

ST. LOUIS POST-DISPATCH

October 29, 1989

'900' CALLS MAY BOOST FUND RAISING

by Glen Craney 1989, Congressional Quarterly

WASHINGTON - If, as the old saying goes, money is the mother's milk of politics, Ma Bell may soon become its nursemaid. A nationwide telephone service - in which the public can dial a 10-digit "900" number to register opinions, make purchases or contribute money - is about to change the face of political fund raising and lobbying, say some political consultants and communications analysts. "I think it will revolutionize American politics," said Bradley O'Leary, president of the Washington, D.C., PM Consulting Corp. "The 900 technology is something that will match or exceed direct mail." The idea is simple. A politician or group creates a 900 number to raise money. Citizens call, and the contribution or cost then appears on their phone bill. The phone company gets a cut for collecting the money, and the politician or group gets the rest. O'Leary first used the 900 service in April for grass-roots lobbying on behalf of the National Rifle Association. In a mailer, the NRA asked members to register opposition to gun-control bills by calling a 900 number. Callers were assessed \$5.95 for each call. The charge included the cost of "overnight" letters sent to President George Bush and to the caller's senators and representative. The NRA received more than 400,000 calls and garnered nearly \$2.5 million, twice what was expected, according to O'Leary. "'Phenomenal' would not be a word that could describe it," he said. He declined to disclose the amount received by the phone companies. The success of the April mailing has spurred O'Leary to incorporate 900 service in two current projects. NRA members may now join the group's "Minuteman Alert Team"; for \$5.95, they will receive a return phone call within 48 hours of when the NRA learns that a vote on the gun-control bills is to take place. O'Leary also plans to inaugurate the service on the campaign trail in December, when Bush visits Texas on behalf of Republican Sen. Phil Gramm. For either a \$25 or \$50 contribution - to be assessed on their phone bills - callers to the Gramm campaign will get updated information on Bush's itinerary. Some communications industry analysts foresee the day when members of Congress will have a 900 system connected to their offices. Rather than writing letters, constituents could phone in, affording members up-to-the-minute sentiments from home. "The boundaries of what is possible will certainly expand," said Glenn Lebowitz, a consultant with Optima Direct, a firm that has handled 900 network applications for political fund raising. "And it is going to happen fast." Unlike its cousin, the 800 toll-free service, the 900 system shifts from the company to the consumer the cost of a long-distance call. The concept works something like this: For a negotiated price per call, the seller of a product - be it a commercial vendor or a politician with a dream - contracts with a national telephone company to process the calls across its network. In turn, and for another fee, the caller's local telephone company acts as a collecting agent; the charge for the call appears on the monthly phone bill. The seller pockets whatever is

left after the national and local telephone company's fees are subtracted. Telecommunications experts say the 900 concept took a major leap earlier this year when American Telephone and Telegraph Co. - followed by MCI Communications Corp. and U.S. Sprint Communications Co. - decided to offer the service nationally. "You suddenly have a new series of services," said Bruce Kushnick, a New York consultant. "What you are seeing is a transitional period going from entertainment to direct-response" marketing. Carla Hein, president of the California-based Communications 900, is trying to put together a syndicated television show called "We the People," during which individuals debate national issues. Viewers would pay 50 cents per call to cast their choice for the winner. The technology will permit continuous, on-screen tabulation of votes at a rate of 100,000 per minute, Hein says. The money received from the calls would pay for the broadcast, with undetermined amounts going to Hein's company, the telephone companies, the television station and perhaps a non-profit organization. Hein said she has letters of intent from local California television stations to try a pilot show next year on the issue of gun control. What it will mean, says Hein, is instant and cheap television exposure for potential candidates who might not have the financial means or the high profile to wage traditional political campaigns. And that, she thinks, will have some incumbents dialing 911 for help. Kushnick said such candidates could just as easily cover the costs of their own television ads with a message during the ad asking viewers to dial in contributions. For a nationwide dialing-for-political-dollars effort to work, nearly all the local phone companies must sign on; without their participation, a map of those areas that could be billed would look like a jigsaw puzzle of the United States with pieces missing. The NRA may have cleared the biggest obstacle for subsequent 900 lobbying and fund-raising projects when it waged a successful campaign to convince local telephone companies that its plan was both profitable and reputable. But some local companies resist the idea of becoming collection agents, particularly when politics is involved. "Every single exchange carrier is independent, and there's a high degree of inconsistency in the way 1/8 local companies 3/8 manage these contracts," said Adrian Toader, director of sales and marketing for Sprint Gateway, the national service that processed the NRA project. "Some will bill for fund raising, some won't." The ease of use of the 900 service feeds a modern hunger for "impulse buying," with donors caught at the moment they hear the often-emotional political message, said Wayne LaPierre, director of the NRA's Institute for Legislative Action. LaPierre found that many people prefer to pay extra for the convenience of simply picking up the phone and dialing a number rather than writing a check or mailing a letter. "People are just too busy now," he said. "Time and convenience are driving this thing." From a business standpoint, the 900 systems have a key advantage: "There are no blanket restrictions either on the federal or state level," said Herb Kirchoff, editor of the State Telephone Regulation Report. Because AT&T has cornered a large share of the 900 business, its rates for the service are set by a tariff, while competitors can charge what the market will bear, said Ann Stevens, a Federal Communications Commission spokeswoman. But with respect to political messages and fund-raising techniques, it's an open field at the FCC. "We don't get into content regulation," said Stevens. There are, however, some unresolved legal questions. Tax consequences for those who get involved in providing the new 900 service are unclear. And the Federal Election Commission may study the need to rule on whether the phone companies' involvement renders the charges improper corporate contributions. The

FEC has also expressed concern about abuse of 900 lines by foreigners, who are not permitted to give money in federal elections, according to Andrea West, product marketing manager for AT&T. O'Leary said he tells his political clients not to accept calls from businesses, most of whom block off such services anyway to prevent employees from abusing the system. Unauthorized calls, usually made by children, are a particular sore spot. In 21 states and the District of Columbia, phone companies are not permitted to disconnect service for non-payment of such disputed charges - a stricture that in effect requires the company to absorb the losses. Customers may have 900 lines blocked from their phone.