

Crossed Wires

By James V. DeLong

The Schools and Libraries Corporation, which runs the new program requiring telecommunications customers to toss \$2.25 billion annually into a pot to subsidize school and library access to the Internet, is off to a roaring start. (See "Computer Games," November 1997.) It has already gathered 30,759 applications seeking more than \$2 billion this year.

But basic flaws in the program are already showing up. In May, AT&T announced it would assess its long-distance customers a 5 percent surcharge to cover the costs of the subsidies, thoroughly riling the Federal Communications Commission. MCI followed suit with its own fee.

The FCC has morphed the subsidy so that it covers hardware, not just services, by agreeing to pay for equipment needed for "internal connections." The program also subsidizes all telephone services, not just Internet connections. As a result, only \$88 million of the \$2.02 billion requested would go for Internet access; \$656 million is for conventional telephony, and a whopping \$1.3 billion would cover those internal connections.

Even the FCC's generous

interpretations have not satiated the program's clientele, though. Five U.S. senators, led by Commerce Committee Chairman John McCain (R-Ariz.) and his committee's lead Democrat, Ernest Hollings of South Carolina, complained to the commission about reports that schools are forcing bidders for subsidized services to toss in "no-cost" items as part of their bids before they'll even be considered. The freebies include teacher training, 31-inch monitors, cable services, and carpeting.

The FCC's response, in essence, has been, "Don't worry, be happy." The commission says it is reminding applicants that they are legally obligated not to consider such extraneous matters as no-cost items in their bids, and that any such fraudulent submissions are subject to severe civil and criminal sanctions.

Lawmakers—as well as schools and libraries—shouldn't be surprised. The 1996 telecommunications act, which established the Schools and Libraries Corporation, didn't make clear which services would be eligible for subsidies. And once the feds start handing out goodies, disputes about the meaning of regulatory language or the principles of cost accounting automatically become matters of criminal law. The telecommunications revolution is often accused of accelerating

the pace of modern life. The schools and libraries program certainly reinforces this notion: The arc from initial hype to fodder for prosecutors is short indeed.



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Balance Sheet

By Rick Henderson

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▲ **Clear Language.** California's Proposition 227, the "English for the Children" initiative, passes with nearly 61 percent of the vote. (See "Loco, Completamente Loco," January.) The initiative, which will end most of the Golden State's bilingual education programs, gets one of the largest victory margins of any contested referendum since Proposition 13 passed 20 years ago.



▲ **Moon Shot.** Hughes Global Services Inc. completes the first commercial flight to the moon. The HGS-1 satellite circles the moon twice before settling in a geosynchronous orbit, where it will provide communications services for government agencies and private customers.

▲ **Choice Chances.** For the first time, a state supreme court lets low-income students use tax-funded vouchers at private religious schools, as Wisconsin's high court upholds the Milwaukee program. And through the CEO America Foundation, financier Ted Forstmann and retailer John Walton (of Wal-Mart fame) commit \$100 million to underwrite scholarships for impoverished kids. Their antes will be matched by donors nationwide.

▲ **Speed Dial.** The cost of joining the information revolution plummets. Sprint's Integrated On-Demand Network will provide voice, fax, video, and high-speed Internet transmissions over one line. The network, available to residential customers late next year, will reduce the cost of long-distance calls by 70 percent and deliver Internet connections at 100 times the speed of a typical modem. ION also includes local service, which could obliterate local telephone monopolies.

Dangerous Books

By Jacob Sullum

Specializing in macho, cloak-and-dagger titles like *Kill or Be Killed*, *Build Your Own AR-15*, and *The Layman's Guide to Electronic Eavesdropping*, Paladin Press thrives on controversy. But even for Paladin, the week of April 19 was unusual, with legal trouble associated with two of its books making news on both sides of the Atlantic.

In the United States, the Supreme Court declined to

hear a challenge to a decision by the U.S. Court of Appeals for the 4th Circuit that said Paladin could be sued for aiding and abetting a triple homicide by publishing *Hit Man: A Technical Manual for Independent Contractors*. A hired killer who bought *Hit Man* in 1992 murdered three people a year later, following instructions from the book.

In England, Phillip Luty, author of *Expedient Homemade Firearms: The 9MM Submachine Gun*, was sen-



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LIABILITIES

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Chief Police Officers told the *Post*: "We feel particularly strongly that the Internet is especially vulnerable to criminal abuse, and this is the kind of information we don't want available."

By Lisa Snell

He's right. School officials estimate that losing 200 students would cost the district more than \$1 million. Fritz Steiger, president of CEO America Foundation, argues ►

—Richard Kunis, owner of Manhattan Video, in a June 4 *New York Times* article, explaining how he intends to comply with the city's new restrictions on "sex shops"