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Paul MacAvoy and Kenneth Robinson (1983) "Winning by losing: the AT&T settlement and its impact on telecommunications," Yale Journal of Regulation, 1-42.

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\* Reviewing Your Review. "Like crying 'Fire!' in a theater filled with arsonists." You know, we still like that characterization. Here's a recap of yet another year's publishing.

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Special Review Memorandum

Re: Telephone Industry Publicists: An Assignment for 2007.

Foreword

Now, how many public affairs staff, government relations specialists, and other publicists do you think AT&T and the Bell companies currently employ? How many public relations firms do you think are on the payroll? And, how much money do you think they spend on these important endeavors each year?

If you answered "lots" to these questions, you're probably right. Other acceptable answers would include "more than you think" or "less than before," incidentally.

Systematically Mischaracterized?

Yet despite all these people, and all that spending, these companies are systematically mischaracterized, aren't they? For instance, virtually all the articles on the AT&T-BellSouth merger stressed the sheer size of the resulting company. They also focused on "safeguards" and "merger conditions," as if there were some significant competitive or other threat.

The Wall Street Journal and Los Angeles Times this past week hypothesized almost a "Second Coming" of the unified Bell System. Before its government mandated restructuring in 1982-84, however, the old AT&T was "vertically integrated into everything" and was truly the largest company in the world. It was said there were three "closed societies": West Point graduates, the Roman Catholic Church, and the Bell System. But is that anything like what we're seeing -- or, are likely to see -- these days?<sup>1</sup>

"Revenge of the Nerds"

Well, the idea that AT&T and the Bell companies are somehow

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<sup>1</sup> The Washington Post yesterday noted that AT&T is actually little more than SBC, having picked up the "remains of the day" following the demolition of the old AT&T by generations of bad managers. The Post is correct. About all SBC bought last year was the AT&T name and Minolta-like logo. Indeed, given the customer problems and unrest AT&T had engendered, maybe even that asset wasn't worth much.

kings of the "Information Economy" mountain might be a good story to tell small children. Heck, it might even be a good line to pitch on your web site, all the better to elicit contributions. MoveOn.org, among others, has certainly proven that. But, let's look, please, at the actual numbers, again.

In aggregate, the four Bell companies (including the "new" AT&T) now have a market capitalization -- a Wall Street valuation -- of about \$342 billion -- or, very substantially less than the \$388 billion which NBC Universal's parent, GE, is worth. AT&T's worth about \$135 billion, Verizon \$108B, BellSouth \$84B, and Qwest, \$16B -- or, significantly less than what Amazon.com's currently worth (\$16.6B). The new-new AT&T will be worth about \$225 billion -- a lot, obviously. But remember: that number's precarious, likely to decline. While that of AT&T's competitors will almost certainly continue to shoot up.

The "Information Economy's" real giants today are companies including Microsoft (\$295B), Cisco (\$166B), IBM (\$146B), Google (\$143B), and Intel (\$118B). There are those two huge media companies expanding in the computer services, programming, and telephone fields -- Comcast (\$89B) and Time Warner (\$88B). There are fast-growing, exceptionally profitable computer hardware and software firms: such as, Apple Computer (\$68B) -- inventor of the single most sought-after consumer electronics product in past five years. Or, eBay (\$42B) -- which owns Skype (the company which now has some 1.8 million paying VOIP subscribers). Or, Oracle (\$89B), the dominant firm in the big data base software field. Or, Disney (\$72B), the children's entertainment software kings.

The companies which are really generating shareowner returns these days are the Googles, or YouTubes, or MySpaces of the world. Remember those old Pontiac ads -- "We Build Excitement!" Well, Santa Clara County remains "Excitement." San Antonio? Well, AT&T is certainly a reasonable stock, and CEO Whitacre commendably has increased dividends every year. But in capital markets, in competing for hedge fund infusions, AT&T's going to be standing fairly far back in the line.

AT&T's seen as barely holding its own against concerted cable and Internet competitors -- and, foundering in its pricey effort to "go Hollywood." The Wall Street Journal the week before last noted that cable's signed up more than 8 million telephone customers. And, between AT&T and Verizon, something less than 200,000 people now get video service from their local Bell company.

Does that sound consistent with the notion AT&T's got fleets of competitive panzers, on the verge of sweeping across competitive Poland? That AT&T's really going to squash everyone flat? Are you kidding? Where in the world do otherwise

reasonable people in Washington pick up that stuff?

Both at Home & Abroad

In recent years, moreover, U.S.-based phone companies have retreated from abroad (unwisely, we think). Thus, they've moved the line of competitive engagement to their own back yard. At the same time, foreign-based telecommunications enterprises are steadily expanding here. And, these are very big, very capable organizations -- with the strong support (if only moral) of their governments.

Deutsche Telekom (\$80B), still considered a state-controlled firm, is rapidly growing its T-Mobile cellphone operations here. Then, there's Vodafone. It's funny. Wall Street analysts regularly write about how Verizon's going to buy Vodafone's 48+ percent chunk of Verizon Wireless -- as if Vodafone were something akin to one of those New York consumer electronics stores, 47th Street Photo, say. In actuality, with a market capitalization of about \$161 billion, England's Vodafone is a lot bigger than any phone company here. If anyone's buying anything, it'll probably be them. And, like Virgin and American Moviles, Vodafone's expanding in America, isn't it?

A Bigger Pond With More and Bigger Fish

Now, we're not quite sure how one persuades journalists, civil servants, or elected politicians to alter the way they think. In the Oscar-winning Miracle on 34th Street (1947), an exasperated Kris Kringle finally exclaims, "You won't listen to reason!" and he bops the malevolent Mr. Sawyer on the head with his cane. But that's not going to work here, is it?

Still, someone needs to impress decision-makers and opinion-leaders that AT&T and the Bell companies are simply not today's biggest players. For instance, just Microsoft (which is pushing WiFi systems, among other things) plus Google (the prime bankroller of the "network neutrality" fight) are 28% bigger than all the Bell companies and AT&T combined. So c'mon! You don't seriously think Bill Gates is worried sick about the phone companies, do you?

Gates and Microsoft face lots of challenges. Microsoft's been unable to make much headway in mobile -- truly the wave of the future. Its expensive effort to compete against Nintendo and Sony is, at best, an "incomplete success." Microsoft's clunky video software is a "work in progress." Microsoft's also been unable to compete effectively with Apple, particularly in the entertainment space. But AT&T and the Bell companies? We'll bet there's hardly an email or IM in the Microsoft archives expressing worry that San Antonio's going to soon be eating Microsoft's lunch.

Profit, Not Customer Exposure

Second, someone needs to impress on these same thinking and acting citizens that the sheer number of customers alone isn't enough.

As Yale economist (and Ford Administration CEA alumni) Professor Paul W. MacAvoy has noted, the correct measure of competition is profit, not customer exposure. Years ago, AT&T Chairman Bob Allen told Congress -- when they were debating telephone deregulation -- "I've got 100 percent of the customers nobody else wants." That's an exaggeration. But the point's still valid, isn't it?

