

Start the week with...

**Christopher Parkes**

*Dressing down in America*  
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MONDAY FEBRUARY 12 1996

65p

## TV channel to give round-the-clock weather bulletins

Weather-obsessed Britons will soon be able to tune in to a round-the-clock TV channel catering especially for them. Peimorex of Canada is linking with The Weather Department, a UK independent forecasting group, to offer The Weather Network by satellite to cable franchisees this spring. Peimorex research shows that about 30 per cent of Britons seek weather information at least once a day. The Weather Network's target is to reach 5m homes by 2000. Page 8, Weather, Page 20

**Algeria bombs kill 17:** Two car bombs went off in Algiers, killing at least 17 people and wounding more than 80. An estimated 30,000 people have died violently since 1992, when the authorities cancelled a general election dominated by Muslim fundamentalists. In the Gulf state of Bahrain, an Islamic organisation said it planted a bomb which exploded outside a hotel injuring three people.

**US envoy wins assurances on Dayton deal:** US envoy Richard Holbrooke (left) said he had won commitments from the presidents of Serbia and Bosnia to abide by the Dayton peace deal despite a row over Bosnian Serb officers detained in Sarajevo. Both presidents reaffirm their full commitment to Dayton. Mr Holbrooke said in Belgrade. Last week the Bosnian Serb army suspended contacts with Nato after the Bosnian government detained several Bosnian Serbs as suspected war criminals. Contact was resumed after four of the detainees were freed on Saturday.

**Spare part culture:** Doctors will soon be able to replace almost any body part with implants engineered from living cells and synthetic materials, the American Association for the Advancement of Science heard. Page 26, Search for alien life, Page 3.

**Poland prepares big privatisation:** Investment banks are about to be picked to manage eastern Europe's biggest privatisation this year - the flotation of state copper producer Polska Miedz. The international offering is expected to value the company at about \$2bn (£1.5bn). Page 21

**Diamond claim queried:** Central Selling Organisation, the London-based diamond cartel organised by De Beers of South Africa, has a smaller share of the world's rough diamond trade than it claims, independent analysts suggest. Page 21

**Prudential Corporation** will decide today whether to back Farnell Electronics' £1.8bn takeover of Premier Industrial Corporation at Thursday's extraordinary meeting. The decision of the insurer, which controls 6 per cent of the company, could be crucial to the deal's chances of gaining shareholders' approval. Page 21

**Japan tunnel rescue suspended:** Japanese rescuers failed in an attempt to dynamite a huge boulder off a road tunnel which collapsed at the weekend trapping 19 bus passengers and a lone car driver on the northern island of Hokkaido.

**Hostage warmer freed:** A prison officer who had been held at knifepoint by two inmates at the top-security Whitmore jail, Cambridgehire, has been released.

**Airline accused:** British Midland is being accused of endangering life in a criminal prosecution being brought this week in Bedfordshire. The Civil Aviation Authority case, involving two summonses, relates to an emergency landing at Luton airport last February.

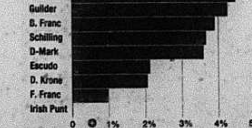
**Top jockey in hospital:** Jockey Walter Swinburn, three times a Derby winner, was unconscious in a Hong Kong hospital intensive care unit after being thrown from his horse at the start of a race.

**Virtual Barbie:** a digitised version of the "real" queen of playland, will lead a move by Mattel of the US to exploit an untapped sector of the toy market on CD-ROM, worth an estimated \$1bn (£600m) a year. Media futures, Page 15; Observer, Page 19

**Deep Blue victory:** IBM chess computer Deep Blue beat world champion Garry Kasparov in the first match of a six-game series in Philadelphia. The second game was being played last night.

**European Monetary System:** The Spanish peseta last week took advantage of a lull in the debate over a single European currency to climb four places to the top of the EMS grid. The order of currencies was otherwise unchanged, with the spread between strongest and weakest widening slightly. France's central bank trimmed the intervention rate to 3.9 per cent. Currencies, Page 30

**EMS: Grid** February 9, 1996



The chart shows the member currencies of the exchange rate mechanism measured against the base currency in the agreed EMS grid. The currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilders which move in a 2.25 per cent band.

