

# OPINION

THE BATTALION

Thursday, July 26, 2001

## The death bell tolls

### Dot-coms fail because of entrepreneurs ignoring old laws of no profits, no business



MARK PASSWATERS

A dot-com collapsed in the middle of Wall Street, would it make a sound?

Apparently, the answer is yes, and the sound is a resounding thud.

With this quarter's profits rolling in, it may be time to say that here ends the "New Economy." Companies that were using the Internet to establish a new global marketplace less than two years ago quickly are vanishing. Kids still in their 20s, who had millions of dollars from their Internet startups, are now living back at home with their folks, wondering where it all went wrong. The answer is simple. They tried to run this new economy without considering the rules of the old economy. In other words, no profit, no business.

Even the larger, better known dot-coms are having trouble. Amazon.com, possibly the most famous Internet-based business, lost 18 percent of its stock value on Monday when it reported revenue far short of what had been expected. Amazon posted a revenue of \$668 million, which is not bad — until one considers that it still posted a loss of \$168 million. Amazon is said to be in negotiations with AOL/Time Warner for a possible buyout, but that corporation lost \$374 million last quarter.

They are not alone. Lucent Technologies, one of the companies that provided the telecommunications equipment for the new economy announced that they had lost \$3.25 billion last quarter and planned to cut another 20,000 jobs to go with the 19,000 they had liquidated in January. CNet Networks, which provides technology news, had to report that there was not much to report — at a \$218 million loss.

The problem with these companies

is not their ideas, for the most part, but their complete disregard for standard business practices. To make money, there must be advertising. If there is no money to be made, the company will take a loss. A loss is a bad thing, and is not something to be compounded. Many of these Internet-based companies committed suicide by thinking that they could take a huge loss, then suddenly someone would take a look at what they were doing and throw cash at them.

Eventually, someone did notice what they were doing, and those people were called shareholders. Buoyed by the big ideas that dot-com CEOs were spouting on CNBC and CNN, people bought millions of shares of inflated stock. Instead of standing pat and using that money to solidify their base and get out of debt, the dot-commers surfed their way further into the red by spending that money expanding far beyond what they currently required.

Eventually, shareholders got nervous about the irrational business practices of the dot-coms and sold their stock — all of it. E-Toys, which reached a high of \$95 a share, was trading for pennies before it went bankrupt. PSINet had stock prices in the hundreds of dollars, yet was trading for under one dollar when it went under. Qualcomm's shares were selling at more than \$500 per share 18 months ago, and now finds itself in the relatively modest double digits today.

One of the major problems with doing business on the Internet is advertising. It is difficult to get people to pay attention to online ads and even more difficult to get companies to buy the space. Without this revenue, it is tough to make a profit.

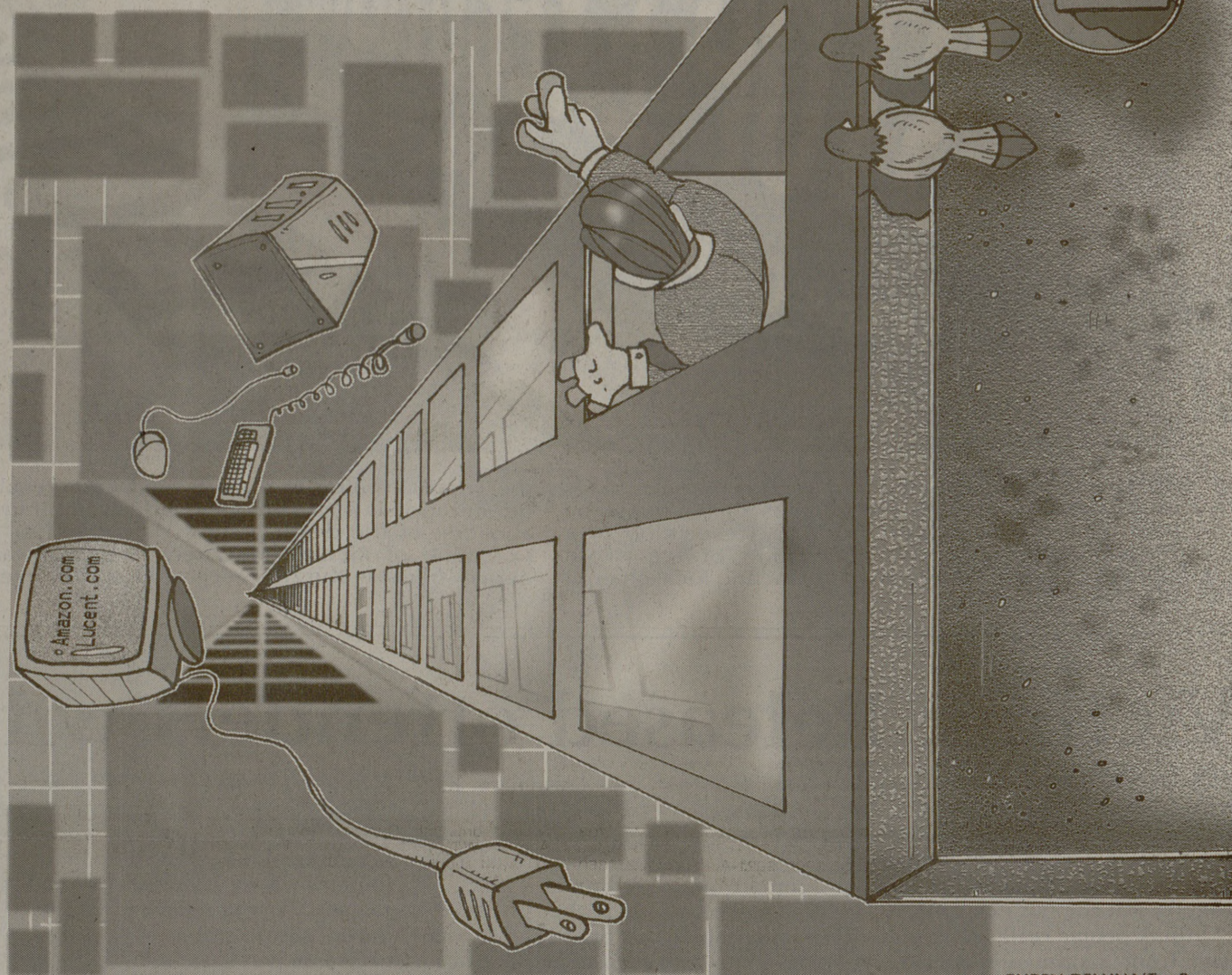
Apparently, many dot-commers figured they could go so far into debt that investors would be too afraid to bail out. In many cases, their gamble