Bell companies remain subject to "carrier of last resort" obligations -- which mean they've got one heck of a lot of low profit, high cost customers. To say that Bell companies command "market power" because they have 50, 70, or 90 percent of a given residential market just isn't valid -- when a lot of that market is simply a cost and profit drag.

It's worth remembering, too, that some of the Bell companies organizationally remain "like Vienna after the First World War," as we've said. That is, they have procedures and bureaucracies vastly disproportionate to the realities of their shrinking wireline business. All those well-paid, often unionized, pensioned employees aren't a source of market power, that's for sure, but rather something of a drag on corporate competitiveness, aren't they?

The Brooding Omnipotence

Third, it's important to realize that companies like AT&T or Verizon plainly have regulation -- and, probably growing regulation -- in their future. Yet their commercial and financial market rivals will remain largely "reins-free," to use former Senator Fritz Hollings term.

All those reports about the recreation of the Bell System -- with virtually no AT&T "push-back" -- are going to embolden the pro-regulation forces. That enormous, concessionary agreement negotiated with the Federal Communications Commission (FCC) contains such extraordinary sections as a promise not to petition for forbearance under section 10 of the Communications Act.

American companies today face a lot of "baseline regulation." All the Sarbanes Oxley, Family Medical Leave, Federal/state/local taxation -- you name it, there's lots. If you layer traditional Federal and state communications legislation atop that, the result has to be to generate "x-inefficiencies" which just won't quit. Thus, not only will the new-new AT&T have to carry around all those customers "nobody else wants." They'll also be saddled with new and innovative, resuscitated FCC and state regulation -- at

least the way things are trending, now.

#### Conclusion

Now is the time, in conclusion, for all those publicists on the AT&T and Bell companies's payroll really to start earning their keep. Next year, the bias in the House of Representatives will clearly be in favor of devising more regulatory screws -- then tightening them all down. There's virtually no one in the Bush Administration pushing a regulatory reform agenda -- at least not an economic regulation agenda. Divisions within the FCC seem to mean "incrementalism," not broad sweeping change will be the rule.

In such an environment, it's important for AT&T and the Bell companies to remember the old Japanese admonition: The nail which stands out gets hammered first. If AT&T and the Bell companies continue to allow themselves to be singled out, to be cast as the biggest kids on the playground, they're going to continue to be hammered, aren't they?

Thus, they need to start pushing a simple message: First, we are not the biggest kids -- just Microsoft and Google are more than a quarter bigger than all of us combined. And, second, just because there are lots of phone company customers doesn't mean the traditional carriers have some disproportionate share of "Information Economy" profits. They don't.

The late President Ford, in conclusion, said in a speech that his Administration had strived to "free the business community from regulatory bondage." These days, simple parity of treatment should be the goal, shouldn't it? AT&T and the Bell companies, in other words, shouldn't be more regulated by the FCC than Microsoft or Google. So.

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#### Communications Policymaking Historical Developments Memorandum

Re: Reviewing the Gerald Ford Years.

#### Introduction

When Gerald Ford was President, nearly all parts of the U.S. communications business were in some significant regulatory -- and, maybe even commercial -- turmoil.

#### Telephone Industry Competition

The FCC had authorized limited competition in the interstate "private line" telephone business -- then legally challenged MCI Communications twice when the firm's "Execunet" offering strayed over what the FCC regarded as the proper competitive line. In 1976, however, the D.C. Circuit handed down the first of two

rulings which essentially opened all the interstate long-distance business to competition. Needless to say, that precipitated a flurry of competitive entrants. Not to mention legislative excitement (ourselves, we liked the senior AT&T witness who compared the very small, nascent MCI to a "baby elephant -- "They're small now, but eventually they grow up and push you out of your house").

Under Chairman Richard Wiley and Common Carrier Bureau Chief Walter Hinchman, the FCC had also begun systematically opening the "customer premises [terminal] equipment" (CPE) business to competition. True, this remained the era of "protective couplings" and other limitations, a tribute to Hush-a-Phone's dread "blasting effect." Customers were still required to register their answering machines with the phone company (that tariff requirement may well still exist).

Finally, in 1976-77, however, the FCC instituted an equipment registration program which burst the equipment monopoly so long enjoyed by AT&T's Western Electric and other phone companies. That

initiative also opened the door to a flood of low-cost Asian equipment imports.

#### Television: Renewal and Other "Chaos"

Television license renewal procedures remained in turmoil, too. The Ford years were a time when many petitions to deny were filed (Federal appeals courts earlier having eliminated traditional "standing" requirements). Licenses were also renewed every three years, and there remained a "Fairness Doctrine." Additionally, the Ford years were a time when the FCC undertook to devise an extraordinary diversity of restrictions on cable television.

During the Ford years, the FCC was still enforcing its "Prime Time Access" rules, as well as arcane rules restricting TV network ownership of entertainment programming and "ancillary rights." (The antitrust actions brought by the Justice Department against the three TV networks were also well underway. They were to be settled during the Carter years, after an incoming Assistant Attorney General for Antitrust reviewed the litigation and remarked, "We sued the wrong guys!")

Back then, local TV stations couldn't run network feed during the "access hour" (7-8 PM -- actually, access half hour, because encroachment by a network news show was OK). Network affiliates also couldn't run "off-network" series or shows during the period -- they had to buy independently produced, "syndicated" stuff (this was the basis for the "Wheel of Fortune" and other shows's success. Bob Barker and Vanna White owe a lot to the FCC of that



time.)

Not infrequently, waivers from the off-network rules were sought, enabling FCC Commissioners meticulously to scrutinize particular programs and shows. The FCC determined, for instance, that Mutual of Omaha's "Wild Kingdom" qualified for a waiver -- because animal series were educational. (This was years before it was learned that Marlin Perkins and others had staged the show, tying up those gazelles, etc.) "The Living Desert" -- which had run as part of the "Wonderful World of Disney" on ABC, was OK, too. But Campbell Soup's "Lassie" didn't qualify. Though it was also an animal show, in "Lassie's" case it was a mere domestic animal, the FCC reasoned, thus less worthy of an off-network waiver.

During the Nixon Administration, FCC Chairman Dean Burch had complained about this extraordinary involvement in TV programming decisions. But the FCC still practiced it. Indeed, during the Ford Administration one FCC Commissioner regularly declared in speeches which TV shows he found particularly good -- or, bad. It was an age, in short, of "raised eyebrow" regulation which actually worked.

"You Can't Be Too Careful!"

The FCC regularly held public proceedings on various network shows and specials. In addition to scrutinizing CBS's "Selling of the Pentagon," there was the near-endless wrangling over NBC's "Hunger in America" special, and whether it was "fair." If John Chancellor or Walter Cronkite sneered, or made a face, there was apt to be at least an informal Broadcast Bureau investigation. When it comes to TV, after all, you can't be too careful was the policy, right?

