. Saleh has tried to keep the family close, in particular by letting Hamid al-Ahmar invest in major cash cows, like the main cellphone company, SabaFon, oil interests and the Bank of Saba. But in August, Hamid al-Ahmar stunned Yemenis by appearing on Al Jazeera to describe Mr. Saleh as having overstayed his time and calling on him to leave office and not try to enthrone his son. "If Saleh wants the people of Yemen to be on his side against monarchy and defend national unity, he himself must quit pursuing monarchy," he said.

How the United States manages Mr. Saleh and his family ambitions will have much to do with success or failure against Al Qaeda. "Washington must work with and behind the regime, whatever its flaws, while trying to push Saleh toward reconciliation with his opponents," a Western diplomat said. "I am afraid it will take more delicacy than the Pentagon can do."

## 24 After Balmy Hawaii, Chilly Washington

**A**s Air Force One lifted off late Sunday night, President Obama and his family left behind a balmy 77-degree Hawaiian evening. Bearing east, the plane headed toward Washington, where the temperature was a brisk 23 degrees.

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If a 54-degree climate swing were not reason enough to lament the end of vacation, Mr. Obama certainly had others. He was returning to a Washington in the throes of a political furor over the security breakdown that led to the attempted bombing of an American passenger jet on Christmas Day.

And if that were not daunting enough, the president faced a pile of other new and old business in his Oval Office in-box. He has a State of the Union address to draft, a budget proposal to finish, financial regulations to lobby for and a jobs plan to mull. Picking up where he left off just before the holiday, he must also help fashion a compromise between competing House and Senate bills if he wants to sign a health care overhaul into law in the next few weeks.

No wonder the Obamas seemed in a mood to rethink their departure. As they toured the Honolulu Zoo on Sunday afternoon a few hours before packing up and breaking camp, a reporter asked the first family if they were ready to go back to the mainland.

“No,” they all cried in unison, led by the president.

“Let’s stay,” Michelle Obama volunteered. “We’ll all stay. Are we all in? I’m trying to mount a coup.”

After all, this was not quite the vacation Mrs. Obama had imagined. In the days leading up to the holidays, she told visitors to the White House that she expected no news to break during the family’s 10-day trip to the president’s home state and added that she would not be happy if any did.

Enter a Nigerian named Umar Farouk Abdulmutallab, who tried to ignite explosives hidden in his underwear on Northwest Flight 253 as it approached Detroit. As a result, the president ended up huddling each day with advisers who traveled here with him and conferring by secure telephone with others back in Washington. He made two statements to reporters and taped a radio and Internet address about the incident.

Talk of sticking around until Monday evaporated and instead the president opted for an overnight flight so that he could arrive back at the White House by lunchtime on Monday. “He’s headed back on a redeye so that he can sleep on the plane and jump right back into the full plate he’s got in front of him this week,” said Bill Burton, a White House spokesman who accompanied the president.

No need to fret too much for the president. An overnight flight is not such an ordeal for him, since he has a pretty decent bedroom aboard Air Force

One. But staff members on long trips like that are left to fend for themselves in seats or sometimes on pads laid out on the floor. At least no one will stop them from going to the bathroom in the final hour of flight or order them to remove blankets from their laps.

As much as the terrorist attack shifted the tone of the vacation, Mr. Obama still managed to get in a wide array of activity since arriving on Christmas Eve. He played golf and basketball with friends like Eric Whitaker and Marty Nesbitt from Chicago as well as his old Hawaii pals, Bobby Titcomb, Mike Ramos and Greg Orme. He went snorkeling with the family in picturesque Hanauma Bay. He took his girls, Malia, 11, and Sasha, 8, to visit the local Sea Life Park, to see “Avatar” at a local shopping mall movie theater cleared out just for them and to get the famous shaved ice at Island Snow, where he ordered the “Snowbama” (lemon lime, cherry and passion guava).

For lunch, there were beach picnics plus an afternoon at Mr. Titcomb’s house on Oahu’s North Shore. Most evenings the family and friends, occupying three adjoining rental houses in Kailua, stayed in for dinner, although they all headed out for a couple of excursions to Alan Wong’s in Honolulu and Lucy’s Grill n’ Bar near the compound in Kailua.

On his last day in Hawaii, Mr. Obama paid a visit to the National Memorial Cemetery of the Pacific at Punchbowl Crater, where his grandfather is entombed. There, as at most of his stops over the course of the holiday, he made no public comments. In fact, for most of the trip, he remained out of view of the pool of reporters and photographers that follows him everywhere he goes – no pictures of the presidential pecs this time.

But if Mr. Obama still loves Hawaii, where he was born and spent most of his childhood and where he has visited four times in the last 18 months, Hawaii certainly returns the favor. City and state lawmakers are busy planning to rename all manner of places after the native-son president.

If his supporters have their way, according to the Honolulu Advertiser, there may soon be the President Barack Obama Beach Park at Magic Island, the President Barack Obama Birthplace State Park, President Barack Hussein Obama II Elementary School and President Barack Hussein Obama II High School.

Moreover, the apartment building where he lived with his grandparents may be put on the National Register of Historic Places. His birthday, Aug. 4, may be declared an official state holiday called Barack Obama Day. And the anniversary of his inauguration, Jan. 20, may be recognized as Barack Obama II Ohana Day. (Ohana refers to the sense of family in Hawaiian culture.)

Bathed in the love, it would not be all that surprising for Mr. Obama to want to linger. But all good things come to an end. After the longest break of his year-old presidency, Mr. Obama had to return to the cold, hard task of governing a nation still fighting two overseas wars and just emerging from recession.

Sometime before Air Force One was to land at Andrews Air Force Base, Mr. Obama presumably will have shucked the khaki shorts and sunglasses in favor of a wool overcoat. And perhaps a coat of armor.

## 25 How Visa, Using Card Fees, Dominates a Market

Every day, millions of Americans stand at store checkout counters and make a seemingly random decision: after swiping their debit card, they choose whether to punch in a code, or to sign their name.



It is a pointless distinction to most consumers, since the price is the same either way. But behind the scenes, billions of dollars are at stake.

When you sign a debit card receipt at a large retailer, the store pays your bank an average of 75 cents for every \$100 spent, more than twice as much as when you punch in a four-digit code.

The difference is so large that Costco will not allow you to sign for your debit purchase in its checkout lines. Wal-Mart and Home Depot steer customers to use a PIN, the debit card norm outside the United States.

Despite all this, signature debit cards dominate debit use in this country, accounting for 61 percent of all such transactions, even though PIN debit cards are less expensive and less vulnerable to fraud.

How this came to be is largely a result of a successful if controversial strategy hatched decades ago by Visa, the dominant payment network for credit and debit cards. It is an approach that has benefited Visa and the nation's banks at the expense of merchants and, some argue, consumers.

Competition, of course, usually forces prices lower. But for payment networks like Visa and MasterCard, competition in the card business is more about winning over banks that actually issue the cards than consumers who use them. Visa and MasterCard set the fees that merchants must pay the cardholder's bank. And higher fees mean higher profits for banks, even if it means that merchants shift the cost to consumers.

Seizing on this odd twist, Visa enticed banks to embrace signature debit – the higher-priced method of handling debit cards – and turned over the fees to banks as an incentive to issue more Visa cards. At least initially, MasterCard and other rivals promoted PIN debit instead.

As debit cards became the preferred plastic in American wallets, Visa has turned its attention to PIN debit too and increased its market share even more. And it has succeeded – not by lowering the fees that merchants pay, but often by pushing them up, making its bank customers happier.

In an effort to catch up, MasterCard and other rivals eventually raised fees on debit cards too, sometimes higher than Visa, to try to woo bank customers back.

“What we witnessed was truly a perverse form of competition,” said Ronald Congemi, the former chief executive of Star Systems, one of the regional PIN-based networks that has struggled to compete with Visa. “They competed on the basis of raising prices. What other industry do you know that gets away with that?”

Visa has managed to dominate the debit landscape despite more than a decade of litigation and antitrust investigations into high fees and anti-competitive behavior, including a settlement in 2003 in which Visa paid



\$2 billion that some predicted would inject more competition into the debit industry.

Yet today, Visa has a commanding lead in signature debit in the United States, with a 73 percent share. Its share of the domestic PIN debit market is smaller but growing, at 42 percent, making Visa the biggest PIN network, according to The Nilson Report, an industry newsletter.

### The Risk of Refusing

Critics complain that Visa does not fight fair, and that it used its market power to force merchants to accept higher costs for debit cards. Merchants say they cannot refuse Visa cards because it would result in lower sales.

“A dollar is no longer a dollar in this country,” said Mallory Duncan, senior vice president of the National Retail Federation, a trade association. “It’s a Visa dollar. It’s only worth 99 cents because they take a piece of every one.”

Visa officials say its critics are griping about debit products that have transformed the nation’s payment system, adding convenience for consumers and higher sales for merchants, while cutting the hassle and expense of dealing with cash and checks. In recent years, New York cabbies and McDonald’s restaurants are among those reporting higher sales as a result of accepting plastic.

“At times we have a perspective problem,” said William M. Sheedy, Visa’s president for the Americas. “Debit has become so mainstream, some of the people who have benefited have lost sight of what their business model was, what their cost structure was.”

Visa officials said the costs of debit for merchants had not gone down because the cards now provided greater value than they did five or 10 years ago. The costs must not be too onerous, they say, because merchant acceptance has doubled in the last decade.