# Major to stand by Ulster poll plan

## Threat to cut contacts with Sinn Féin amid fears of more bombs

By Robert Peston, John Kampfner and Jimmy Burns in London and John Murray Brown in Dublin

The UK is expected to press on with its controversial plans to hold elections in Northern Ireland, in spite of stiff opposition from Dublin, as the British and Irish governments make desperate attempts to salvage the peace process following Friday's IRA bombing in London's Docklands.

Amid concern from the security services that there may be further IRA attacks, there were also warnings last night from officials and senior Conservatives of an escalation of terrorist violence and possible loyalist retaliations, which could extend to the streets of Dublin.

After a four-hour meeting last night with senior ministers, Mr John Major, the prime minister, will today tell the House of Commons that all ministerial contact with Sinn Féin will cease unless the IRA renews its ceasefire. A similar ban on political talks with Sinn Féin is being adopted by Dublin.

Mr Major will also reiterate that an elective process remains his preferred route to all-party talks on a Northern Ireland settlement. In the face of comments yesterday from his Irish counterparts, Mr Major said he would not move "immediately after the resumption of violence would pour petrol on the flames". A close colleague of Mr Major's said

it would be "naïve" to expect the British government to soften its commitment to elections: "We continue to believe it offers the best way forward."

Mr Bruton and Mr Major talked by telephone yesterday afternoon, when they agreed that "the priority is an immediate end to violence and restoration of the ceasefire", according to a Downing Street official. The two pro-

**Peace Crisis** Pages 6 & 7

- Adams' credibility shattered
- Peace talks 'can continue'
- Insurance premiums threat
- Ring of steel closes on City

**Time to take stock** .... Page 19

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A British soldier assists at a roadblock near Belfast airport as security is tightened after the IRA bombing in London's Docklands. PHOTOS AP

posed to have been advised by the intelligence agencies to expect up to four bombings on the mainland over the next 10 days. "The assessment given to them is of a major campaign of relatively short duration," one senior official said.

Mr David Veness, assistant commissioner of London's Metropolitan Police, said the police were "extremely concerned" that further attacks could occur "any time, anywhere" on the mainland - and he urged the public to exercise "particular vigilance".

Following the South Quay bombing, which claimed two lives, British ministers are understood to have been advised by the intelligence agencies to expect up to four bombings on the mainland over the next 10 days. "The assessment given to them is of a major campaign of relatively short duration," one senior official said.

Mr Bruton yesterday criticised Mr Major for presenting the IRA with only two options over the past fortnight: to hand over weapons or agree to the elective process. He said he would continue to press for a meeting involving all relevant groups to resolve the peace deadlock, modelled on the Dayton, Ohio, conference which helped negotiate an end to the Bosnian conflict.

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# Renewed violence puts province's recovery at risk

By Stewart Daulty in Belfast

Further IRA violence in mainland Britain or Northern Ireland could severely damage the province's embryonic economic revival, business leaders and economists said last night.

"I am shattered by the news of the IRA bomb," said Mr Douglas Riley, chief executive of British Telecom Ireland and former chairman of the Confederation of British Industry in Northern Ireland.

"Everything was going so well. I hap-

pen to know just how much new investment is in the pipeline. Now, if I were a foreign investor, I would probably sit back and wait and see what happens."

Mr Riley said it did not matter whether the violence was confined to the mainland. "It does not make any difference where the bombings are. It is the perception of the place that suffers."

Northern Ireland has been enjoying a robust economic recovery in the 18 months since the IRA ceasefire, with gross domestic product rising more quickly than for the UK as a whole.

Unemployment, usually higher than the UK generally, is at 11.4 per cent, the lowest since 1981. Tourism is booming, with arrivals this year expected to top 1.5m, more than 70 per cent up on 1994.

The Northern Ireland Industrial Development Board, the main conduit for foreign investment, says inquiries from potential investors have risen by 64 per cent compared with a year ago.

Mr John Simpson, a leading economic commentator, estimates that 20 new foreign investment projects, worth between £500m and £600m and creating

5,000 to 6,000 jobs, could be permitted this year. There were six new foreign investment commitments in the year to March 1995.