There was no such thing as "talk radio," of course, and FM was still AM radio's poor relative (car companies in 1973 were to make AM/FM radios the standard, albeit extra-cost option). In Washington, WMAL's Harden & Weaver dominated morning drive-time -- and, the FCC sparked a major outcry when this super-popular duo were cited for failing to log commercial messages correctly. There was talk about introducing AM stereo, though no one was quite sure how.<sup>2</sup> (Later, during the Carter Administration, the

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<sup>2</sup> WMAL-AM introduced AM stereo service and actually recommended that listeners get two radios, space them about 10 feet apart, and tune one to the higher part of AM 630 and the other to the lower part of that dial position. Always obedient to higher authority, your Editorial Committee tried that, but couldn't detect the delicate stereo effect. Needless to say, AM stereo passed into broadcasting history, sort of like those multicolored plastic sheets which were marketed in the 1950s to simulate color television.

FCC was to propose squeezing AM stations together, by reducing the 10 Khz spacing between channels to 9 Khz, ostensibly to facilitate more minority broadcasting.)

#### Cable and the Growing Threat of "Siphoning"

In order to protect against "audience siphoning," the FCC restricted the number of broadcast signals which could be "imported" by cable television systems into a given market. The "anti-leap frogging" rules also dictated precisely which "distant signals" could be imported, where. To protect against the companion evil of "program siphoning," moreover, there were fantastic pay cable rules.

Series such as "I Love Lucy" or "December Bride" were forbidden on cable. In the case of sports and sporting events, there were the inexplicable "highwater rules." It was a lawyer's paradise. But then, in 1976 the D.C. Circuit in its first Home Box Office pricked several regulatory boils. For FCC cable regulation, it was the beginning of the end.

The FCC continued to enforce various complicated "syndicated exclusivity" rules, however, to make sure a local TV station airing "Wheel of Fortune" wasn't challenged by a "distant" signal running the same thing. The FCC's still involved in this activity in respect of satellite television and network affiliation agreements.

#### "Rube Goldberg's Twin Brother"

The FCC "pervasively" regulated international communications. There was "circuit-by-circuit activation," a 50:50 balance between submarine cable and satellite circuits, and even an industry-devised and regulatorily approved "International Quota Bureau" which apportioned, for instance, any "public message telegrams" dispatched without designating a specific "international record carrier." Needless to say, international calls were very expensive. This Byzantine regulatory process was to be wooden-staked by the first reconciliation measure passed during the Reagan years.

#### "Ramming Speed!"

Procedurally, the FCC during the Ford years met twice, sometimes three times a week -- often nearly all day. Thus, FCC Commissioners and staff really had to "work for their keep" (someone jokingly referred to the Wiley years as comparable to that scene in Ben Hur where the Roman galley time-keeper orders "Ramming speed!") There also were seven FCC Commissioners -- and, each had an actual engineering assistant.

Congress began the process of amending the Communications Act of 1934 (GTE and AT&T, among others, distributed large notebooks declaring "The Dilemma of Telecommunications Policy"). Congress was also winding up the process of amending the 1909 Copyright Act

(President Ford was to sign the 1976 amendments).

#### Technology Rears Its Ugly Head

During the Ford Administration, domestic satellite service began (the first provider was actually Western Union). The United States also enjoyed a significant trade surplus. Virtually all consumer electronics were North American made, moreover. Companies such as Sylvania, Magnavox, and even Motorola (the "Quasar" series) were significant television receiver manufacturers.

During the Ford Administration, the process of creating cellular radiotelephone service got underway. The Government had relinquished a large block of spectrum, Western Electric and Bell Labs developed the frequency "hand-off" approach, and the debate started over the appropriate role of wireline carriers in the field. The FCC had proceedings on whether cellular carriers should be allowed to enter and provide "fleet call" or "dispatch" services. This all seemed quite logical, back in those days.

The cutting edge office technology at the time was the IBM MagCard. The Justice Department, however, did have primordial Lanier Pcs. Toward the end of the Ford Administration, Xerox 850 word processors appeared in some Federal offices. There was no such thing as email, of course. But some agencies and offices had facsimile machines.

#### Regulatory Reform

Although President Ford was certainly well-acquainted with any number of communications industry personalities -- not to mention Government officials such as former FCC Commissioner Jim Quello and House Commerce Committee Chairman John Dingell -- there's no indication Ford himself paid much sustained attention to telecommunications policy. Indeed, the era's biggest single initiative -- the filing of the Justice Department's antitrust case against AT&T in November 1974 -- evidently occurred with little or no White House knowledge or input. That litigation drew much less attention than any one of the "uncommitted delegates" President Ford was inviting to dinner in 1975-76, in an effort to head off the Reagan nomination challenge.

Importantly, however, the Ford Administration did begin the process of serious, systematic regulatory review and reform -- a process which the Carter and Reagan Administrations were to continue on a strong, bipartisan basis. Civil Aeronautics Board Chairman John Robson, for instance, began allowing competitive entry in that tightly regulated field. Airlines were allowed to compete by varying their meal services, even the angle of reclining seats. On Capitol Hill, Senator Edward Kennedy and his chief regulatory reform adviser -- now U.S. Supreme Court Justice Steve Breyer -- were major airline deregulation players.

The Council of Economic Advisers (CEA) under President Ford also played a major role in this effort. CEA Member Paul MacAvoy presided over efforts to reform rail and motor carrier regulation. It may well be the last time CEA ever did anything useful.

Other Presidents had some fleeting involvement in economic regulation and its reform. President Kennedy, for instance, commissioned a survey by Harvard Dean Landis which was highly critical of economic regulation. President Johnson created the Rostow Task Force on Communications Policy (Chief Judge Posner, incidentally, was its fertile and prolific staff director). President Nixon's Ash Council recommended many changes in the overall regulatory process (they left the FCC largely unscathed, however, citing the agency's involvement in program content and political regulation).

But the Ford Administration was the first Administration in recent memory to undertake regulatory reform on a systematic, concerted basis. We think the changes which resulted are probably Ford's most important, lasting contribution: His legacy. But none of the obituaries have mentioned this commendable effort, have they?

#### Conclusion

In marked contrast, the Ford years weren't characterized by the strident partisanship so evident today. Both Democratic and Republican FCC Commissioners -- and, elected and appointed officials -- actually debated regulatory issues in a calm and reasonable fashion. Indeed, virtually all the regulatory reform measures begun under President Ford were pressed forward by Presidents Carter and Reagan (a bipartisan reality which some in the Clinton Administration were surprised to learn about).

Today, much of the "regulatory Alhambra" familiar to the Ford Administration has been demolished -- and, with a steam-shovel, not merely a scalpel. But the tradition of systematically examining and eliminating unwarranted rules and regulations has attenuated, hasn't it? Nevertheless, it's possible the next Administration will again tackle these domestic policy challenges. So.

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#### Important Annual Feature Memorandum

Re: Reviewing Your Review.

This 53d issue concludes volume 22 of Telecommunications Policy Review. Thus, we'll follow longstanding tradition and

briefly comment on this past year's accomplishments and endeavors.

In 2006, first, there were 53 weekly issues averaging 16 pages apiece (a bit longer than before). The copy provided our longtime printer, Commercial Duplicating, now Matrix, weighed a bit more than 11 pounds (ca. 4.5 kg), including fasteners. Those receiving first-class mail service, therefore, probably got more than five pounds of paper. Sorry about that. As we've said, however, volume can be a plausible defense to error. Fortunately, we seem to be holding our own, in that regard.

