

# AT&T, newspapers wage bitter battle for control

United Press International  
American Telephone and Telegraph Co. and America's newspaper publishers are preparing for a lengthy and bitter confrontation over a communications test in Texas which has far-reaching consequences for the future of telecommunications, the First Amendment and the dissemination of information in society.

The issue — which has largely escaped public attention — is an "Electronic Information Service" test AT&T intends to conduct in Austin, Texas.

The newspaper industry sees an "insidious" plot by AT&T to control all lines of telecommunication in America as well as the information transmitted over those lines — particularly advertising.

Murphy urged publishers and editors "to become as knowledgeable as possible about this matter, which is now attracting national attention as the pivotal face-off between the telephone companies and the news-information media to determine their respective roles in the future of telecommunications."

He said, "The importance of this issue goes far beyond what anyone right now can envision. In every ruling that has been given by the Federal Communications Commission, courts and regulatory agencies of the government, AT&T has been told they're in business to do one thing — to provide lines of communication for other people to communicate with each other. AT&T is mandated by law to provide an efficient phone system, nothing more or nothing less."

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communication and provide the data that would go over those lines, you are in a pretty commanding position. It would restrict other forms of media from the use of telephone

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lines because of the monopoly the telephone company enjoys. They're the ones that want to be in the driver's seat and keep everybody out of the field by providing the services themselves," Murphy said.

"Texas is the hotspot. If they succeed here, they'll go nationwide. What we're trying to do is keep full availability of the telecommunications lines open to whoever wants to use them for whatever purpose. But not turn over control of them to the same people who own them. Otherwise, instead of telecommunications being something with almost unlimited potential, it could be wiped out for everyone but AT&T. AT&T would choke off competition with predatory pricing."

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business that is not satisfied with making nine jillion dollars off Yellow Page advertising. They want — it's endless what they want. They're trying to cast the newspapers as trying to choke off competition and protect classified advertising, because we're leading the fight on this. It's ridiculous. If that was the only reason we had in opposing this thing, we wouldn't have a chance."

It is not an overstatement, said Murphy, that the future of telecommunications and the First Amendment itself are at stake because of the proposed Texas experiment.

But Langsam said AT&T was entering the field primarily because public policy encourages more competition in the telecommunications field.

"There are a lot of organizations that are competing directly with the Bell System," he said. "Conversely, the powers-that-be have said that the Bell System should compete. So what was once strictly a regulated, limited world of the telephone is now a much more competitive arena. We are, in effect, being forced into areas of competition."

"We've been providing directory services for a long time to telephone users. The directories were printed. But we are a very technological organization, we've committed a lot to research and development, and we're using the fruits of that R&D."

Langsam said AT&T is already providing a limited version of the proposed Austin experiment at Coral Gables, Fla., in cooperation with the Knight-Ridder newspaper group. Extremely limited testing was also conducted earlier in Albany, N.Y.,

and New York City, involving about 80 persons.

"This is just a test," he said of the Florida venture, "and it is not a complete database in any sense of the word."

Both camps agree that the Austin proposal is not only far more extensive but involves a more complete database than ever before — with far-reaching consequences.

"The newspaper publishers may not like it," said Langsam, "but we are being forced into a world of competition. We are not going to get into the newspaper business by any stretch of the imagination. We're not interested in gathering news, we're not interested in hiring reporters."

But the crunch, for the newspaper industry, does not involve the transmission of news over phone lines but the electronic transmission of advertising. Many newspaper executives

lately not. I would tell the newspaper publishers that technology has a way of going on whether we like it or not. Technology has created new opportunities and new markets.

"We think there will always be a need for the newspapers and newspaper advertising. I think the newspapers are forgetting that the Bell System is not the only one getting into this field. The cable industry is moving into this area faster than anybody."

Murphy, of the Texas Daily Newspaper Association in Houston, said: "How can they talk about being 'forced' into competition when the FCC and the courts have ruled they should not go beyond what they're all about — simply to provide the lines of communication for people to talk to each other over the phone. There's not anything the FCC or the courts have done to 'force' them to compete."

"When they're under a consent decree in New Jersey telling them they cannot get into areas other than what they're already authorized to do, and they accepted that agreement to avoid anti-trust liability, that's just simply wrong."

"The newspapers recognize and accept the growing electronic age. But they cannot accept the idea that the telephone company — the people who own and control the telephone lines — can be in the position of generating, providing and offering the same services that the mass media are in business to offer. When you control and own the lines, you've got a stranglehold on the whole market."