The fees are “not a cost-based calculation, but a value-based calculation,” said Elizabeth Buse, Visa’s global head of product.

As for Visa's market share, company officials maintain that it is rather small when considered within the larger context of all payments, where, for now at least, cash remains king.

While Visa may be among the best-known brands in the world, how it operates is a mystery to many consumers.

Visa does not distribute credit or debit cards, nor does it provide credit so consumers can buy flat-screen televisions or a Starbucks latte. Those tasks are left to the banks, which owned Visa until it went public in 2008.

Instead, Visa provides an electronic network that acts like a tollbooth, processing the transaction between merchants and banks and collecting a fee that averages 5 or 6 cents every time. For the financial year ended in June, Visa handled 40 billion transactions. Banks that issue Visa cards also pay a separate licensing fee, based on payment volume. MasterCard, which is roughly half the size of Visa, uses a similar model.

"It's a penny here or there," said Moshe Katri, an analyst who tracks the payments industry for Cowen and Company. "But when you have a billion transactions or more, it adds up."

With debit transactions forecast to overtake cash purchases by 2012, the model has investors swooning: Visa's stock traded at \$88.14 on Monday, near a 52-week high, while shares of MasterCard, at \$256.84 each, have soared by more than 450 percent since the company went public in 2006.

While there is little controversy about the fees that Visa collects, some merchants are infuriated by a separate, larger fee, called interchange, that Visa makes them pay each time a debit or credit card is swiped. The fees, roughly 1 to 3 percent of each purchase, are forwarded to the cardholder's bank to cover costs and promote the issuance of more Visa cards.

The banks have used interchange fees as a growing profit center and to pay for cardholder perks like rewards programs. Interchange revenue has increased to \$45 billion today, from \$20 billion in 2002, driven in part by the surge in debit card use.

Some merchants say there should be no interchange fees on debit purchases, because the money comes directly out of a checking account and

does not include the risks and losses associated with credit cards. Regardless, merchants say they inevitably pass on that cost to consumers; the National Retail Federation says the interchange fees cost households an average of \$427 in 2008.

While the cost per transaction may seem small, at Best Buy, the biggest stand-alone electronics chain, “these skyrocketing fees add up to hundreds of millions of dollars every year,” said Dee O’Malley, director of financial services. “Every additional dollar we are forced to pay credit card companies is another dollar we can’t use to hire employees, or pass along to our customers in the form of savings.”

### Weighing Rules on Merchants

The Justice Department is investigating if rules imposed by payment networks, including Visa, on merchants regarding “various payment forms” are anticompetitive, a spokeswoman said. Several bills have been introduced in Congress seeking to give merchants more ability to negotiate interchange, which is largely unregulated.

While interchange remains legal despite repeated challenges, a group of merchants is pursuing yet another class-action suit, this time in federal court in Brooklyn, against Visa and MasterCard that seeks to upend the system for setting fees.

“Visa and MasterCard have morphed into a giant cookie jar for banks at the expense of consumers,” said Mitch Goldstone, a plaintiff in the case.

Fees were not an issue when debit cards first gained traction in the 1980s. The small networks that operated automated teller machines, like STAR, Pulse, MAC and NYCE, issued debit cards that required a PIN. MasterCard had its own PIN debit network, called Maestro.

Merchants were not charged a fee for accepting PIN debit cards, and sometimes they even got a small payment because it saved banks the cost of processing a paper check.

That changed after Visa entered the debit market. In the 1990s, Visa promoted a debit card that let consumers access their checking account on the same network that processed its credit cards, which required a signature.

To persuade the banks to issue more of its debit cards, Visa charged merchants for these transactions and passed the money to the issuing banks. By 1999, Visa was setting fees of \$1.35 on a \$100 purchase, while Maestro and other regional PIN networks charged less than a dime, Federal Reserve data shows. Visa says the fee was justified because signature debit was so much more useful than PIN debit; at the time, roughly 15 percent of merchants had keypads for entering a PIN.

Merchants said they had no choice but to continue taking the debit cards, despite the higher fees, because Visa's rules required them to honor its debit cards if they chose to accept Visa's credit cards.

### A Seven-Year Battle

Wal-Mart, Circuit City, Sears and a number of major merchants eventually sued. After seven years of litigation, Visa and MasterCard agreed to end the "honor all cards" rule between credit and debit and to pay the retailers a settlement of around \$3 billion, one of the largest in American corporate history. Visa paid \$2 billion, and MasterCard the remainder.

Since then, only a handful of retailers have stopped accepting Visa debit cards, an indication that the crux of the lawsuit was "much ado about nothing," Mr. Sheedy says.

And while some merchants said they thought the lawsuit would pave the way to a new era of competition, a curious thing happened instead: while Visa temporarily lowered its fees for signature debit, it raised the price on PIN debit transactions and passed the funds on to card-issuing banks, and its competitors soon followed.

The current class-action lawsuit joined by Mr. Goldstone contends that Visa's PIN debit network, called Interlink, is offering banks higher fees as an incentive to issue debit cards that are exclusively routed over this network. Interlink, which has raised its PIN debit fees for small merchants to 90 cents for each \$100 transaction, from 20 cents in 2002, is often the most expensive, especially for small merchants, Fed data shows.

One large retailer, who requested anonymity to preserve its relationship with Visa, provided data that showed Interlink's share of PIN purchases

rose to 47 percent in 2009, from 20 percent in 2002, even as its fees steadily increased ahead of most other networks – to 49 cents per \$100 transaction in 2009, from 38 cents in 2006.

Visa officials say its PIN debit network is taking off despite rising costs because it offers merchants, banks and consumers a level of efficiency and security that regional networks cannot match. “We are motivated as a company to try to drive value to each one of those participants so that they accept the card, issue more cards, use the card,” Mr. Sheedy said.

At checkout counters, meanwhile, consumers are quietly tugged in one direction or the other.

Safeway, 7-Eleven and CVS drugstores automatically prompt consumers to do a less costly PIN debit transaction. The banks, however, still steer consumers toward the more expensive form of signature debit. Wells Fargo and Chase are among those that offer bonus points only on debit purchases completed with a signature.

Visa says it does not care how consumers use their debit card, as long as it is a Visa. But for now at least, the company says the only way to ensure that a purchase is routed over the Visa network is to sign.

“When you use your Visa card, you have a chance to win a trip to the Olympic Winter Games,” a new Visa commercial promises.

The commercial does not explain the rules, but the fine print on Visa’s Web site does: nearly all Visa purchases are eligible – as long as the cardholder does not enter a PIN.

## 26 Divergent Views on Signs of Life in the Economy

Signs of revival on the factory floor emerged in the United States and Asia on Monday, fueling exultant buying on Wall Street and reinforcing a sense that genuine economic recovery was unfolding.



But if the Great Recession has indeed relaxed its grip on American life, it has been replaced by something that might be called the Great Ambiguity – a time of considerable debate over the clarity of economic indicators and the staying power of apparent improvements.

Manufacturing expanded in the United States in December, the fifth straight month of gains, amplifying hopes that a job market hobbled by double-digit unemployment might finally be adding paychecks. New jobless claims slipped markedly last week. Some economists think data to be released on Friday will show the economy gained jobs in December, the first monthly net increase in two years.

“We’re really coming back,” said Allen Sinai, chief global economist at the research firm Decision Economics. “The expansion is picking up the pace.”

Investors pushed up stock prices, with the Dow Jones industrial average gaining 156 points, or 1.5 percent, and oil prices reaching a 14-month high, \$81.51 a barrel. [Pages B1 and B8.]

But many economists remain worried that momentum could soon weaken, with the economy sliding back into glum times.

Indeed, the only area in which economists can reliably declare expansion is in the supply of competing narratives about the economy – perhaps to be expected in any transition between downturn and the inevitable turn for better.

“That is always the nature of the boomlet after recession,” Mr. Sinai said. “People think it’s going to fade away.”

Much of the improvement in manufacturing – a small slice of the American economy – is the result of businesses rebuilding inventories after slashing them. The economy has also been stoked by \$787 billion in federal spending aimed at stimulating growth, a force that will be largely exhausted by the middle of the year.

Those skeptical of lasting recovery assert that, once businesses have rebuilt inventories and federal largess runs dry, the economy will confront the same assortment of ills plaguing it for two years.

Namely, Americans are saturated in debt and nervous about job prospects, prompting many to hunker down in a mode of thrift; businesses still spooked by dysfunction in the financial system are reluctant to hire more workers until recovery proves real; and a cataclysmic drop in home prices has diminished spending power in millions of households, with another decline possible as foreclosed properties surge onto the market.

“You come back to the unfortunate reality that the underlying problems are still very much there,” said Joshua Shapiro, chief United States economist at the market research firm MFR Inc. “It’s going to be a long grind.”

Few economists expect a double-dip recession, in which the economy begins to expand only to contract again, but many fear a protracted period of stagnant growth that could last several years, much like Japan’s Lost Decade in the 1990s following the calamitous end to an era of excessive real estate speculation.

Indeed, some liken signs of improvement in the American economy to events in Japan, where victory was often prematurely declared.

“Japan had lots of upswings,” said Stephen King, global chief economist at the banking conglomerate HSBC in London.

Mr. King foresees a long period of adjustment to slower rates of economic growth in the United States.

The American economy expanded at a roughly 3 percent annual pace through most of the 1980s and 1990s, then dipped to about 2.5 percent from 2003 to 2007, and most of the gains stemmed from the disastrous investment bubble in real estate.