"If this is just a one-off to try and frighten the British government, then Northern Ireland might not be affected," said Mr Simpson.

"However, if this is the start of a new campaign it can only be damaging. It does not really matter whether the bombs are in London or here. You cannot dissociate IRA activity from Northern Ireland."

One immediate effect of the bomb will be an increase in security costs. The net cost of public spending on Northern Ireland by the British taxpayer is estimated at £2.5bn a year, of which £800m goes on security. Both figures exclude the cost of keeping mainland British regiments in Ulster.

Sir Patrick Mayhew, Secretary of State for Northern Ireland, had hoped to save £100m from the security bill over the next two to three years. With RUC officers back working overtime, these savings will probably not be possible.

## Eurotunnel set to spend £400m on services

By Charles Batchelor, Transport Correspondent

Eurotunnel, the Anglo-French company which operates the Channel tunnel, rail link between Britain and France, plans to spend up to £400m over the next four years improving passenger facilities, in spite of its £5bn debt.

This week, Eurotunnel is expected to confirm that it will ask a French court to appoint a mediator - a *mandataire ad hoc* - to help with negotiations with its 225 banks about refinancing.

Eurotunnel suspended interest payments on the debt last September. Its banks have been told that the appointment of a mediator was an informal procedure which did not affect creditors' rights.

Despite the debt, Eurotunnel hopes to spend up to £400m modernising terminals and expanding its fleet of shuttle trains to achieve an urgently needed increase in passenger numbers.

It expects to win the approval of its banks for projects intended

## Most Japanese groups 'unhappy with UK profits'

By Peter Montagnon, Asia Editor

Japanese companies are generally disappointed with the profitability of their investments in Britain, which now total more than \$30bn (£18.4bn), according to a survey by the KPMG accounting firm.

KPMG said a survey of 70 Japanese industrial companies found that none thought their profits were high, whereas 40 per cent said they were average and 53 per cent said they faced low profits or losses.

Profits failed to live up to expectations because European economies went into reverse instead of booming as the single market came into force in 1992, the survey showed.

In addition, the value of the yen soared, putting pressure on the cost of imported components, and heavy competition dented margins, especially in areas such as consumer electronics in which Japanese companies specialise.

"Japanese companies were under a lot of pressure in the 1980s, even the worries about Fortress Europe in the run-up to the single market. There was a lot of me-too investment, but it wasn't really thought out," said

Mr Crispin O'Brien of KPMG. There was no question of Japanese companies pulling out of the UK. In fact, more investments might flow in as component suppliers established plants, he said.

But the companies were having to rethink their approach to management, marketing and service in order to increase their returns.

"Japanese suppliers must learn to go in and negotiate hard-nosed with Sir Stanley Kalms (chairman of the Dixons electric retailing chain) and come out with a decent margin," said one former Japanese executive.

Whereas Japanese companies had mastered the art of cheap production, they now realised they could not compete on price alone, especially since they were facing competition from more recent investors in Europe such as South Korea.

Nearly 70 per cent of the companies polled said they were looking at ways to improve their overall competitiveness. This would require better use of accounting procedures to pinpoint profitable activities, and more focused marketing efforts, with greater emphasis on after-sales service to enable products

Continued on Page 20

**LLP**  
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Total funding raised  
£84.3m Managed  
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MEDIA FUTURES

V-chip to block the TV nasties

A law on censorship of traditional and electronic media in the US is encountering opposition, says Louise Kehoe

The "V-chip" - a device that can be used to block the reception of sexually explicit or violent television programmes - must in future be installed in all TV sets sold in the US, under a law signed by President Bill Clinton last week.



The "electronic censor" is at the heart of heated debate between civil libertarians and those who believe that sex and violence on TV encourages teenage pregnancies and juvenile crime.

The measure to make the V-chip mandatory, as well as other provisions that make it illegal to distribute "indecent" material over the Internet and to use computer networks, was appended to telecommunications legislation aimed primarily at deregulating the US market for telephone and cable television services.