Substantively, then, an effort was made to ensure all parts of the "Information Economy" got adequate coverage. Thus, we dealt with TV, radio, cable TV, telephone, even satellite and mobile communications topics. Additionally, your Review dealt with U.S. manufacturing, organized religion, horticulture, movies, industrial policy, recipes, automobiles, international trade policy, politics, and housekeeping.

The topics which weren't covered in 2006 include music, fine arts, advanced mathematics, pricey restaurants, opera, dancing, child care, and travel and tourism. Women's clothing (including Manolo Blahnik and Prada shoes), jewelry, hair designs and associated treatments, exercise, and women's incessant talking habits weren't addressed, either. And, for the first time in years, women's driving and the well-known threat to life-and-limb that some female motorists's habits clearly pose were also deferred. We're trying to be a bit nicer to the ladies, you see.

(In Fairness, we did deal with women's walking habits, however, and the well-known challenges which a near-total lack of sidewalk discipline can sometimes pose.)

In previous years, readers have actually been polled to determine what people like most. Movie reviews, gardening, and travel were surprisingly popular, and the stock picks as well. But we don't poll anymore. Casual empiricism suggests, however, that "that extraneous stuff" -- as one long-time reader calls it -- has maintained its reader popularity and acceptance over the years. (Ourselves, we're sometimes proud of that modest achievement. This is the only telecommunications policy review in the history of the world, after all, with a regular movie review and gardening feature. Netherlands-based publishers, top that!)

Mechanically, your Review continued to be produced on Dell desktop computers (the best) using chiefly WordPerfect 5.1 DOS word processing systems (also the best). For much of the year, those receiving the electronic service weekly got an Adobe PDF file. We really liked that Adobe service, we must say.

But a serious break-down in Adobe Online service caused a

shift to Word 2003/2000/97 systems, all running on your Review's stable of IBM ThinkPads (the real variety, not the Lenovo knock-offs). Eventually, you know, we may be compelled to shift completely to the Microsoft word processing software. Adobe Systems, incidentally, actually sent us a free Adobe Acrobat 8 Professional package as a peace offering, so bitter were our well-grounded complaints. Maybe we'll install and use it, one of these days. (We also have WordPerfect 12, which includes an Adobe PDF conversion and editing feature -- but as Gordon Urquhart told Knox's MacIntosh in Al Gore's favorite movie, Local Hero, "These things can get pretty complicated." We don't do well with "complicated.")

Your Editorial Committee's still assessing whether to have an Internet web site -- we don't want to be too hasty, however, so we're waiting to see if they can work out all the kinks. Some of your Review's materials are posted, however, on the KMB Video Journal site ([www.kmbvideojournal.com](http://www.kmbvideojournal.com)).

Finally, as we've often noted in the past, our favorite reader comment remains that of the fellow who -- much more than a decade ago -- said, "Telecommunications Policy Review is like yelling FIRE!! -- in a theater filled with arsonists." Keep up your interest in forward progress this coming year.

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Special Feature Memorandum

Re: Certainly Worth Noting.

Positive developments are nearly always worth noting. Here's our regular weekly listing:

\* Cheers for the Whooping cranes. According to the latest tally, there are now 518 Whooping cranes -- compared to just 20 in 1941, when serious conservation steps were initiated. There are 237 in migrating flocks, and the rest are in zoos and other captive groups. The Washington Post had the report.

\* Cheers for Donnell Long. Mr. Long, owner of the upscale Stonefish Grill in Largo, Maryland, organized many gifts this Christmas for children in foster care and homeless shelters. Long and his brother were both abandoned (he was just three). Since then, he's made a special effort each year to help children without traditional family support. The Washington Post had this nice report, too.

\* Cheers for the Penguins of Woodland Park Zoo. According to the Seattle Times, an anonymous donor has given the biggest

single gift ever -- \$6 million to this Seattle institution. The money was given to pay for half of a new display which'll feature South American Humboldt penguins. (We were a bit surprised to learn that in 107 years, nobody in Seattle has given more than \$6 million. Here's a city, after all, with one of the highest number of billionaires in the world, right? But the computer industry is famous for its "deep pockets but short arms." Evidently that applies to supporting world-class zoos, too.)

\* Cheers for the Friends of "The Gross Clinic." Remember that famous painting which Thomas Jefferson University in Philadelphia sold for \$68 million to rebuild part of its campus? The one which was bought by the National Gallery of Art and Alice Walton, and was to be rotated between Washington and the Crystal Bridges Museum in Arkansas? Well, according to the Philadelphia Inquirer, a group of Philadelphia donors have "redeemed" the painting. The Annenberg and Pew Foundations have come forward, as well as a number of the city's well-heeled. Ourselves, we'd rotate the painting among three cities, now. (Alternatively, copies could be commissioned -- so no one would ever need to know.)

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#### Short Items

\* Revenge effects. The U.S. Treasury Department's policy of debasing the value of the U.S. dollar is catching up with the U.S. Mint, Fox News Channel reported. It now costs the Mint some 2 cents to make a penny, and about 7 cents to make a nickel. The solution? Well, re-decimalization would be our recommendation (i.e., knock off the last two decimal places and restore the dollar to, oh, 1948 values).

\* Bonanza. The most profitable movie in 2005 evidently was Borat, Bob Brinker noted on "Money Talk." It cost \$18 million to make and, so far, has brought in \$124 million at the box office. In 2005, the most profitable movie was Brokeback Mountain. It cost about \$13 million and returned \$190 million at the box office.

\* Might get you a studio apartment here. At present, the median house price in the United States is \$218,000, Bob Brinker also noted. That's down an "inflation-adjusted" 5.1% from last year. Prices are much higher in the West and East (in California, it's said to be \$331,000. We're not sure what you can buy for that in California, but we'll check.)

\* And, meanwhile, the rich get richer. According to Bloomberg, mergers and acquisitions totalled \$3.67 trillion in 2006 (compared with \$2.91B in 2005). Private equity transactions

rose 171% to \$749B. Skadden, Arps handled the largest number of deals.

\* If you don't want another mug, tote bag, or umbrella. J.W. Jung Seed Co., one of your Review's favorites, has introduced the "Julia Child" rose. It's buttery yellow with a licorice scent. \$15.95. It's item no. 24525 in the latest catalog (www.jungseed.com or 800.247.5864).

\* Now it can be told. According to Newsweek's Elinor Cliff, Senator Barack Obama is a smoker -- so why hasn't that been reported before? She made her comment on today's "McLaughlin & Company."

\* Making progress. In 2005, 41% of the coal ash generated by U.S. coal-burning electric power plants was recycled, the Wall Street Journal reported. And, the Environmental Protection Agency wants to see 50% recycled this coming year.

\* "He who does not lobby will be lobbied against." According to a survey by Inside Higher Education, colleges and universities spend \$94.6 million to lobby Congress in 2005 (up 18%). At issue were changes in student loan practices, for instance. The Student Loan Marketing Corp. (Sallie Mae) spent \$2 million. Even TIAA-CREF spent \$1.3 million. The Examiner had the report.