was proven to be incorrect. The remaining Internet-based companies will either have to redesign their business plan or try to change the Internet itself. Considering that their first attempt to change the world did not work, the proper option seems obvious.

Many young innovators saw the Internet as a chance to rebel and break away from the current economic sys-

tem, which they saw as "The Man." In this case, "The Man" has succeeded in keeping them down. The Internet may be the harbinger of a new age, but it does not mean that the laws of economics are suddenly invalid. Many dot-commers have found that out the hard way.

Mark Passwaters is a senior electrical engineering major.



RUBEN DELUNA/THE BATTALION

## Police brutality builds citizens' distrust

(U-WIRE) MINNEAPOLIS — A friend and I were attacked last Saturday night around 11 p.m. We were both manhandled and slammed against the trunk of a car. I was pinned to the car by a stranglehold, and my arm was gashed to the point of requiring stitches.

The perpetrators? Two members of the Minneapolis police force. Our crime? Asking a question.

Jef Stout, managing editor of Pulse, and I had been biking near the Walker Art Center when we passed a group of five squad cars. Curious, we stopped to ask an officer what had happened. Although we both work for newspapers, we didn't need the force of the media behind our questions. All citizens have the right to ask about police procedures, and while officers might not be obligated to answer, they are in no way justified in responding with unprovoked brutality.

After refusing to answer our questions and then harassing us over bike licensing, where only I was in violation, we gave up and began turning around. However, after one of the officers saw Jef glance at the squad car number, he suddenly decided to change his mind and arrest us instead.

From that point on, the situation degenerated into excessive force and irrational behavior. We were roughed up, patted down, cuffed and thrown into the back of a squad car. I had to visit the Hennepin County Medical Center for my injury, and Jef was released around 10 the next morning. We both were charged with "obstruct-

ing the legal process," something we now have in common with Bill Clinton, the Highway 55 protesters and one of the Hard Times Cafe owners.

In summary, two bikers stopped to ask police officers a question and ended up cuffed, sore and bloody in the back of a police car. What's wrong with this picture?

As it turns out, we weren't the only victims of police abuse that evening. That same Saturday night, another young man, Devonsha Thompson, was beaten by at least five St. Paul police officers after leaving a drill team competition with about 25 other youths. Police claim he kicked a squad car several times, swore at them and ran toward one officer. Although witnesses didn't see Thompson provoke police, they watched in horror as officers slammed Thompson to the ground, surrounded him and struck him with their fists, knees and clubs.

Thanks to the immediacy of television reporting and extensive media coverage, most people readily remember instances of police brutality involving Rodney King in Los Angeles and the World Trade Organization protesters in Seattle. But they probably don't realize police brutality is more than just a rare occurrence or an isolated incident. It's a force to be dealt with across the

nation, even in the Twin Cities. Mayor Sharon Sayles Belton openly admitted this, once stating, "There was a problem and continues to be a problem of excessive force in this community. I'm not going to deny that. I grew up here."