“What are you left with in terms of underlying growth?” he asked. “The answer is, not very much.”

But economists of a more optimistic type assert that such views fail to account for what has been happening in recent months. Areas of the economy that went into deep freeze have revived and must grow just to replenish their inventories.

Exhibit A in this narrative is the widely watched index of manufacturing activity produced by the Institute for Supply Management, which reported on Monday increasingly robust orders and production at American factories in December.

The purchasing manager's index rose to 55.9, its highest level since April 2006, back in the days before subprime entered the American lexicon and before economists began to fret about a potential replay of the Great Depression. Hopes for a lasting recovery were also bolstered by news from China, where data released Monday showed its economy expanded in December at a faster clip than at any time since the beginning of the global downturn. Similar data amplified evidence of recovery in South Korea, India and Taiwan.

"Strong growth in Asia reverberates around the world and helps U.S. exports," Mr. Sinai said.

The worldwide factory revival is no momentary event, argues Robert J. Barbera, chief economist at the research and trading firm ITG, but rather the return to everyday business after an overreaction to the terror that gripped financial markets in the fall of 2008.

During the panic, companies cut too many workers and pared back too much inventory in a frantic bid to limit costs, Mr. Barbera argues.

"You're having a global reversal of inventories and trade, and I don't think that's ephemeral," he said. "If it was important on the way down, why shouldn't it be important on the way back up?"

Mr. Barbera anticipates the economy will add some 2.5 million new jobs this year – far less than the roughly 7 million net jobs that have been lost over the last two years, according to the Labor Department, but still a considerable improvement.

As people spend paychecks at other businesses, they create jobs for more people, spreading the improvement in national fortunes. This prospect captured attention on Wall Street on Monday. As investors absorbed evidence of factory expansion, they saw signs of more cash registers ringing



up sales, more insurance agents writing new policies, more trucks carrying more product and more transactions brokered by banks.

But whether growth in manufacturing indeed spells new jobs throughout the economy remains a question. Mr. Shapiro, the MFR economist, argues that companies have become permanently lean, mastering the art of producing more with fewer people – a trend with staying power.

A government report on Monday, for instance, showed a slump in construction spending, which fell a seasonally adjusted 0.6 percent in November to its lowest levels in six years.

Stock markets may be reflecting the exuberance of improved news headlines more than fundamentals, say analysts, and some buyers may be jumping in out of fear of missing the next fiesta.

“Typically, what happens with individual investors is they just chase the market,” Mr. Shapiro said. “There’s an element of that for sure.”

But while pundits are prone to dismiss the stock market as a kind of indecisive judge at a beauty pageant, its movements have substantial impact on wealth and confidence. These, in turn, shape spending and employment.

In this context, the stock market may prove to be the wild card whose resilience cements a still nascent recovery.

“It’s part of a process by which households that were devastated are now improving their balance sheets,” Mr. Sinai said. “Their net worth is going up, and some of those households are going to spend.”

## 27 Google Moves to Keep Its Lead as Web Goes Mobile

Google’s expected unveiling on Tuesday of a rival to the iPhone is part of its careful plan to try to do what few other technology companies have



done before: retain its leadership as computing shifts from one generation to the next.

The rapid emergence of the smartphone as a versatile computing device may be as much a challenge as an opportunity for Google, which built its multibillion-dollar empire largely on the sale of small text ads linked to search queries typed on PCs.

As people increasingly rely on powerful mobile phones instead of PCs to access the Web, their surfing habits are bound to change. What's more, online advertising could lose its role as the Web's primary economic engine, putting Google's leadership role into question.

"The new paradigm is mobile computing and mobility," said David B. Yoffie, a professor at the Harvard Business School. "That has the potential to change the economics of the Internet business and to redistribute profits yet again."

In recent decades, the power of industry giants like I.B.M. and Microsoft, which once seemed unassailable, waned as computing shifted from big mainframes to PCs, and from PCs to the Internet. Many analysts say it is now Google that is faced with a less certain future in the face of another shift.

Still, they say Google saw this coming years ago and has been preparing for it. Google executives now say they are confident that the company will thrive as the mobile Internet grows.

"We are incredibly excited about the opportunities that we see in mobile," Vic Gundotra, a vice president of engineering at Google who oversees mobile applications, said in an interview on Monday. "We have invested a considerable amount, and we can now really provide a compelling mobile experience."

Top Google executives, including Eric E. Schmidt, the chief executive, have long said that the mobile Internet was Google's biggest opportunity for new growth. They orchestrated a string of acquisitions of companies with mobile-related technology, including Android, maker of a cellphone operating system; GrandCentral, a service for making calls that can bypass telephone lines; and AdMob, an advertising network for mobile applications. The AdMob deal is awaiting approval from regulators.

Google also invested far more aggressively than its competitors in mapping technologies and services tied to a user's location, which are likely to become the vital underpinnings of new advertising systems on GPS-equipped mobile phones. Last month, Google came close to paying more than \$500 million to acquire Yelp, a Web site for business listings and reviews. While the deal collapsed at the last minute, Google's interest underscored its determination to become a force in mobile advertising.

And in recent years, Google has worked systematically to loosen the hold that other companies have on the mobile industry.

In 2008, for example, Google bid \$4.7 billion in a government auction of the nation's airwaves. While Google had no intention of winning, it bid to ensure that the airwaves would be subject to so-called openness requirements, meaning that Verizon Wireless, which won the bidding, would not be able to exclude Google services like Web search, Gmail and maps from phones using those frequencies.

The expected unveiling on Tuesday of the Nexus One, a thin, touch-screen handset built to Google's specifications and made by the Taiwanese company HTC, is a challenge to a newly minted industry power: Apple, whose iPhone dominates the high end of the smartphone market. While the iPhone sends millions of people to Google's search and other services, some of the company's applications, like Google Voice, have not been allowed to run on the phone.

Analysts say that with the Nexus One, which Google plans to sell to consumers directly, the company is trying to free itself from Apple's growing influence. It also wants to broaden the appeal of Android's technology. The phone is expected to be sold unlocked, allowing consumers to buy service plans separately.

Mr. Gundotra declined to discuss specifics of the Nexus One. But he said all of Google's mobile moves were driven by one objective: pushing the industry to open up in an attempt to replicate on mobile phones the environment that has allowed the PC-driven Web to grow at explosive rates.

"Before the mobile Web really started to take off, there were many barriers to consumers," he said. "Sometimes it was limited choice about what you

could do with your phone,” he said, adding that in some cases, it could take as many as 19 clicks for a user to get to Google’s site.

Some of Google’s moves, like its bid for spectrum, confounded many in the industry. But analysts say that Google’s actions proved shrewd and that the company has, to a large extent, helped open up the mobile Web and ensure that its own services, and its ads, will be accessible to all.

“You could take a view that this is a very geeky company,” said Nicholas Carr, author of “The Big Switch,” a book about the shift to Internet computing. “That underestimates the strategy that underlies all these moves.”

Some analysts say that with the early success of the Android operating system, which is built into phones from several manufacturers, Google is already beating Microsoft, its biggest rival, in the mobile business. And they note that mobile phone software is tethered to the Web more than PC programs, playing to Google’s strengths in Internet computing.

Indeed, Google has moved so aggressively to establish itself as a force in the mobile Web that it has already attracted government scrutiny. The Federal Trade Commission recently stepped up its review of Google’s proposed \$750 million acquisition of AdMob, as some advocacy groups are raising alarms that the deal could extend Google’s dominance of online advertising into mobile phones.

Yet some questions remain unanswered: Will advertising remain central to the Web economy as consumers shift to mobile phones from PCs? And will applications change people’s reliance on search engines?

Google’s text ads are sold through an auction system, and analysts say that some of its most lucrative ads show up during intensive online research tasks, like finding a vacation rental or securing a good rate on a mortgage. Those are more likely to be conducted on a PC than on a cellphone.

“It certainly remains to be seen how big mobile advertising will be,” said Charles Golvin, an analyst with Forrester Research.

Predictions about the growth potential of mobile advertising vary widely. A recent report on the mobile Internet by Morgan Stanley, for instance,

said that while advertising accounts for 40 percent of revenue on the desktop Internet, it accounts for just 5 percent of revenue on the mobile Internet. That could change, as more personalized advertising technologies, including coupons and offers that are aimed at users based on their location, could usher in a new wave of growth in digital marketing.

At the same time, some surveys show that users are wary of ads that could clutter the precious real estate on their small cellphone screens. And phone users seem more willing to pay a few dollars for applications or content than PC users, potentially reducing the importance of advertising.

Another risk for Google is that popular smartphone apps could erode the power of its search engine. In a recent note to investors, Ben Schachter, an analyst with Broadpoint AmTech, wrote that apps could eat into search revenue by giving users direct access to many commercial Web sites.

“When you go to Google and search for a product or for Amazon, that’s a way for Google to make money,” Mr. Schachter said. “But if you have the Amazon or the eBay app on your mobile phone home screen, you are more likely to click on that button and buy something without ever using Google.”

Mr. Gundotra dismissed those concerns. While he refused to provide specifics about Google’s mobile revenue, he said that its rate of growth mirrored the company’s results when it began selling ads on its Web site.

“It is very, very encouraging,” he said.

## 28 A Venture Integrating Skype Into the Family Room

**T**here will soon be something new to watch on the living room TV: your relatives and friends in different parts of the world.