\* "They're everywhere!" According to the Washington Post, some 12,000 U.S. citizens will join the 2 million Islamists expected in Mecca this week for the Hajj. Fox News Channel, by the way, reported that the Transportation Security Administration plans a series of public announcements to calm any anti-Islamic worries or concerns.

\* News you can use. Short and medium-grain rice stays more pliable and thus edible when cooked and refrigerated, Food Network reported. It's the long-grain rice which tends to crystalize and turn rock-hard. The shorter the rice, in other words, the more it might fit with today's "shift"-style family eating habits.

\* Stamp of the Week. This issue of your Review will be dispatched using the U.S. Postal Service's 2006, 39-cents non-religious Christmas stamp. The design's based on snowflakes. It's OK Additional make-up postage stamps may appear. International mailings will vary.

\* Funnies. Finally, what was funny? Well, you remember how someone once remarked how the most incredible political speech they'd ever heard was candidate Jimmy Carter addressing the Cook County Democratic Club and declaring, "Bringing honesty back to government -- that's what this campaign is all about!" Well, in



the London Daily Telegraph's obituary of President Ford, they referred to a meeting he had with President Nixon in the summer of 1974 where Ford said, "Damn it, why don't we get the records out that prove your innocence?"

Second, we laughed when the hosts of "Fox and Friends" compared Senator Kerry's predicament in Iraq to "what happened to you at school, when no one wanted to sit at your table." Evidently the Senator, on a would-be redemption tour, was shunned by the troops, and even left to eat mess hall meals sort-of alone. The Senator also staged a press availability and evidently just two reporters showed up.

Third, we also laughed at the skit Brook Gladstone and the WNYC staff performed for New Year's. They spoofed a hypothetical WACLU -- "All the way on the left side of your dial." We liked the station's automatic answering system. "If you want to complain about the programming, press '3' and a comrade will be with you." Or, "If you want to talk to some temp, press '0.'" Clever.

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### TPR's Weekly General & Press Review

#### Introduction

The death on Boxing Day of former President Ford nudged aside much of the seasonal coverage, of shopping, gift returns, and what gifts and presents folks liked best. Even holiday football.

The former President, labelled the "accidental President" by the New York Times and London papers, was accorded special honors by Congress. There'll be a funeral in the National Cathedral, Washington, this Tuesday. Tuesday'll also be designated a "National Day of Mourning" (except in New York, New Jersey, and Connecticut -- their Governors declined to follow the Federal Government's lead. The NASDAQ and New York Stock Exchange will close, however, and commendably so.)

The execution of Saddam Hussein generated considerable coverage yesterday. He was convicted of ordering the killing of 148 men and women in a village where an assassination attempt occurred, an Iraqi Lidice, as it were. Charges of gassing and bombing some 140,000 Kurds and other horrors are the object of trials which now presumably will be terminated.

#### Regular News for Regular People

Understandably, the entertainment and personality pickings were a bit spare this past week (even celebrities, after all, are entitled to a holiday break). "Brangelina" spent Christmas in Colombia, for instance, meeting with internal displacees. The

Rosie O'Donnell vs. Trump hostilities continued, though at a low key (in her blog, for example, Ms. O'Donnell evidently declares that Mr. Trump is the equivalent of a pimp).

The death of rock super-star James Brown generated lots of coverage. The surprise appearance of Michael Jackson got a lot of coverage, too. It's hard to realize, you know, that Brown was a star in the early 1970s, only a little after the Rolling Stones debuted. His companion/possible wife says he wanted a "Grace-land"-type facility in Augusta.

#### City and Politics

Mayor-elect Adrian Finty deferred his formal swearing-in 'til Wednesday, given the death of President Ford and the "National Day of Mourning." The Mayor's "Inaugural Ball" was slid from Tuesday to Saturday evening (some 15,000 are expected to attend. How would you like to be the caterer/manager for a 15,000 person event which gets abruptly rescheduled?)

The Military District of Washington did its usual outstanding job honoring the 38th President. There was less pomp-'n-circumstance -- none of the marching battalions, multiple bands, riderless horses, etc., of the Reagan funeral. But that's apparently what the man who said "I'm a Ford, not a Lincoln" wanted.

The President continued meeting with his Cabinet in Crawford -- they're probably trying to figure out a good way to explain the planned "surge." Who was the Secretary of Defense who returned from one of the endless SALT talks and declared, "We're going to have a hard time keeping up with those ceilings"? He was the same fellow who came up with the term "build-down" (i.e., you have to build the supply of MIRVed and MARVed ICBMs before you can agree to eliminate them). Maybe the Bush Administration should search this fellow out. Ourselves, we expect Senator Biden -- uncharacteristically -- reflects the majority view: That most Americans do not want some large contingent of additional forces dispatched to this useless country.

Former North Carolina Senator John Edwards announced he's running for the Democratic nomination for President. The announcement was staged in New Orleans's Ninth Ward, where the Senator spoke about the need to aid the poor and disadvantaged. Several cable networks juxtaposed his remarks with photos of his multimillion dollar estate in North Carolina.

Does Senator Edwards have any real chance? Well, he has the strong support of one of the Democratic Party's firmest support groups (trial lawyers). Political experts also note that it is almost mathematically impossible to be elected President without carrying at least one Southern state. With his practiced drawl,

the Senator might have at least a fighting chance -- though it it thought

he didn't run for reëlection because he concluded he'd lose in North Carolina.

#### U.S. Economy & World, Briefly

Years ago, you know, the London Times ran a front-page article with the headline, "Rabbits are Multiplying Again." Well, this week's contribution to that theme has to have been the Bloomberg News headline which announced, breathlessly, "Home Sales Rise as Prices Fall." Wow! We know we missed something in that Econ 101 course, years ago.

According to Bob Brinker on "Money Talk," the "total stock market return" in 2006 was 15.4% (which includes 1.5% in dividends paid). For the week, the Dow Jones Industrial Index rose 119.93 points to finish at 12,463.15. Over the past week, your Review's "Information Economy" portfolio, managed by CompuServe, registered mostly gains. The three biggest gains were recorded by Viacom (+3.35% to \$41.01), Windstream (+3.19% to \$14.22), and BellSouth (+2.52% to \$47.11). The three stocks showing the largest declines were Tribune (-2.29% to \$30.78), Time Warner (-1.36% to \$21.78), and GE (-0.96% to \$37.21).

#### American Manufacturing

Lockheed Martin announced it'd received a \$635 million contract to upgrade/refurbish some 216 F-16s owned by the Turkish Armed forces. (A few million apiece isn't much of an upgrade when it comes to fighters, of course.)

Ford Motor Co. announced it'll invest \$1 billion in six Michigan plants, in return for \$151 million in tax concessions. The effort by the state will keep 13,740 manufacturing jobs in Michigan.

#### Religious Affairs

First Congregational Church of Christ in Washington, a church which dates back to the Civil War, announced a co-development deal. A 10-story building will be built on the church's land (around 10th & G Streets, NW). The church'll get the first two floors for offices, a new sanctuary, and mission facilities. Above, there'll be 140 condominiums. A similar co-development was approved for First Baptist Church, Clarendon, Virginia (although the Arlington County Board's approval was upset on appeal for procedural reasons). Co-development affords churches a way to monetize their principal asset, their real estate, while maintaining their core mission.