Doug Watts, staff counsel to the ANPA in Washington, said: "At stake is the future of how information will be exchanged and transferred, how

information has always been a precious and constitutionally protected commodity in our society, this is of unique consequence to the United States.

"This medium is very embryonic right now — so competition has to be protected. Otherwise, real competition will be stifled. AT&T gained its intense market penetration by government-granted monopoly to provide a universal telephone service."

"It looks to us," said Watts, "like what they've done is realize that they have the distribution facilities for a brand new medium of communication and they also realize that there's a tremendous economic potential involved in that medium."

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feel AT&T, by owning the transmission lines and cornering the electronic advertising market, could keep all media far behind in the competitive game — newspapers as well as

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## Writer says it's easy to form business without legal help

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NEW YORK — Americans who run small businesses, either full-time or on the side, could save themselves money and potential trouble by incorporating, and one expert says it's easy to do yourself.

"It's not really hard to incorporate and doing so can protect you against possible large liabilities," says Ted Nicholas, author of "How to Form Your Own Corporation Without a Lawyer for Under \$50."

The \$50 is misleading. That's only the initial cost of setting up a Delaware corporation. To do business, you must qualify the company in the state where you want to operate. That costs anywhere from \$22 in the District of Columbia to \$550 in California.

You also need a mailing address and possibly a registered corporate agent in Delaware at a cost of anywhere from \$25 to \$250 a year.

But Nicholas said the do-it-yourselfer will come out much cheaper than those who use the services of a lawyer.

Everyone going into a business with substantial risks should incorporate, Nicholas said. For example, the independent gasoline dealers who had to go out of busi-

ness during the 1974 energy crisis were personally liable for business debts because they were not incorporated.

How do you incorporate?

Nicholas recommends getting a Delaware charter because the state's corporation laws are more liberal and flexible than those in most other states. There are no minimum capital requirements, one person can hold all corporate offices and there is no state corporate income tax for Delaware companies who do all their business outside the state.

Decide whether you need a regular or "close" company. In the close company, all stock is held by a specified number of persons and restrictions on sale or transfer of the stock may be imposed.

Having made this decision, set up your Delaware address, fill out the proper forms and return them with a check for \$45. You will get a copy of the corporate certificate which must be filed with the recorder of deeds in the appropriate Delaware county.

To qualify the company to do business in the state where it is to operate, apply for forms from the secretary of state and pay the required fees.

## Civil rights legislator dies

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NEW YORK — Emanuel Celler, a Democratic member of the House of Representatives for a half-century who authored much of the country's major civil rights legislation, died of pneumonia Thursday at his Brooklyn home. He was 92.

A family spokesman said Celler had been ill for several months and had been confined to bed. He developed pneumonia earlier in the week.

Celler first won election to the House in 1922, and it was the only elective office he ever sought.

In 1972, after 25 terms in the House and 22 years as chairman of the House Judiciary Committee, Celler was ousted in a hard-fought Democratic primary race by Elizabeth Holtzman.

Gov. Hugh Carey, a close friend of the former congressman, called Celler "the classic scholar of the century in the Congress."

"Throughout his life he taught, he led and communicated his love of the law to each of his colleagues in the Congress," Carey said.

Upon leaving office Celler became a lobbyist for such clients as the National Football League Players Association, the American Society of Composers, Artists and

Publishers, Beneficial Loan Co. and Citicorp.

"I miss the give-and-take, I miss the camaraderie and I miss the power," he said at a party in 1978 to honor his 90th birthday. His greatest passion outside politics was playing the piano.

On his 90th birthday, congratulatory letters and telegrams poured in from presidents, vice presidents, governors and prime ministers.

He took office in 1922 — the year the "Teapot Dome" scandal exploded in President Warren Harding's administration.

Harding, Celler recalled in 1978, was a "free and easy man who didn't pay much attention to his appointees."

Of the 10 presidents Celler recalled knowing, his favorite was John F. Kennedy. "He could entice a bird out of a tree," Celler said.

At the time of his death, he was chairman of the board of American Red Mogen David, the fund-raising arm of the Israeli Red Cross. He also was a trustee of Brookdale Hospital and served on the board of University Settlement House.

Celler's wife, Stella, died in 1966. The couple had another daughter, Judith, who suffered from cerebral palsy and died in 1971 when she was 50.



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