On Tuesday, Panasonic and LG Electronics, two of the top television makers, are to announce that they are integrating the free online calling service Skype into their Internet-connected high-definition televisions.

People who buy these TVs, along with an extra Web camera and microphone accessory designed for the living room, can conduct free, live video chats and phone calls from the couch.

The announcement is the first of many expected from TV manufacturers at the Consumer Electronics Show in Las Vegas this week. Television makers are trying to give consumers reasons to begin replacing their high-definition TVs that they bought only in the last few years. TV makers are also trotting out ever-slimmer TVs, adding Internet connections and preparing to introduce 3-D technology.

“This is the year when Internet-connected TVs will start to take off, and there is no doubt that soon every TV that ships will have built in Wi-Fi, webcams and microphones,” said Jonathan Rosenberg, chief technology strategist of Skype. “This is our first step.”

The domestic TV market survived the recession in surprisingly good health, shipping 33.86 million units during 2009, up 17 percent from 2008, while retail sales were generally flat, according to the research firm iSuppli. But furious competition among manufacturers cut deeply into prices and profits, with the price of a 46-inch LCD TV, for example, falling under \$1,000 for the first time.

Internet-enabled TV sets, though they have not yet proved a hit with consumers, can restore some of those shrunken profits. A 50-inch plasma, high-definition TV with a broadband connection from LG runs about \$300 more on Amazon.com than a TV of the same size without the connection. In some cases, TV makers also get a slice of the revenue when customers make Web purchases from their TVs.

That is where Skype comes in. Until now, Web-connected TVs have accessed only a limited number of online services, like widgets from Yahoo that offer weather and news updates, or Netflix’s streaming movie service. By adding other services and making a television more like a PC, TV makers now want to change the very identity of the primary screen in the house.

“The TV is not just a one-way entertainment device, but a two-way communications device and a portal into other people’s lives,” said Bob Perry, a senior vice president at Panasonic.

The Skype service on a TV will work much as it does on a PC, but with some limitations. A TV program will stop playing once a Skype call is made or answered; TV processors are not yet powerful enough to allow people to chat while they watch a show, the companies say.

Panasonic, based in Japan, and LG, based in South Korea, will sell specially designed Web cameras for their Skype-enabled sets, which should cost \$100 to \$200. These cameras, unlike typical webcams, are customized for the technically challenging environment of the living room, where there can be a wide range of distances between the TV and viewers.

The deals give the newly independent Skype, formerly a division of eBay, another valuable foothold in the home. About 520 million people around the world use the service to place free phone calls and have video chats with one another from their computers and other devices that run Skype software. The company makes money by charging competitive rates for people to call regular phone numbers and for add-on services like voice mail.

Video chatting has become an increasingly important feature of Skype. The company says video chats account for 34 percent of calls on the service, and as many as half on days like Christmas and New Year's, when families seek to connect face to face.

To further nurture this activity, Skype is also announcing on Tuesday that its software for Windows PCs and televisions will support high-definition video calling in the 720p HD format, if users have webcams that support the technology.

Skype makes no money from video chats, at least for now. But Mr. Rosenberg of the company says that it may soon start charging for add-on services, like the ability to set up a video conference call for three or more parties.

"What we finally created with the Skype network is a community of users that are available via video. Having Skype on the TV is a big part of building that," he said.

Not everyone believes Internet-enabled TVs, with features like Skype, are going to make much of a difference to consumers. Riddhi Patel, an analyst

at iSuppli, says he thinks that innovations like LED-backlighting for LCDs, which can result in a picture with a crisper contrast ratio and a thinner screen, are what catch shoppers' eyes in stores.

"When a consumer walks into the store, they make a purchase when they can instantly see the benefit of upgrading to a new TV," Ms. Patel said.

Take Off Your Shoes, and Is the Parrot Loaded?

By JOE SHARKEY "DOES he bite?" the screener at the checkpoint asked warily.

"She doesn't bite," I said.

"Because we have to check under the wings," he said.

"In that case," I said, "she might bite."

At issue was our chatty little African Grey parrot, Rosie, who was watching the scene from inside her travel cage at the security checkpoint at the Newark airport. This was last week, a few days after a suspected terrorist tried to blow up an international flight on its descent into Detroit by igniting some explosives hidden in his underwear.

While the explosion fizzled, it threw airport security into a tizzy.

My wife and I had never before flown with our two parrots, but this time they had to come along on our nonstop flight to Phoenix. Rosie could fly in the cabin. But our other parrot, a blue-and-gold macaw named Petey, is too big for the cabin and was already in the hands of the very helpful people at Continental's PetSafe program, which transports pets in a heated, pressurized cargo section of the plane. We wouldn't see him again for six hours.

We were very anxious at the checkpoint. My wife solved the problem, though. One of Rosie's tricks is to spread her wings and lower her beak if you ask her to imitate an eagle.

"Rosie, do an eagle," my wife said. Inside her cage with the screener's face framed in the open door, the bird promptly spread her wings wide.



The screener had his look under the wings and lowered his wand. Merri-ment ensued all around – but it had to look pretty silly.

And off we went to our flight to Arizona, which proceeded smoothly with the smaller parrot asleep in her cage under a seat.

The final week of 2009, after the underwear bomber set fire to himself on that Delta-Northwest flight approaching Detroit from Amsterdam, was one of the strangest periods yet in the annals of air travel security since the 2001 terrorist attacks. Business travelers and other frequent fliers, who had long adapted stoically to whatever new security hurdles were thrown in their paths, were no longer reacting with equanimity.

In many cases, stoicism was replaced by ridicule over what some travelers saw as knee-jerk reactions to the underwear bomber.

I heard from a bunch of business travelers. But my favorite e-mail message offered some tongue-in-cheek security advice.

Mads Oyen, a policy specialist at Unicef in New York, suggested removing from a plane any specific seat that had been used by a would-be terrorist. “If he used, say, 36E, remove that seat. Then this cannot be tried again,” Mr. Oyen wrote.

Another suggestion from Mr. Oyen addressed the widely criticized Transportation Security Administration rule, imposed right after the Christmas episode and quickly withdrawn, that passengers on flights to the United States not be informed of where they were, by cockpit announcements or by those video-screen maps that show a plane’s position.

“Not only remove the in-flight maps, but tell people after seating that they are headed to a destination they are not booked for,” he wrote. “It is important that security measures are unpredictable.”

In a phone interview, Mr. Oyen recalled that he once watched security screeners at an airport in Uganda put a uniformed soldier’s loaded gun through the X-ray scanner “presumably to check for sharp objects.”

On a more serious note, an airline pilot who did not want his name used, asked, “When will passengers say enough is enough with the ineffective theatrical security measures?”

That remains to be seen. As has already been reported, the T.S.A. again revised procedures on Sunday, requiring pat-downs and extra screening for United States-bound passengers who are citizens of 14 countries identified as being either state sponsors of terrorism or friendly toward certain terrorists groups. At the same time, the T.S.A. relaxed the most strict security measures for United States citizens and most others not flying through, or citizens of, those 14 nations.

Meanwhile, I should note that my wife and I and Rosie the parrot arrived on time in Phoenix, where we then picked up Petey, the other parrot, at a special trailer set aside by Continental for passengers to fetch pets.

When he heard my wife’s voice, he let out a screech from his well-padded cage that could have been heard in Las Vegas.

He had obviously had a good flight, too. And if he had any complaints about security, we didn’t hear about them. Petey wasn’t talking.

## 29 For F.D.R. Sleuths, New Focus on an Odd Spot

When President Franklin D. Roosevelt died unexpectedly on April 12, 1945, in Warm Springs, Ga., the White House lost no time announcing a cause of death.

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The 63-year-old president, the shocked and grieving nation was told, had died of cerebral hemorrhage. (“Last Words,” read a front-page headline in The New York Times: “ ‘I Have a Terrific Headache.’ ”)

That Roosevelt died of a stroke is undisputed. But what caused it is a medical mystery that has persisted to this day, a mystery heightened by the

secrecy in which he, his aides and his doctors always insisted on shrouding his health.

Now a new book – “F.D.R.’s Deadly Secret,” by a neurologist, Dr. Steven Lomazow, and a journalist, Eric Feltmann (PublicAffairs) – revives an intriguing theory.

Look closely at Roosevelt’s portraits over his 12-year presidency. In his first two terms, there is a dark spot over his left eyebrow. It seems to grow and then mysteriously vanishes sometime around 1940, leaving a small scar.

Was the spot a harmless mole? Or a cancerous melanoma that spread to contribute to, or even cause, his death? Melanomas, after all, are known for causing strokes from bleeding when they spread to the brain.

This hypothesis is not new. In 1979, Dr. Harry S. Goldsmith, then a surgeon at Dartmouth, wrote a widely publicized medical journal article focusing attention on the possibility that the spot was a melanoma. (I wrote an article about it at the time.) In 2007, after more medical sleuthing, Dr. Goldsmith published a book, “A Conspiracy of Silence” (iUniverse), fleshing out the theory.

What is different in the new book is the categorical claim that the killer was melanoma that “metastasized to his brain, causing the growing tumor that would take Roosevelt’s life a mere six weeks later.”

But no matter how confidently the authors may assert it, the claim is still speculation – unproved and far from convincing.

Roosevelt’s death was shocking in part because the White House and his doctors had kept secret how sick he was. For example, though it was widely known that he had developed polio in 1921 at age 39, he and his aides disguised the fact that he could not walk unaided and used heavy metal braces to stand on paralyzed, withered legs. He used a wheelchair and demanded that photographers not show his disabilities.