#### Africa and the Middle East

Ethiopian (and, probably U.S.)-backed irregulars drove

"Islamic Courts" forces away from Somalia's interim capital and, indeed, out of Mogadishu. The "Islamic Courts" forces are thought to be affiliated with al-Qaeda and other terrorist groups. As of this morning, the Ethiopian tanks were still moving south.

In Lagos, persons seeking illegally to tap a gasoline pipeline caused a major explosion and as many as 260 persons may have been killed. And, the Wall Street Journal had an interesting article on the Victoria Falls. On the Zimbabwe side, it's a disaster zone and, on the Zambia side, tourism is booming.

The Israeli Cabinet approved a new West Bank settlement, said to be the first formally approved in years. Prime Minister Olmert in an interview called for a resumption of talks with Syria -- if that regime halts its support of anti-Israel terrorism. And, the Israel SDF said they'd resume "pin-point" artillery bombardment of the Gaza strip. Palestinians continue to launch rockets into Israel. The "pin-point" responses are designed to halt those assaults.

In Saudi Arabia, the Hajj or annual pilgrimage was underway. Estimates are that at least 3 million will descend on Mecca and environs (there is a complicated quota system which limits the number of pilgrims the various countries can send).

#### Iraq Protectorate

The Iraq Supreme Court upheld a lower court death sentence passed upon former President Saddam Hussein. Soon thereafter, he was hanged, early in the morning there (and about 10 PM Friday, here). He's since been buried with his sons, in Tikrit.

U.S. forces announced that at least four Iranian officials have been apprehended in Iraq, aiding insurgents. It wasn't clear whether they'd been invited to Iraq by Shi'ite forces. Yesterday, two were ousted by Iraq,

#### Middle & Southern Asia

A U.S. researcher concluded that Iran's oil revenues will continue to decline as heavily subsidized domestic applications absorb oil which could otherwise be marketed abroad. In Rome, the Pope met with Iran's Foreign Minister. Meanwhile, in Tehran an Iranian official announced they're installing some three million centrifuges soon, to boost their uranium enrichment capability. (One of the obvious problems here is that handling uranium safely requires a high degree of skill, precision equipment, and trained personnel. Just imagine what an Iranian enrichment facility must be like!)

Pakistan said they're both (a) installing a fence and, then, (b) minefields, along the Afghan border (peace groups are protest-

ing the minefields). According to Reuters, more than half of those polled favored military rule of Pakistan. There was a report that many of Pakistan's national cricket team have left for the Hajj.

India commemorated the deadly tsunami of 2004. Prime Minister Singh gave a speech comparing the caste system to South African apartheid, and calling for major changes. But the big domestic news story was the ongoing test matches with South Africa, in Durban.

There continued to be marches, protests, and other disturbances in Bangladesh. It's terrible, you know, that so poor a country squanders resources on these incessant political battles. And, Sri Lanka's Postal Department acknowledged that they ran out of stamps -- but just had 7.5 million shipped in. (Postal authorities including the U.S. Postal Service are cutting back on their stamp inventory in view of the drop in first-class mail they're all experiencing.)

#### East Asia, China & Japan

President Hu Jintao called for expanding the Chinese Navy (they're already acquiring aircraft carriers and submarines, offensive weapons systems). The Government affirmed the one-child policy. According to the Wall Street Journal China wasn't happy about limits on fresh fruit and vegetable exports imposed by the EU.

The BBC World Service reported on the ambitious development plans for Hong Kong's old airport. Evidently the Government wants to create one of the world's biggest cruise line ports -- plus lots of luxury housing. And, Hong Kong Disneyland said they hope to stage Guinness Record-worthy dance contests this New Year's.

A 7.1 tremor offshore disrupted Taiwan's telecommunications and electric power infrastructure. Internet communications in much of southeast Asia were affected. Papers said this shows the region's vulnerability to these earth quakes.

Bangkok canceled New Year's celebrations after six bombs exploded -- it's probably those Islamic terrorists who've been causing problems in the southern part of the country. A ferry with more than 800 people aboard sank near Indonesia. At last report, only a few dozen passengers had been rescued.

The Korea Government launched a program to discourage the use of prostitutes at company parties and other gatherings (evidently group sex is seen as a good corporate bonding experience). And, the Government said they'd detected (a) bone fragments and (b) dioxin residues in some U.S. beef shipments. Right. Here's a country where they eat beagles, cocker spaniels, and Golden

retrievers with relish -- and, they're complaining about the purity of our beef? Here's a suggestion the U.S. Embassy in Seoul can convey: "Stop eating pooch and we'll talk to you about our beef."

It was noted by the Tokyo newspapers that the late President Ford was the first U.S. President to visit Japan, in 1974. All the wire services reported on a meeting between Ford CEO Mulally and Toyota CEO Cho, in Tokyo (Ford already resells Toyota's hybrid systems -- the one in the Ford "Escape" hybrid is a Toyota product).

Most papers reported four executions (they're given very little publicity by the Japan Government). They also reported that the United States has asked for permission to build another major X-band radar station in Japan, to keep track of what Pyongyang might be up to.

The Australian papers all proclaimed a "massive advantage" in the ongoing Ashes match with the English (if we understood cricket, we'd try to explain it). The Government said that last year they admitted 130,000 immigrants, most from England. The BBC World Service this morning said Queensland's adopted new rules on land clearing -- it's the last Australian state to do so. Environmentalists complaint the past practices were too destructive. And, there was a report that other enviros want the Australian Army enlisted in the battle to combat the large -- and, territorially expanding -- cane toads.

#### Western Hemisphere

Right before Christmas, the Conservatives announced they'd discovered some unreported political contributions. And, Air Canada said it's launching a C\$300 million aircraft improvement effort.

Immigration & Customs Enforcement (ICE) (say "ee-SAY-ay") said that arrests are down more than one-third since the U.S. National Guard was moved to the Mexico border (evidently the Mexicans worry they might be mistaken for Iraqis). In Caracas, President Chavez said he'll now target homelessness, there. In Rio de Janeiro, there was ferocious drug gang warfare, with at least 18 people killed. The New York Times reported that five years after collapse, the Argentina economy has pretty much recovered.

In Chile, a final letter written by General Pinochet was released. In it he said the steps taken between 1973 and 1990 were necessary to prevent a Communist takeover. The Jamaica Government said it's studying ways of extracting titanium ore from bauxite. And, in Haiti, UN forces launched a series of raids into the "no-go zone" -- Port-au-Prince's notorious Cité Soleil slum. They're trying to seize weapons and rescue those who've been

kidnapped (as in much of Latin America and the Caribbean, kidnapping is a growth industry).

England, the Continent & Russia

The Queen and all senior Royals (except Prince Harry) attended church Christmas morning, near Sandringham House. Photographers were encouraged to take pictures. It was reported by the London Daily Mail that Prince William gave his brother a Nintendo Wii. No other gifts were reported.