The "anti-smut" measures were broad political support amid rising public concerns about TV violence and pornography on the Internet. Yet the spectre of government-regulated censorship of traditional and electronic media is encountering growing opposition.

the air or via cable - to the V-chip in TV sets. Viewers could, if they wish, activate the chip to block all programmes they deem unsuitable for children.

TV suppliers would still be free to produce and transmit programmes of their choice; they would simply have to label them, as the film industry does with its ratings system.

How will the rating system work? And what kind of violence will be censored? The ACLU asks. Football games, war movies, news reports? This is not a voluntary system. The legislation stipulates that if the TV industry fails to create an effective rating system, the Federal Communications Commission will take on the role of TV censor.

US TV companies have so far proved reticent on the issue of the V-chip. The industry has generally been opposed to a government-mandated rating system, although there had been efforts under way to create a voluntary rating system and plans to test-market V-chip systems.

These efforts have proved too little, too late. In Canada, where the idea of the V-chip originated, several cable TV companies are already offering V-chips to their subscribers.

With the V-chip law now in place, US TV networks and cable companies are under pressure to respond, but it is not yet clear whether they will raise legal challenges to the new law. The industry risks a backlash of public opinion if it opposes the law, but fears the loss of advertising revenues on "X-rated" programmes if it complies, industry analysts say.

Tim Jackson This bug in your PC is a smart cookie

Dear Mr Jackson: Our in-store computer hardware recorded your repeated visits to our fruit and veg counter. Yet even though you buy things in other departments - I hope last month's kid gloves came in handy during the cold snap! - we see that you have never bought fresh produce from us.

Three times last week, you stood in front of the fresh mangoes, but never took the mango. So I'm writing to let you know about our upcoming special offer on tropical fruit.

As far as I know, no shopper has ever received such a letter. Camera technology is many years from being able to follow a single person around a department store, let alone tally that person's movements against sales records.

Yet these methods of keeping tabs on the behaviour of customers are possible today in cyberspace. Technology is already in place - and ready to be put to use on the World Wide Web of the Internet - that will allow Web site owners to gather an alarming range of information on the people who look at their Web pages from PCs at home.

Most Internet users are not aware that such possibilities exist. They believe, correctly, that when they surf the Web, the information sent from their PC to the Web site is an IP address - a string of digits that specify the Internet location of the computer they are logging in from. Tracking down the customer from that information alone is an inexact science, since a single IP address can be shared by hundreds of people working at a company, or thousands of people using an online service.

But the leading software used on the Web contains a little-known wrinkle that increases the power of computers to find out who their customers are and what they are up to. It allows companies to track which Web pages an individual looks at, when, for how

long, and in what order. That information can be tallied against information the customer provides of his own free will - for instance, when "registers" for membership by giving a name and e-mail address, or provides a credit card number and a address when ordering a delivery - to produce a comprehensive record of individual behaviour.

Most extraordinary of all, this information can be stored on customers' own PCs with their knowledge. It can be kept in a form so that only the company that collected the information can benefit from it. And when the customer connects to the Web site later, the site can silently interrogate his PC and pick up the information.

The formal name for the objects where the information is stored is "persistent client state hypertext transfer protocol cookies". Those who dismiss this as an early April Fool joke can find the specification describing the cookies by using the search engine on Netscape Communications' home page.

A technical note written in July 1995 describes the specification as preliminary, and warns users to treat it with caution. But the facility has been fully operational on Netscape browser software since version 1.2.

Each cookie, or nugget of information, can be up to four kilobytes and each server is allowed to deposit 20 cookies on every client computer. The total of 80 kilobytes that this represents is roughly equivalent to the length of this one. But this limit can be circumvented by the simple device of having a number of different servers inside the company. As a result, a company can theoretically store 12 megabytes of information - twice the length of Persuasion - on each customer PC.

As a group, those who inhibit the online world tend to be mindful of their privacy. When they became aware last year that MSN, Microsoft's online service, was able to download a list of programs on customers' PCs as they logged

in from home or work, there was such a fuss that the company was forced into a hasty damage-control exercise to reassure the world that its intentions were honourable.