His terminal illness came during wartime, and in an era when leaders’ health and other personal matters were considered strictly private.

With rare exceptions, journalists were complicit. They did not probe the obvious clues they saw as the president's appearance deteriorated.

Over his last year, for instance, he lost about 30 pounds. His doctors attributed it to a poor appetite from a prescribed diet; Dr. Lomazow and Mr. Fettmann contend he became scrawny from a spreading melanoma.

The authors point out that Turner Catledge, then a Washington correspondent for The New York Times and later its executive editor, did not report how awful Roosevelt looked during an interview at the White House in 1944, months before his nomination to an unprecedented fourth term.

Roosevelt was gaunt and glassy-eyed, Catledge wrote many years later; his jaw drooped, and he lost his train of thought. Others witnessed similar episodes; in an interview, Dr. Lomazow attributed them to a type of seizure often associated with strokes.

Roosevelt's cardiologist, Dr. Howard G. Bruenn, certified that he died of a cerebral hemorrhage from longstanding arteriosclerosis. Only in 1970 did Bruenn disclose in a medical journal article that for many years the president's blood pressure was dangerously high. Available records show that it had risen to 230/126 in 1944, from 128/82 in 1930, which would have contributed to heart failure. A reading moments before he died was 300/190.

Even then, doctors knew that chronic high blood pressure (hypertension) and arteriosclerosis were a potentially lethal combination that could cause heart disease and strokes. That became the standard and most plausible explanation for Roosevelt's stroke.

The speculation about a melanoma cannot be verified because there was no autopsy and no known biopsy, and most of Roosevelt's medical records disappeared shortly after his death from a safe in the United States Naval Hospital in Bethesda, Md.

In their public accounts and the few surviving medical records, his doctors never suggested that they performed a biopsy to determine whether he had any form of cancer. (Even during his lifetime there were rumors that he had prostate cancer.)

Franklin Roosevelt was hardly the only president to bend the truth, if not lie, to hide his illnesses from the public. Thirteen years before Roosevelt took office, President Woodrow Wilson, in his second term, had a paralyzing stroke; Wilson's wife and aides kept that fact hidden from the public while they took over the running of the government.

Fortunately, recent decades have yielded vast changes in medical practice and in perceptions of the public's right to know about a political leader's health. But Roosevelt's ailments must still be viewed in the context of the times.

In the 1930s and '40s, doctors had none of the now-standard blood pressure drugs like strong diuretics, beta blockers and ACE inhibitors. They paid far less attention than they do now to moles suspected of being melanomas; even if they had such suspicions, it is inconceivable that the spot over Roosevelt's eye would have drawn the kind of attention focused during the 2008 presidential campaign on the extensive surgery for the most serious of Senator John McCain's four melanomas.

Why did Roosevelt's spot vanish after 1940? Melanomas rarely regress on their own. But did his? Was the spot removed for a biopsy? Or for cosmetic reasons? Despite the assertions in "F.D.R.'s Deadly Secret," the answers are unknown.

Even in the 1940s, some Washington insiders claimed that Roosevelt knew he was seriously ill, if not dying, when he ran for his final term, and that was one of the reasons he dumped his vice president, Henry A. Wallace, from the Democratic ticket in favor of Harry S. Truman. But most historians say he picked Truman for political reasons, not for his qualifications.

In July 1944, Dr. Frank H. Lahey, a nationally prominent surgeon in Boston, consulted in Roosevelt's case. In a memorandum to the record that was made public largely through Dr. Goldsmith's efforts, Dr. Lahey said he told Roosevelt's White House physician, Adm. Ross T. McIntire, that he doubted Roosevelt's capacity to survive another term. But the memorandum did not mention cancer: it focused on the president's failing heart.

Dr. Lomazow and Mr. Fettmann contend that McIntire would certainly have told the president he had cancer. This is not clear; in that era doctors often withheld the word “cancer” from patients with any form of the disease.

The authors build on a 2007 paper by Dr. Barron H. Lerner that challenged a 1970 account by Bruenn, Roosevelt’s cardiologist, of the president’s illness and death. Like Dr. Lerner, Dr. Lomazow contends that the account, which has been considered definitive, was incomplete.

One reason is that Bruenn did not mention problems like the vanished eyebrow spot and the blood transfusions that Roosevelt needed to help correct a severe anemia in 1941. McIntire attributed the anemia to bleeding hemorrhoids; Dr. Lomazow contends it was something more serious.

After McIntire’s death in 1959, Dr. Lomazow said, “it fell upon” Bruenn to protect Roosevelt’s wishes to keep his health problems secret. A British physician, Dr. Hugh L’Etang, was about to publish a paper suggesting that Roosevelt might have had melanoma, Dr. Lomazow said.

Also, he said, the Roosevelt family wanted Bruenn’s cooperation in documenting that the president had been mentally capable during the Allies’ end-of-war conference at Yalta in February 1945. During the cold war, detractors had taken to calling him “the sick man at Yalta” and saying Stalin had taken advantage of him.

“F.D.R.’s Deadly Secret” adds to the many accounts of how the president deceived the public about his health. Challenging the conventional wisdom is admirable. But adopting an alternative theory as fact requires convincing evidence that is lacking in this book.

In some places the book is inexcusably confusing. In making a point in one place, the authors say it is speculative; but the same point in another sentence is stated as fact.

For example, journalists reported that Roosevelt departed a number of times from the prepared text when he spoke to Congress after returning from Yalta. The authors of “F.D.R.’s Deadly Secret” examined short film clips and deduced that he had a defect in his left visual fields known as a

hemianopia. Although the authors say it is usually from a stroke, they state flatly that the visual deficit was “caused by a metastatic brain tumor.”

The authors say that though it is unclear whether Roosevelt’s doctors fully understood the nature of this postulated deficit, “they certainly knew that the president’s lesion was malignant and had metastasized.” The book says the abdominal pains Roosevelt experienced in his last year were “caused by the cancer that had metastasized to his bowel.” What is the proof?

In an interview, Dr. Lomazow acknowledged the inconsistencies.

“That is a fair criticism of the way the book is written,” he said. “The book goes back and forth, and if it led you to believe that this is incontrovertible absolute evidence, then you are correct and I sincerely apologize for the misunderstanding.”

Some of the confusion, he said, may stem from the authors’ and the publisher’s failure to cross-check what they wrote.

Dr. Goldsmith, the author of the 1979 article raising the possibility that Roosevelt had a melanoma, now says that after further research he doubts that was what killed him.

Roosevelt could have died from a stroke from his high blood pressure and also had a melanoma and prostate cancer. But without additional records, it is impossible to be definitive about the cause of death.

Regardless, his death and its aftermath make one thing clear: All presidents and their doctors should make full disclosures about their health. As long as crucial facts are kept secret, theories, conspiracies and hype may tarnish their image and long outlive them.

## 30 Study Says Women With Mate Get Heavier

**I**t is widely known that women tend to gain weight after giving birth, but now a large study has found evidence that even among childless women, those who live with a mate put on more pounds than those who live without one.



The differences, the scientists found, were stark.

After adjusting for other variables, the 10-year weight gain for an average 140-pound woman was 20 pounds if she had a baby and a partner, 15 if she had a partner but no baby, and only 11 pounds if she was childless with no partner. The number of women with a baby but no partner was too small to draw statistically significant conclusions.

There is no reason to believe that having a partner causes metabolic changes, so the weight gain among childless women with partners was almost surely caused by altered behavior. Moreover, there was a steady weight gain among all women over the 10 years of the study.

This does not explain the still larger weight gain in women who became pregnant. The lead author, Annette J. Dobson, a professor of biostatistics at the University of Queensland in Australia, suggested that physiological changes might be at work.

“Women’s bodies may adjust to the increased weight associated with having a baby,” Dr. Dobson said. “There may be a metabolic adjustment that goes on when women are pregnant that is hard to reverse. This would be more consistent with our findings than any other explanation.”

The study covered more than 6,000 Australian women over a 10-year period ending in 2006.

At the start, the women ranged in age from 18 to 23. Each woman periodically completed a survey with more than 300 questions about weight and height, age, level of education, physical activity, smoking status, alcohol consumption, medications used and a wide range of other health and health care issues.



By the end of the study, published in the January issue of *The American Journal of Preventive Medicine*, more than half the women had college degrees, about three-quarters had partners and half had had at least one baby. Almost all of the weight gain happened with the first baby; subsequent births had little effect.

Also by the end of the study period, there were fewer smokers and risky drinkers than at the beginning, more women who exercised less and a larger proportion without paid employment.

But even after adjusting for all of these factors and more, the differences in weight gain among women with and without babies, and among women with and without partners, remained.

Despite the study's limitations – weight was self-reported, for example, and the sample size diminished over time because people dropped out – other experts found the results valuable.

“It's interesting and brings out some important points,” said Maureen A. Murtaugh, an associate professor of epidemiology at the University of Utah who has published widely on weight gain in women. Perhaps, she suggested, a more active social life may help explain why women with partners gain more weight.

“Think of going to a restaurant,” Dr. Murtaugh said. “They serve a 6-foot man the same amount as they serve me, even though I'm 5 feet 5 inches and 60 pounds lighter.”

The study included only women, but the researchers cited one earlier study that showed an increase in obesity among men who had children, adding further evidence that social and behavioral factors are part of the explanation.