As earlier reported, Sara Phillips, daughter of the Princess Royal, was named in the New Year's Honours List. She was awarded an MBE (Member of the Order of the British Empire). She is the first Royal Family Member to receive such an award.

The Daily Mail also reported that the Duchess of York and her two daughters, the Princesses Beatrice and Eugenie, will welcome in the New Year at the vacation home of Hong Kong resident David Tang in Phuket, Thailand. Also attending the party will be super-model Kate Moss, a friend of the Duchess.

Because a British Airways 747 briefly ran off a poorly lighted runway at Miami International, it became known that the Prime Minister and his family were traveling to the Florida vacation home of Robin Gibb, one of the Bee Gees. A Conservative MP was critical of the Prime Minister for cadging vacations from well-heeled friends. Downing Street said the Prime Minister was paying for this particular vacation, but supplied no details.

French intelligence cautioned against a terrorist attack on the "Chunnel." A German official was quoted as saying there is no chance Russia can qualify for full G8 membership in 2007 (Germany will be heading the group, and will also assume the EU Presidency). In Rome, the Vatican issued a caution as a retired bishop in Paraguay announced he's campaigning for office there. Italian police also arrested a man who met with Polonium 210-poisoned former KGB officer Litvinenko.

Bulgaria and Romania were admitted to the European Union, though there will be special interim limitations on both. Romania, too, was required to make public the vast files collected by the Securitate under Ceaucescu.

There was a Reuters report that Russia and Belarus are fighting over long-term gas supply contract prices. There was also a report that the various internal and external Russian Orthodox churches might unite this spring. And, the Duma passed legislation ratcheting down on the casino business.

Telephone & Related

There were "teaser" notes, then lengthy final reports on the AT&T-BellSouth merger in most papers, Thursday and Friday. We

thought the Washington Post story was actually the best (it stressed that the "new-new" AT&T isn't the old Bell System by any means).

We were surprised that none of the newspapers discussed why AT&T (a) paid more than \$20 billion more than planned last March - - an almost 30% premium -- when (b) a lot of what it's buying is local exchange access lines that are (c) attenuating at a rate of 7.1% a year.

We were also surprised none of the newspapers discussed the additional costs implicated by the extraordinary concessions made to secure speedy FCC approval. And, finally, we wondered why no one noted that SBC's earlier acquisitions -- Pacific Telesis, Ameritech, then the "new" AT&T -- haven't generated a lot of shareowner value (our Associate Deputy Telephone Policy Adviser told us that's because concessions made to achieve those mergers extracted a lot of the prospective shareowner wealth).

ISP Planet published the results of its latest tally of VOIP providers. Vonage with 2 million customers at the end of September was the biggest, followed by Skype (1.8M -- paid users only), Time Warner Digital Phone (1.65M), Comcast Digital (1.35M plus 740,000 circuit-switched customers), Cablevision (1.1M), and Charter (340K).

#### TV, Radio, Cable & Programming

Nobody mentioned it, so we thought we'd once again note that the broadcast and cable networks all did a very good job covering the Ford funeral and associated events -- and, received not one iota of praise from anyone in the Government for it. When was the last time you remember a Congressman, Senator, FCC Commissioner, or Executive branch official say something nice about the media? What a national embarrassment, right?<sup>3</sup>

Current published a list of some of the new shows PBS is planning this coming year. There's a Ken Burns documentary on the Second World War ("The War"), for instance. Fred Wiseman -- the documentary film maker who made "High School," "Hospital,"

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<sup>3</sup> We would not extend this praise, however, to NBCU's "Meet the Press." There is good reason why people are advised never to speak ill of the dead. And, it was amazing to watch the highly partisan staff of this network program endeavor to wrap the late President Ford in a very besmirched Nixon flag. You really have to wonder about on-air personalities and editors who allow their extreme partisanship to overcome good taste, don't you? As President Ford said in a film clip, "There are people in the country that hate President Nixon so much that they're not going to forgive me." Boy, isn't that right!



"Police," and "Meat" (all fantastic works, incidentally) -- also has "State Legislature" coming out. It's based on the Idaho state legislature.

Broadcasting and Cable reported that the Bush Administration had again nominated conservatives to the Corporation for Public Broadcasting Board. This morning, the New York Post reported that the U.S. domestic movie box office will total \$9.42 billion, up 5% from last year.

And, the Washington Post had an interesting article on international shortwave radio services, which evidently are still heavily used by clandestine services worldwide. Numbers and one-time pads apparently make for a quite secure way of relaying information.

#### Satellites, Mobile Services & Equipment

Via Satellite published market share statistics for the various satellite manufacturers, based on 2006 launches. The three biggest were Space Systems/Loral (18.75%), Alcatel Alenia (18.75%), and Lockheed Martin (25%).

Via Satellite also reported that Globalstar's introduced a new handset, the GSP-1700, which weighs just 7.1 ounces and is less than half the size of earlier models. You'd think that maybe this would encourage more Government agencies and public safety organizations to have back-up satellite service, wouldn't you?

The Wall Street Journal reported that management's considering a leveraged buyout in respect of Alltel (this is the new, all-cellular Alltel, remember, the wireline properties being combined with Valor's to create Windstream.

According to Business Week, Sprint intends to use all those ITFS channels it controls to provide a WiMax-based backhaul service for cellphone companies. (Our Associate WiMax/WiFi Adviser tells us such spectrum-based systems are just as capable as wireline T1 circuits -- but there are some problems when very high-speed transmissions, or mobile transmissions, are involved.)

#### Computer Tomorrowland

Apple acknowledged that options to buy some 7.5 million shares were awarded CEO Steve Jobs without appropriate board sanction -- and, that a bogus board meeting was phoned up to conceal it. Earlier this year, Apple told investors and the SEC that an internal investigation showed nothing wrong had been done. Former Vice President Gore's a board member.

There was a report that Ford and Microsoft officials had met to discuss Microsoft's "Sync" technology for automobiles. Most manufacturers these days make use of some Apple technology.

Microsoft is trying to close the gap.

Senators Snowe and Dorgan, and Roberta Combs of the Christian Coalition on Net Neutrality, wrote the Wall Street Journal stressing the importance of this concept, and their letter was published last Friday. The agreement recently reached with the FCC in connection with the BellSouth acquisition may alleviate Congressional concerns. Many bloggers were critical of that agreement, however.<sup>4</sup>

#### Hard Copy

Postmaster General Potter said that the 1993 Elvis Pressley stamp remains the most popular collected stamp -- some 124 million stamps. No. 2 was this year's "Wonders of America" (87M) followed by "DC Comics Super Heroes" (73M), and "Art of Disney -- Romance" (57M).

McClatchy sold one of its biggest newspapers, the Minneapolis Star-Tribune for \$530 million -- they paid \$1.2 million eight years earlier.

#### Notable

Finally, what was notable? Well, the Wall Street Journal had an article on folks who're mad that colleges are giving people a charitable deduction when they buy a football stadium skybox. It must be those same anti-skybox forces again, right? Your Review takes the correct position, incidentally, that (a) we know nothing about the economics of college football or (b) squeezing contributions out of the alumni. But (c) if the coaches and athletic directors think skyboxes are a good thing, it's (d) well within their permissible and informed discretion. So, in those immortal words of former D.C. Mayor Marion Barry, "Get used to it!"