Client-state cookies are in a slightly different category. They do not allow one company to annoy another, and they gather only information about consumers' behaviour at a single company's Web site, or information that customers themselves volunteer.

But many PC users may take a dim view of Netscape's failure to draw their attention to the fact that their behaviour may be tracked in this way. Moreover, there appears to be only one way to disable the facility: by manually amending or deleting the COOKIE.TXT file containing all the cookies.

Netscape describes the system as "a powerful new tool which enables a host of new types of applications to be written for Web-based environments", and of course the company is right. Cookies allow customers to do repeat business with companies without having to retype their details. There are plenty of other very useful purposes to which the cookies could be put in future.

Yet the tale of these cookies is an illustration of the possibilities that Internet marketing opens up. In the old days, placing an advertisement was like firing a blunderbuss: remember the old quip that half the money spent on advertising was wasted, but that no-one knew which half. Today, technology has created silver bullets that allow companies to target people individually.

In the long term, this is a good thing, for it will tailor advertising more closely to what consumers want. But at stake is the issue of privacy which needs to be debated.

The only consolation is that breaches of privacy using this technology are unlikely to have any life-and-death consequences. The worst thing most companies will do, after all, is to sell you something.

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Sex, lies and the Internet

At the beginning of this month the US media giggled when John Gosselin became the first person to file his spouse's online affair with a porn name named The Weasel as grounds for divorce.

The story, while amusing, has disturbing implications, because the Internet has become a powerful social influence in today's society.

Indeed, the psychological impact of the Internet has not been fully digested, according to Sherry Turkle, a psychology professor at the Massachusetts Institute of Technology. "The adultery case seems funny, but it illustrates a dramatic social change," she says. "Cyberspace is changing the way people relate to each other, and that has tremendous implications."

Turkle has just written a book on the subject called *The Second Self*, based on hundreds of psychoanalytic interviews with cyberusers. For Net users, there is no clear definition between spaces in which people are playing roles and spaces in which people are truly socialising, she says. The Net is a weekend parlour game to some, but deadly serious to others.

She describes the devastation of one cyberuser who pursued someone called Fabulous Hot Babe for months, only to discover that Babe was really an 83-year-old man living in a nursing home in Miami.

"In cyberspace, it's not clear when you have to be who you say you are," says Turkle.

Identification is even more crucial now that the Internet is becoming commercialised. Positive identification may not be "important to someone wanting to play out a casual fantasy. It is vital, however, to companies selling products over the wires. A 15-year-old boy, for instance, can pose as a 30-year-old man to purchase beer and credit cards can be misused - the Net

Victoria Griffith finds cyberspace socialising is on the increase

reliance on users to use their own names. Net users cannot even be sure they are talking to a real person - increasingly machines are used to do the talking, Turkle says. As an example, she cites cyberusers' interaction with "bots", characters that are programmed to behave in certain ways on the Net. Bots work by recognising certain words and churning out automatic responses. A primitive bot programme might respond to the statement "I am sad today" with "Why are you sad today?"

But Julia, the creation of Michael Mauldin of Carnegie Mellon University and one of the most sophisticated bots on the Net, fools many into thinking she is human, turning out many clever responses. Consider the following typed Internet exchange.

User Brandi: Brandi bites Julia.

Bot Julia: Julia shuns all vermin like Brandi.

Turkle says she was particularly surprised to find in her research that Internet users were willing to talk to characters even after realising they were programmed characters. She cites one man who continued to consult a computerised psychoanalyst, even though the programme's responses were inappropriate to his exchange. Roger told the computer: "My wife does not make me feel loved." The computer responded: "It must be nice to be so loved." Roger continued to consult the programme because he found the exchanges helped him deal with his problems, Turkle says.

She believes that the next generation

will spend even more time socialising with computers, and recalls a group of children arguing about whether Merlin, the computer toy they were playing, could "cheat". "They were attributing human characteristics to the computer," Turkle says.

She believes cyberspace can have a positive as well as a negative influence on its users - citing, for example, patients who argue about whether Merlin, the computer toy they were playing, could "cheat". "They were attributing human characteristics to the computer," Turkle says.

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