Dr. Dobson said the finding of weight gain among all the women, with families or without, was troubling.

“This is a general health concern,” she said. “Getting married or moving in with a partner and having a baby are events that trigger even further weight gain.”

“From a prevention point of view, one can look at these as particular times when women need to be especially careful.”

## 31 Hong Kong Prepares to Accept Chinese Accounting Standards

**H**ong Kong acceptance of Chinese accounting standards would be an important advance in Beijing's drive to globalize its financial sector, but it could also challenge international investors with reports prepared by an industry prone to scandal.

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Under a proposed rule change likely to take effect next year, the Hong Kong stock exchange would let locally listed Chinese companies file reports using their home accounting standards. The proposal is designed to reduce costs and keep Hong Kong competitive with Shanghai.

But concerns about supervision of Chinese auditors have led to delays, making it unlikely that the exchange will meet its Jan. 1 target date for implementing the change.

The change would also lead to different results in Hong Kong and China for certain industries, like insurance, although those differences would be expected to fade over time as standards converged.

"There is a confidence issue," said Judy Wong, president of the Association of Chartered Certified Accountants Hong Kong, a group whose members stand to lose substantial business to lower-cost Chinese accounting firms under the rule change.

The Chinese Ministry of Finance "should let the public know how they vet the applications from mainland accounting and audit firms and what are the criteria," she said, adding that the accountants' association agreed with the proposal's direction but contended that issues needed to be resolved.

The unification of standards would let Chinese companies whose shares trade in Hong Kong, known in the city as H-shares, post a single set of results for each reporting period identical to the reports they put out for their China-listed shares.

Most Hong Kong-listed Chinese companies are expected to use their home standards for their Hong Kong reports once the move has become official,

both as a money-saving measure and to reduce confusion that often occurs because of differences in the reports released in China and Hong Kong.

Insurance companies like China Life and Ping An Insurance now see some of the greatest variations because of different treatment of investment gains and losses. Others, like banks, airlines and resource companies, would see little or no change.

Investors do not expect any big effect on stock prices from the accounting change.

Patrick Yiu, a fund manager at Cash Asset Management in Hong Kong, said that he would not change his investment strategy after the new accounting standards had been adopted and that the move should be welcomed by the broader market.

“Though there is some concern over discipline among auditors in the mainland, I don’t think it will be a major issue, and many major Chinese enterprises will do their best to disclose the most useful information to their investors,” he said.

The Hong Kong proposal testifies to the growing importance of China for international investors, who are increasingly looking at a steady Hong Kong that is likely to top global fund-raising through initial public offerings this year at \$30 billion, thanks to a strong influx of new China listings. It could raise another \$48 billion next year, even as Shanghai takes over the top spot with \$56 billion in new offerings, according to forecasts by Ernst & Young.

Mainland accounting firms that prepare reports under Chinese standards charge about one-third what their Hong Kong counterparts do, making them more attractive in terms of price.

But any cost gains could easily be offset by an industry where book-cooking scandals were so common less than a decade ago that they led a former prime minister, Zhu Rongji, to call fraudulent accounting a “malignant tumor” that threatened the country’s economy.

To help minimize that risk, under the proposal it is now considering, Hong Kong would allow in only Chinese auditors who have passed muster with

China's Finance Ministry and the securities regulator, the China Securities Regulatory Commission.

Other checks and balances are also being discussed.

"We expect it will come up with a list; it should not be more than five firms," said Jack Chow, a partner based in Hong Kong at the global accounting firm KPMG.

That list is expected to include domestic leaders like RSM China, Shinewing Certified Public Accountants and BDO China Shu Lun Pan C.P.A.'s, with future approvals expected to follow.

Hong Kong's move is also seen as an acknowledgement that Chinese accounting standards are rapidly converging with international standards.

One major difference that remains between Chinese and international standards is accounting for asset impairment, which is responsible for some of the big differences in results for investment-oriented firms like insurers.

China's standards do not allow for the reversal of asset impairment if initial provisions later turn out to have been overstated. But international accounting does allow for such reversal.

The Chinese are now working with their international counterparts to resolve that difference, said Chris Joy, executive director of Hong Kong Institute of Certified Public Accountants.

"If convergence doesn't continue and if standards start to diverge, effectively the stock exchange's proposal will fall aside," he said.

## 32 China Starts to Lift Region's Web Blackout

Nearly six months after gruesome ethnic rioting on the western frontier of Xinjiang, Chinese authorities gingerly began to lift an Internet blackout on Tuesday, allowing partial access to a pair of official news sites.



The Xinjiang regional government said it also planned to restore other Web sites and services, cellphone text messaging and international telephone connections “later, based on the relevant situation, step by step,” according to an official statement.

For now, though, people in Xinjiang can visit the sites of the official government news agency, Xinhua, and the Communist Party’s main newspaper, People’s Daily. Even on those reliably policed sites, the region’s Web users were still barred from engaging in e-mail, blogging or forums. It also took noticeably longer to load pages than it had before the riots, one user said.

After languishing under a communications lockdown as protracted and geographically far-reaching as any in China in the digital age, some residents were thrilled with even so modest an opening.

“People here have been feeling so helpless and bored, you wouldn’t believe how excited some were today,” said a Ms. Li, a journalist in Urumqi, the capital of Xinjiang, who did not want to disclose her full name for fear of losing her job.

The restrictions had “played an important role in safeguarding the stability throughout the region, but at the same time they had brought a good deal of inconvenience to normal production and life,” the Xinjiang government acknowledged.

The authorities there severed Internet, cellphone messaging and international telephone service the day after long-simmering frictions erupted on July 5 in Urumqi. Nearly 200 people were killed and more than 1,700 were wounded in the rioting, according to official tolls, most of them Han Chinese.

The violence began when members of the Muslim, Turkic-speaking Uighur minority took to the streets, partly in reaction to a deadly showdown in southeast China days before.

Chinese authorities charged that Uighur separatist networks mobilized rioters via phones and popular social networking sites, and have defended the blackouts on security grounds.

But in Xinjiang, residents widely assert that the government squeeze on information stoked further tensions and unrest, such as during a spate of syringe stabbings in Urumqi in August. Deadly protests ensued in early September, and the city's mayor and the regional police chief were promptly dismissed.

In Xinjiang, local authorities, banks and phone service providers have been able to send text messages, but private citizens still cannot. People can read news on a number of local government-run media sites that were restored in August, yet most of those sites are blocked to viewers outside the region.

State firms and some large companies have been able to apply to hook up to the Web outside Xinjiang, but smaller businesses generally cannot. Even at popular online trading posts that have been switched back on, Web users in Xinjiang can deal only with others in Xinjiang. Some have driven hundreds of miles away to Gansu Province to conduct business.

In September, Xinjiang passed a broadly worded bill banning online speech that incites separatism and upsets national unity and social stability, and ordered service providers to monitor their systems for such provocations. The authorities have enlisted local Communist Youth League members to act as online "supervisors."

But even on local news portals that have been operating for months, Web forums, blog and e-mail services remain off limits.

On Tuesday, the same constraints seemed to apply to the two newly accessible sites, Xinhuanet.com and People.com.cn, people in Xinjiang said.

The government statement quoted a regional official saying e-mail services would eventually be restored on major sites under certain "conditions," but did not specify them. The statement asked people for their further understanding and support.

### 33 China Finds Huge Fraud by Officials

**C**hinese officials misused or embezzled about \$35 billion in government money in the first 11 months of the year, according to a national audit released this week.



The announcement is the latest indication of how widespread corruption has become among government agencies and how difficult it will be for Beijing to root it out.

The National Audit Office, which carried out the examination, did not disclose the size of the budgets reviewed this year. But the agency, which is based in Beijing, said that it surveyed nearly 100,000 government departments and state-owned companies, and that more than 1,000 officials were facing prosecution or disciplinary action because of the audits.

Auditors said government officials engaged in everything from money laundering and issuing fraudulent loans to cheating the government through the sale or purchase of state land or mining rights.

“Criminals are now more intelligent, and covert,” Liu Jiayi, the director of the National Audit Office, was quoted as saying in the state-run news media.

Prime Minister Wen Jiabao hailed the work of the auditors on Tuesday and called on them to monitor government projects and prevent waste.

But analysts say the Communist Party faces significant hurdles in trying to curtail corruption. Every year Beijing announces new anticorruption drives, new laws and new policies aimed at dealing with the problem. But every year the scale of fraud seems enormous, particularly in a country where the average person earns less than \$50 a week.

In 2005, for instance, the National Audit Office reported finding about \$35 billion worth of government funds misused or embezzled. That was the last year the office gave a national figure covering its audits, according to its Web site.

Experts say the audits revealed one thing: many in government are finding ways to steal public money.

“The huge crackdown reflects the seriousness of corruption in China’s government,” said Zhu Lijia, a professor of public policy at the Chinese Academy of Governance in Beijing. “Even the National Audit Office should be supervised. In the past few years it was the N.A.O. that decided whether to publish or hide some statistics.”

## 34 Clinton Urges Global Response to Internet Attacks

Declaring that an attack on one nation’s computer networks “can be an attack on all,” Secretary of State Hillary Rodham Clinton issued a warning on Thursday that the United States would defend itself from cyberattacks, though she left unclear the means of response.



In a sweeping, pointed address that dealt with the Internet as a force for both liberation and repression, Mrs. Clinton said: “Those who disrupt the free flow of information in our society or any other pose a threat to our economy, our government and our civil society. Countries or individuals that engage in cyber-attacks should face consequences and international condemnation.”