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#### TPR's Government Corruption Watch

There wasn't much activity this past week on the corruption, moral bankruptcy, and political shenanigans front. Here's the weekly tally:

\* "None dare call it treason." According to a Wall Street Journal review of Mr. John O'Sullivan's new book The President, The Pope, and the Prime Minister, Senator Edward M. Kennedy met

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<sup>4</sup> They argue, first, that AT&T already agreed to some net neutrality concepts when they bought the "new" AT&T last year, and that agreement has a year yet to run. The new agreement runs for two years, from the date of the merger -- so it only adds one year to what AT&T already agreed to. The new agreement also explicitly does not apply to AT&T's IPTV ("U-Verse") network.

with Soviet officials in Moscow to discuss ways to "keep increasing pressure on the [Reagan] Administration. The Senator's efforts were documented in a memorandum written by the Deputy Head of the KGB's International Department apparently. Earlier, there were reports that former Senator Tunney met with Soviet officials on his own and Senator Kennedy's behalf.

\* "Does it show?" The Washington Post reported that Congressman Murtha and a former staffer established the "Pennsylvania Association for Individuals with Disabilities." Defense contractors and others with an interest in the activities of the Appropriations Subcommittee headed by the Congressman then evidently made large and continuing contributions to this organization. Evidently this is being investigated by the Justice Department.

\* Unbelievable. According to Congressman Edward J. Markey, the Justice Department is also investigating charges that staff of the Interior Department's Minerals Management Service -- the people who handle oil and gas leases -- have been receiving consultants payments from energy companies.

\* Ousted. Genichiro Sata, Minister for Administrative Reforms, was dismissed by Prime Minister Abe. Mr. Sata claimed ¥78 million (\$657,000) for a Tokyo office which did not exist. The claims were submitted over 10 years (1990-2000)!

\* Also ousted. President Obasanjo has dismissed Vice President Abubakar (the Nigerian politician which Congressman Jefferson is thought to have bribed). Al-Jazeera's English-language web site had the report.

\* Follow-up. Former Illinois Governor Ryan, now serving time for corruption, has applied to keep \$65,000 of his \$197,000 state pension. He argues that this amount was earned during the time he was in public service before he became corrupt. AP had the report.

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TPR's Weekly Movie Review

Re: Dreamgirls.

The New York Times said of this film adaptation of a successful Broadway musical that the audience will like it, but the music might have been better. Most of the other reviews have also been critical of the music.

Well, we liked the music here -- some of it is quite spectacular, you know. And, it's for sure that the audience

really liked it as well. People were applauding after the various performances. Indeed, we haven't been to a movie in years that seems to have engaged the audience quite like that -- and, for that, the director Bill Condon and a good cast deserve high marks, don't they?

So, what's Dreamgirls all about? Well, it's a fictionalized history of Diana Ross and The Supremes -- among the most influential female vocalists ever -- and Barry Gordy Jr., the man who "invented" Motown Records and the Detroit music scene. The movie begins with an amateur-night show in Detroit. Used car dealer and would-be music producer Curtis Taylor Jr. (Jamie Foxx) is trying to find last-minute backup singers for Jimmie "Thunder" Early (Eddie Murphy) -- the others have bailed because they're tired of his groping. Not much help, either, is Early's longtime manager-of-sorts, Marty Madison (Danny Glover).

Well, three young women calling themselves "The Dreamettes" show up, and are barely ever to perform. The lead singer's Effie White (played by Jennifer Hudson, an "American Idol" runner-up). She's accompanied by Deena Jones (Beyoncé Knowles) and Lorrell Robinson (Anika Noni Rose). And, these women are great!

They're talked into joining Early on-tour by Taylor -- who also arranges for Jimmie's aunt to join as chaperon. And, you then see the women and Early getting better and better. And, learning the ethics (or, more accurately, lack thereof) of the music business of the 1960s.

Taylor tries to mainstream the group, but Jimmie proves too ethnic. Effie, moreover, proves too headstrong, too independent. So Deena Jones becomes the lead singer, and the trio's renamed "The Dreamgirls," after their signature song.

The balance of the movie concerns Deena's rise to Diana Ross-like status -- and, her problems with now-husband Curtis. Plus Effie White's effort to achieve a come-back, which she eventually achieves. Sung in this latter third of the movie are two wonderful songs which evidently were written for the film ("And, I am Not Telling You I'm Not Going," and "Listen").

Now, Dreamgirls is drawing a predominantly female audience -- but there were also a lot of husbands, boyfriends, and other men, too. Dreamgirls is a superior "date movie," you know. The performances are spectacular, the movie experience is engrossing. This, in other words, is a very good musical, we thought.

Again, it seemed to us that the audience really liked this movie. Not only was there the clapping during the film, but the crowd was very slow to leave the theater, always a good sign. The songs are all good -- though perhaps too long and complicated to

be as memorable as we'd like (we like music in movies which you can remember, even whistle, after leaving the theater. Here, you can remember the mood and the performance, but neither lyrics nor melody, unfortunately).

Dreamgirls is a high-quality, well-staged, class A movie that you'll barely notice has an almost all-African American cast. And, you listen to Jennifer Hudson belting out songs spectacularly and you really have to wonder about the "American Idol" selection process. This woman is very good.

We liked Dreamgirls, in conclusion, and expect most readers would too. PG-13, it's a good film. We'd give it a very solid 91.

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#### Things Worth Remembering

Gerald Ford's death occasioned an outpouring of praise about the man who was the first (and only) Eagle Scout to be President.

About the man who seems not to have had enemies. And, who's principal failure was opening the door to the Carter Administration, some contend.

Now, there are lots of books on the Watergate period (and, somewhat fewer on the Ford years). Ourselves, we're creatures of good habits: When we find a good history book, we tend to stick to it. Thus, we thought that this issue we'd again refer readers to Paul Johnson's History of the American People. This is a book we

keep telling folks they need to buy, you know -- and, we're slowly making headway, in that regard. Here's a brief excerpt --

Gerald Ford had to take over in the debris of a media putsch which had reversed the democratic verdict of a Nixon landslide less than two years earlier, and had left a triumphalist press and a Democratic Congress which had tasted blood in possession of the stage. Instead of the Imperial presidency there was, all of a sudden -- like a deus ex machina -- an Imperial Congress. ... And Ford himself was left to defend the ruined fort of the White House without a mandate.

...

Ford was much sustained by his wife Betty, a vigorous and outspoken lady, a former model and dancer known as the 'Martha Graham of

Grand Rapids.' While Ford made a nervous President, Mrs. Ford took to the White House with enthusiasm... telling the world about her mastectomy, her drinking problems, and her psychiatric treatment. ... Among other things, she was the first President's wife since Grace Coolidge to share not only a bedroom but a double bed with the President in the White House.

Paul Johnson, A History of the American People (1997) at pp. 906-07 (excerpted).

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Sunday 31 December 2006  
Washington, D.C.