In fact, beginning in late 1995, Minneapolis was one of 14 cities involved in a two and a half-year Human Rights Watch investigation into police abuse. The investigation found persistent police brutality in all the cities, ranging from sexual assault to murder. Human Rights Watch documented that police and city officials often protected their own, denying each new report of brutality and buffering the offender with a wall of silence. Many officers with long lists of complaints filed against them would continue to work on the force, and the little punishment meted out to abusive policemen was often long overdue. Serious reforms were only enacted when a brutality case flared into a media scandal.

One might argue every human is fallible, and when split-second decisions must be made in high-stress situations, mistakes are bound to occur. Police officers' jobs are life-threatening, and in their everyday work, they must often witness the seedy horrors of life that few of us can even imagine. Police regularly deal with the scum of

humanity, and some of these officers become personally scarred by their work.

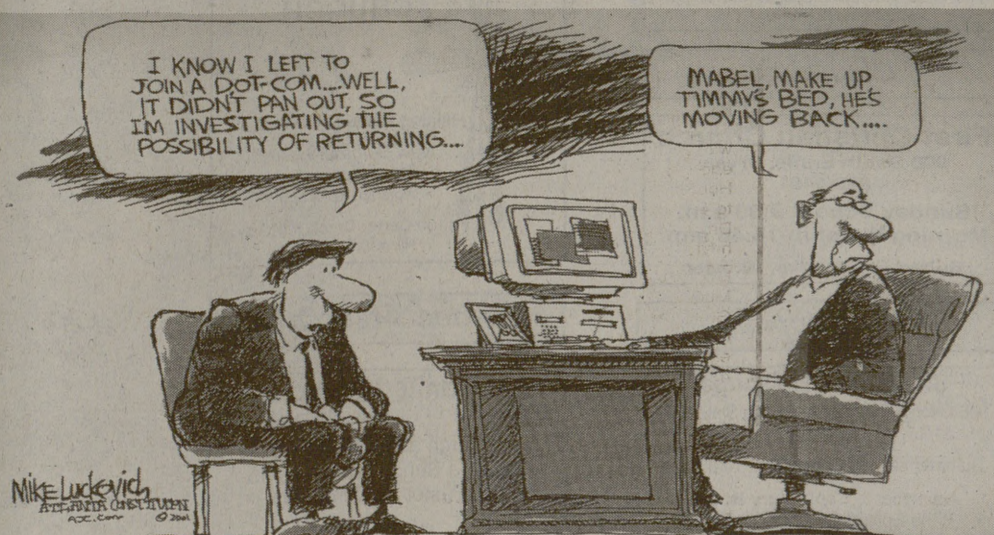
Yet even so, episodes of brutality and abuse cannot and should not be brushed aside by excuses of "bad days" or "emotional trauma." Violations of human rights should never be permitted because of personal error or mere contingencies. Some values must supersede individual circumstances. Can you imagine if doctors tried to pass off malpractice suits with such reasons? "I was having a bad day, I overreacted a bit in the operating room, and whoops, there went your kid's life. Sorry." The doctor would lose his license faster than a drunk driver. But when cops overreact? Police chiefs explain, "I think the appropriate amount of force was used."

But does this mean every police officer is guilty of abusing his authority, violating the rights of innocent citizens? Of course not. Usually, only a few officers have records of brutality, although those few corrode the reputation and the public trust of the entire profession. And when government institutions — especially the police — act without virtue and without regard for people's rights, they lose credibility and legitimacy in the eyes of the people.

I'm sure I'm not the only one who now inwardly cringes when I see a police car drive by.

Samantha Pace  
Minnesota Daily  
U. of Minnesota

**"Beginning in late 1995, Minneapolis was one of 14 cities involved in a two and a half-year Human Rights Watch investigation into police abuse."**



The Battalion encourages letters to the editor. Letters must be 300 words or less and include the author's name, class and phone number.

The opinion editor reserves the right to edit letters for length, style and accuracy. Letters may be submitted in person at 014 Reed McDonald with a valid student ID. Letters may also be mailed to:

The Battalion - Mail Call  
014 Reed McDonald  
Texas A&M University  
College Station, TX  
77843-1111

Campus Mail: 1111  
Fax: (979) 845-2647  
E-mail: battletters@hotmail.com

### Letter from the Editor

#### Summer '01 comes to a close, thanks

This has been a wonderful summer for *The Battalion*. The paper format changed as well as many people and staff positions. Publication will end Monday August 6, 2001 and will resume at the start of the fall semester.

It is unfortunate that I will not be present for the final full week of summer publication.

There will be many more exciting changes this fall. Brady Creel will be taking over my position as I delve

into my final year at Texas A&M. Please continue sending your comments and concerns to *The Battalion*. I have appreciated each and every one of my readers.

And contrary to popular belief, I am proud to be an Aggie and attend the greatest university in Texas for which I served as editor in chief of the greatest college newspaper in the nation.

— Jeff Kempf  
Editor in Chief  
The Battalion