Her speech was the first in which a senior American official had articulated a vision for making Internet freedom a plank of American foreign policy. While the details remained sketchy, her remarks could have far-reaching consequences, given the confrontation between Google and the Chinese government over the company’s assertion that its networks had been subject to a sophisticated attack that originated in mainland China.

Mrs. Clinton called for China to investigate Google’s accusation and be open about its findings. She said that the United States supported Google in publicly defying the Chinese government’s requirement that it censor the contents of its Chinese-language search engine.



“Censorship should not be in any way accepted by any company from anywhere,” Mrs. Clinton said. “American companies need to take a principled stand. This needs to be part of our national brand.”

This month Google announced that it was “no longer willing to continue censoring” search results for its Chinese users, pointing to breaches of Gmail accounts held by human rights activists in China. Several other companies had also been targets of hacking, the company found. Google has avoided placing direct blame on the government in Beijing, which has sought to describe the situation as strictly a business dispute.

The Obama administration has been similarly cautious. Last week, a senior administration official said the United States would issue a “démarche” – a diplomatic move often used to lodge a protest – against China in the coming days. An official said Thursday that the administration would hold off to see whether the Chinese responded to Mrs. Clinton’s call for an explanation of the Google allegations.

The administration’s dealings with China are further complicated by the American debt held by the Chinese government and issues like climate change, on which the United States is seeking its cooperation. Though Mrs. Clinton said the administration would air its differences with Beijing, she said it would be in the context of a “positive, cooperative, and comprehensive relationship” – a clause added to her speech at the last minute.

Mrs. Clinton also identified Saudi Arabia, Egypt, Tunisia, Vietnam and Uzbekistan as countries that constrain Internet freedom or persecute those who use the Web to circulate unpopular ideas. She pointed to an Egyptian blogger, Bassem Samir, who was in the audience at the Newseum in Washington for Mrs. Clinton’s speech and had been imprisoned by Egyptian authorities.

Human rights groups applauded the speech, though some questioned how the United States would enforce the warnings.

Tom Malinowski, the Washington advocacy director for Human Rights Watch, said the United States should treat China’s forced censorship as an unfair trade practice, which could be confronted through the World Trade Organization or raised in future trade negotiations.

Still, Mr. Malinowski said: “I really thought this was groundbreaking. She showed no hesitation in naming countries, including U.S. allies, for suppressing speech on the Internet. She made a very strong case for connecting Internet freedom to core American national security interests.”

As secretary of state, Mrs. Clinton has elevated the role of the Internet and digital technology in American diplomacy. She named Alec Ross, a technology entrepreneur who advised the campaign of President Obama, as her senior adviser for innovation.

Mr. Ross has assembled a team that is pursuing programs like a social network for young people in Pakistan and a service that lets people in Mexico file electronic reports on drug-related activity.

Mrs. Clinton announced a new \$15 million effort to help more young people, women and citizens groups in other countries communicate on the Web. None of the proposals she mentioned focused on China or Iran, and the financing is relatively modest.

For Cameran Ashraf, 29, an Iranian-American information technology worker who has helped Iranian protesters circumvent government filtering of their messages, Mrs. Clinton’s tone was enough. “I didn’t expect such strong, forceful language,” he said. “I was beyond pleased.”

## 35 China Rebuffs Clinton on Internet Warning

The Chinese Foreign Ministry lashed out Friday against criticism of China in a speech on Internet censorship made by Secretary of State Hillary Rodham Clinton, calling on the United States government “to respect the truth and to stop using the so-called Internet freedom question to level baseless accusations.”



Ma Zhaoxu, a Foreign Ministry spokesman, said in a written statement posted Friday afternoon on the ministry’s Web site that the criticism leveled by Mrs. Clinton on Thursday was “harmful to Sino-American relations.”

“The Chinese Internet is open,” he said.

The statement by the Foreign Ministry, along with a scathing editorial in the English-language edition of *The Global Times*, a populist, patriotic newspaper, signaled that China was ready to wrestle politically with the United States in the debate over Internet censorship.

President Obama promised last year to start a more conciliatory era in United States-China relations, pushing human rights issues to the background, but the new criticism of China’s Internet censorship and rising tensions over currency valuation and Taiwan arms sales indicate that animus could flare in the months ahead.

Mrs. Clinton’s sweeping speech with its cold war undertones – likening the information curtain to the Iron Curtain – criticized several countries by name, including China, for Internet censorship. It was the first speech in which a top administration official offered a vision for making Internet freedom an integral part of foreign policy.

The debate over Internet censorship was brought to the fore in China last week when Google announced it might shut down its Chinese-language search engine, Google.cn, and curtail its other operations in mainland China if Chinese officials did not back down from requiring Google to censor search results.

Until now, the Chinese government had been trying to frame the dispute with Google as a commercial matter, perhaps because officials want to avoid having the dispute become a referendum on Internet censorship policies among Chinese liberals and foreign companies operating in China. On Thursday, He Yafei, a vice foreign minister, had said the Google dispute should not be “over-interpreted” or linked to the bilateral relationship with the United States, according to Xinhua, the official state news agency.

But in the aftermath of Mrs. Clinton’s speech, that attitude could be changing. Mrs. Clinton pointedly said that “a new information curtain is descending across much of the world” and identified China as one of a handful of countries that had stepped up Internet censorship in the past year. (Starting in late 2008, the Chinese government shut down thousands of Web sites under the pretext of an antipornography campaign.) She also

praised American companies such as Google that are “making the issue of Internet and information freedom a greater consideration in their business decisions.”

The State Department had invited at least two prominent Chinese bloggers to travel to Washington for Mrs. Clinton’s speech, and on Friday the United States Embassy here invited bloggers, mostly liberals, to attend a briefing on Internet issues.

A White House spokesman, Bill Burton, said Friday that “all we are looking for from China are some answers.”

In its editorial, the English-language edition of The Global Times said Mrs. Clinton “had raised the stakes in Washington’s clash with Beijing over Internet freedom.”

The American demand for an unfettered Internet was a form of “information imperialism,” the newspaper said, because less developed nations cannot possibly compete with Western countries in the arena of information flow.

“The U.S. campaign for uncensored and free flow of information on an unrestricted Internet is a disguised attempt to impose its values on other cultures in the name of democracy,” the newspaper said, adding that the “U.S. government’s ideological imposition is unacceptable and, for that reason, will not be allowed to succeed.”

Articles on the Chinese-language Web site of The Global Times asserted that the United States employs the Internet as a weapon to achieve worldwide hegemony.

One big question is whether ordinary Chinese will, to any large degree, accept China’s arguments justifying Internet censorship. Although urban, middle-class Chinese often support government policies on sovereignty issues such as Tibet or Taiwan, they generally deride media censorship. That feeling is especially pronounced among those who call themselves netizens. China has the most Internet users of any country, some 384 million by official count, but also the most complex system of Internet censorship, nicknamed the Great Firewall.

Except in the western region of Xinjiang, which is only starting to restore Internet access after cutting service off entirely after ethnic riots in July, canny netizens across China use software to get over the Great Firewall while chafing at the controls.

## 36 Nimble Agencies Sneak News Out of North Korea

For a journalist who helped break one of the biggest stories out of North Korea in the past year, Mun Seong-hwi keeps an extremely low profile. The name he offers is an alias. He does not reveal what he did in North Korea before his defection in 2006, aside from mention of a “desk job,” in order to protect relatives left behind.

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He also maintains a wall of secrecy around his three “underground stringers” in North Korea, who he says do not know he works for Daily NK, an Internet news service based in Seoul and reviled by Pyongyang.

On Nov. 30, quoting Mr. Mun’s and other anonymous “sources inside North Korea,” Daily NK reported that, starting that day, the North Korean government would radically devalue its currency, requiring people to exchange their old bank notes for new at a rate of 100 to 1. Furthermore, there would be limit on how much of this old money people could turn in for new.

The report, which made headlines around the world and was later confirmed by South Korean officials, had far-reaching implications. It meant, among other things, that the North Korean government was cracking down on the country’s nascent free markets, wiping out much of the wealth private entrepreneurs had accumulated by trading goods at a time when the Communist government’s ration system was failing to meet its people’s basic needs.

“I take pride in my work,” Mr. Mun, a man in his early 40s with brooding eyes and a receding hairline, said in an interview. “I help the outside world see North Korea as it is.”

Daily NK is one of six news outlets that have emerged in recent years specializing in collecting information from North Korea. These Web sites or newsletters hire North Korean defectors and cultivate sources inside a country shrouded in a near-total news blackout.

While North Korea shutters itself from the outside – it blocks the Internet, jams foreign radio broadcasts and monitors international calls – it releases propaganda-filled dispatches through the government’s mouthpiece, the Korean Central News Agency.

But, thanks to Daily NK and the other services, it is also possible now for outsiders to read a dizzying array of “heard-in-North Korea” reports, many on topics off limits for public discussion in the North, like the health of the country’s leader, Kim Jong-il.

The reports are sketchy at best, covering small pockets of North Korea society. Many prove wrong, contradict each other or remain unconfirmed. But they have also produced important scoops, like the currency devaluation and a recent outbreak of swine flu in North Korea. The mainstream media in South Korea now regularly quote these cottage-industry news services.

“Technology made this possible,” said Sohn Kwang-joo, the chief editor of Daily NK. “We infiltrate the wall of North Korea with cellphones.”

Over the past decade, the North’s border with China has grown more porous as famine drove many North Koreans out in search of food and an increasing traffic in goods – and information – developed. A new tribe of North Korean merchants negotiates smuggling deals with Chinese partners, using Chinese cellphones that pick up signals inside the North Korean border.

These phones have become a main tool of communication for many of the 17,000 North Korean defectors living in the South trying to re-establish contact with their families and friends in the North.

Mr. Sohn, a former reporter with the mainstream daily newspaper Dong-A in Seoul, has South Korean “correspondents” near the China-North Korea border.

These volunteers, many of them pro-democracy advocates during their student years, secretly meet North Koreans traveling across the border and

recruit underground stringers. The volunteers use business visas, or sometimes pretend to be students or tourists.

“It’s dangerous work, and it takes one or two years to recruit one,” Mr. Sohn said.

In the past year, the quality of the information these news services provide has improved as they have hired more North Korean intellectuals and former officials who defected to the South and still have friends in elite circles in the North, said Ha Tae-keung, a former student activist who runs Open Radio for North Korea and a Web site.

“These officials provide news because they feel uncertain about the future of their regime and want to have a link with the outside world, or because of their friendship with the defectors working for us, or because of money,” said Mr. Ha, who also goes by his English name, Young Howard.

All these news outlets pay their informants. Mr. Ha pays a bonus for significant scoops. Daily NK and Open Radio each have 15 staff members, some of them defectors, and receive U.S. congressional funding through the National Endowment for Democracy, as well as support from other public and private sources.

Recently, they have been receiving tips from North Koreans about corrupt officials.

“The fact that news comes out through civic groups like ours means that North Korean society is changing fast,” said Pomnyun Sumin, a Buddhist monk and chairman of Good Friends, a relief group based in Seoul whose newsletter broke the swine flu story last month.

Some informants have become so adept with technology that they send text-messages, audio files and photos to Seoul by cell phone, said Kim Heung-gwang, a former North Korean computer scientist who heads North Korea Intellectuals Solidarity, a group of defectors that runs a news Web site.

Bringing news out of North Korea is risky. Mr. Kim said that one of his informants was stopped last May while trying to smuggle out a video in a

small camera hidden in a cosmetics bottle. She is believed to have killed herself in police detention, he said.

“You wonder whether they should let their sources take such risks,” Chang Yong-hoon, who covers North Korea for the mainstream news agency Yonhap, said at a recent forum on the news services. “They’ve produced as many erroneous reports as they have real scoops.”

Kang Chol-hwan, a former North Korean prison camp inmate who now writes for the mainstream daily Chosun, said there are “information brokers” in North Korea who sell exaggerated and fake news to outside media. Lee Chan-ho, a chief analyst at the South Korean government’s Unification Ministry, warned that the “flood of raw, unconfirmed reports” complicates the effort to understand the North.

Mr. Ha, of Open Radio for North Korea, conceded that point: “Because our sources have never been trained in journalism, exaggeration is a problem for us. Some demand more money for information. We try to cross-check our reports as much as possible.”

Mr. Mun of Daily NK sends his stringers 1,000 Chinese renminbi, or about \$150, every two or three months. They call him once a week at a designated time. They find a place where they feel safe from the North Korean police patrolling with equipment that detects cell phone users, and dial. In Seoul, Mr. Mun hears the ring tone, then calls back and talks for about half an hour. After the call, his stringers hang up and hide their phones until the next call.

Recently, with so many developments in the North, they have been calling him at unscheduled times, for instance, when he was in the subway.

“I have to rush off and call back quickly,” Mr. Mun said. “If I don’t within five minutes, he’ll turn off and I’ll lose him.”

There is another strict rule.

“We don’t know, and never ask, each other’s real name,” Mr. Mun said. “That’s safer for them. Their safety is my biggest concern.”



## 37 Web Is Bringing Skaters' Lives Uneasily Close to Fans' Obsessions

When Brian Orser received an e-mail message last fall from an admirer of his star figure skater, Kim Yu-na of South Korea, he wrote it off as another piece of fan mail.

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fig 1: Social media and the Internet have made it harder for top skaters like South Korea's Kim Yu-na to keep obsessive fans at arms' length.

The fan, a Canadian teenager, gave his name and attached his photograph, asking Orser for his help in setting up a rendezvous with Kim, the gold-medal favorite at the Vancouver Olympics. Orser, Kim's coach, wrote back and said thanks, but no.

"I quite regularly get e-mails from people sending Yu-na their support or best wishes," said Orser, a two-time Olympic medalist for Canada. "And this one seemed fine, until a few more e-mails came from the same e-mail address, but now the guy was using a different name each time. He was professing his undying love for her and that he would do anything to meet her."

In figure skating, those obsessions are nothing new. To see some of the skaters who soon will command the spotlight in Vancouver, fans this week have traveled to the United States Figure Skating Championships here from as far away as Russia and Japan.

They are drawn to the elements of skating that often make the sport a television hit every four years: the costumes, the music and the graceful beauty and athleticism of young men and women.

Those elements, however, seemingly conspire to create fans who take their interest to the verge of obsession – and beyond.

Overzealous fans may be attracted more to figure skaters than to other athletes because of the skaters' fancy and often skimpy attire in competition,

security experts say. A person may lock on to one athlete because the skater is good looking or because the person believes he or she has a deep connection with the skater. Those obsessions at times may be fueled by mental illness.

Some top skaters have had firsthand experiences with fans who crossed the line.

“Some of them think they are your best friend,” said Sasha Cohen, the 2006 Olympic silver medalist, adding that the Internet had provided fans with more information than ever, including simple ways to track down their favorite athlete. “They want to fly you to their school, so you could be their show-and-tell. One grandfatherly-like type character wrote letters, then actually flew across the country to take me to Disneyland. He showed up at my rink.”

The letters sent by fans to skaters are mostly ones of encouragement, skaters say, but there are also some that are questionable. The ones that make athletes nervous or feel threatened are forwarded to Larry Buendorf, the chief security officer for the United States Olympic Committee.

Buendorf, a former Secret Service agent, said he had several open files on fans who have unusual interest in current skaters.

“Figure skating seems to attract more of these kinds of letters than other sports, but I’ve seen it all,” said Buendorf, who will be at the Olympic skating competition in Vancouver to ensure the safety of American athletes. “For the most part, there’s no problem with having fans write letters, saying, I want to marry you, or I think you’re wonderful, but that can easily escalate to another level. If the person starts trying to meet the athlete or shows up and takes that athlete out of focus, that’s when we would step in.”

Buendorf said he could count on one hand the number of serious incidents during his 17 years with the U.S.O.C. One of those was in 1996, when he was asked to help protect Michelle Kwan, a five-time world champion, from a fan who had written death threats after she had not responded to his previous letters. That fan was taken into custody in Paris when Kwan was competing in the Grand Prix final there.

Since then, the relationship between fan and athlete has changed. The emergence of social media and other forms of electronic communication, like e-mail and texting, is bringing fans closer than ever to the athletes.

“The controls are not in place anymore,” Buendorf said. “The fan mail is going directly to the athlete.”

Buendorf says he encourages athletes to use the Internet with caution and post only general information like, “I did a great job,” or “What a great event.” If they do receive a disturbing message, he tells them not to delete it, so authorities can track its origin.

The old-fashioned way to communicate with an athlete was to send a letter to their rink, coach, fan club or national federation. Most times, the skater never saw the ones that might have raised red flags because those letters were screened by parents, agents or coaches. U.S. Figure Skating forwards fan mail to its athletes with a warning.

“We say, ‘This hasn’t been opened, so we encourage you to exercise caution in opening it or in dealing with people you don’t know,’ ” said Scottie Bibb, a spokeswoman for the organization. “The letter we send is pretty thorough, especially because a lot of our skaters are underage and may not be as cautious as they should be.”

Jody Flatt, the mother of the Olympic hopeful Rachael Flatt, says she always tries to intercept her daughter’s fan mail. She has advised Rachael to watch what she posts on her Twitter page.

“When it comes to her daily plans, like traveling or going places, we always post them after the fact, not in advance,” Jody Flatt said of Rachael, 17. “We don’t want people showing up where she is, out of the blue.”

U.S. Figure Skating encourages the same policy. Bibb said the organization also warned its skaters to be careful whom they accepted as friends on Facebook.

“If you friend everyone on the entire planet, then say, ‘Hey, I’m headed to the movies at this time and this place,’ it’s almost like saying, ‘Come and

get me,' ” Bibb said. “They have to remember that they are like rock stars and people want to be close to them.”

Orser, who coaches at the Toronto Cricket, Skating and Curling Club in Toronto, has witnessed that celebrity firsthand. He and his former coach Uschi Keszler know how rabid fans can get.

Keszler said: “Once, when we were somewhere in Asia, Brian blew his nose into a tissue during a practice. A fan walked over and took it as a souvenir.”

Orser’s experience with fans has kept him on guard for the fans who try to get too close. So, when he received the multiple e-mail messages recently from Kim’s teenage admirer, he contacted the rink’s security.

Receptionists were told to call security and maybe even the police if the teenager showed up, Orser said. The fan’s photograph, once sent to win Kim’s heart, was posted at the rink’s entrance like a mug shot.

“I’m sure the guy is harmless,” Orser said, “but we didn’t want to take any chances.”

## Vocabulary

1: **peril**. **[ˈperəl]**. *n.* danger, risk, hazard. 危险, 冒险.