

Business

Professional help F4
Commercial/industrial F6
Business opportunities F6

THE BOSTON GLOBE WEDNESDAY, MARCH 30, 2005

Markets

For updates: www.boston.com/business

79.95 POINTS	18.64 POINTS
DOW JONES 10,405.70	NASDAQ 1,973.88
US DOLLAR €0.774 ▼ 0.001	
10-YEAR TREASURY 4.58% ▼ 0.06	
MASSACHUSETTS 289.60 ▼ 3.73	

STEVE BAILEY

Downtown

Just do it

None can say that Reebok chief executive Paul Fireman has lost his fastball. The question is: Has he lost his way?

Reebok last month launched its biggest marketing campaign in a decade. Take this one featuring rapper 50 Cent. The scene: a city neighborhood. Sneakers dangle from a telephone wire. 50 Cent, the best-selling rapper known for feuds with other rappers and getting shot in front of his grandmother's house five years ago in Queens, is perched on a wall.

"Shot nine times in Jamaica Queens," he raps. The rapper counts off each shot: "1...2...3...4...5...6...7...8...9..." Shots ring out, sirens wail.

"Tell me, who you planning to massacre next?" a voice asks.

50 Cent leans back, shows off his Reeboks, and laughs at us. He laughs.



50 Cent on his website

shoes? Sixty-four people, many of them young black men, were slain in Boston last year, up from 41 a year ago. On the front page of the Globe yesterday was the story of a Lawrence High School basketball star who was nearly shot to death outside a club Sunday morning. In my own neighborhood, on Harvard Street in Cambridge, two teenagers were shot two blocks from my house last week when a snowball fight turned violent. My son skateboards on that street; my two girls walk to the corner store.

Reebok is hardly alone in figuring out that sex and violence sells. It is everywhere in our culture. But Fireman, far more than others, has spent years and millions telling us what a socially conscious company he runs. The Reebok Human Rights Foundation. The Reebok Human Rights Award. "Standing up for human rights is a Reebok hallmark — as much a part of our corporate culture and identity as our products," Reebok pledges on its website. Spare us, Mr. Fireman.

In the beginning, Canton-based Reebok sold aerobic shoes to women while pushing human rights. Now it is targeting kids with rappers like 50 Cent and Jay-Z. "We want the world to know that 'I am what I am' is more than an ad campaign," says top Reebok executive Brian Povernelli. "Rather it speaks to who Reebok truly is as a brand, and it is an invitation for today's youth to join in."

What's the message here? Walk in 50 Cent's shoes and you, too, can get shot nine times?

Decide for yourself. Before buying a pair of Reeboks for yourself or your kids, check out 50 Cent's lyrics online. (I can't print them here.) Consider his view of women, for instance. Go to his official website, 50cent.com. Be amused, or not, as ammunition is loaded, shots fired as you move around the website. The ad campaign, as the company says, "speaks to who Reebok truly is." What's next? A pack of Zig-Zag rolling papers with every purchase?

50 Cent has his own line of hot-selling Reebok shoes. I asked Dennis Baldwin, Reebok's chief marketing officer, if the company wasn't glorifying violence by getting into bed with 50 Cent, whose new album is titled "The Massacre." Said Baldwin: "Huh huh. [Silence]. I don't. I guess, you know. I don't know. I think our position on that is that we don't condone every thing every individual does. . . . We do recognize that getting together comes with some level of risk and exposure."

Paul Fireman, CEO, is in the business of selling shoes and improving shareholder value. What matters for many customers is a good pair of shoes and improving community values.

Steve Bailey is a Globe columnist. He can be reached at bailey@globe.com or at 617-929-2902.

Region poised for renewed growth

But high housing and business costs threaten progress

By Robert Gavin
GLOBE STAFF

Greater Boston, finally shaking off the recent recession, is poised for renewed economic growth but faces challenges from onerous housing costs to fierce international competition, according to two reports released today.

The separate reports, from the Greater Boston Chamber of Commerce and Boston Foundation, describe a resilient regional economy, which after struggling through a deep recession, has emerged with its key economic drivers

intact.

Despite shedding more than 180,000 jobs in the downturn and losing signature companies such as Gillette Co., FleetBoston Financial Corp., and John Hancock Financial Services to corporate mergers, the region still boasts an unmatched cluster of higher education and research institutions; highly skilled, educated workers; and a culture of innovation, backed by deep pools of capital, the reports noted.

"We have the building blocks," said Paul Guzzi, president of the Greater Boston Chamber of Commerce. "The trend lines are going in the right direction."

At the same time, the region must contend with some of the nation's highest housing costs, business costs, and costs of living; an aging, slow-growing population; and fierce competition from

Jobs in Boston's top five industries

In thousands of jobs

	High tech	Higher ed/ consulting	Financial services	Healthcare/ life sciences	Tourism	
1994	116.9	132.2	114.4	230.3	67.4	661.2
2004	111.8	154.2	131.9	252.5	73.6	724

SOURCE: Greater Boston Chamber of Commerce

GLOBE STAFF GRAPHIC/JAMES BENNETT

other regions of the United States and the world, not only for businesses, but also people.

The Boston Foundation report noted Boston's universities are attracting fewer foreign students, a key source of skilled labor and innovative ideas. European and Australian universities are now competing for the best foreign students, while emerging economic powers, such as China and India, are expanding their

universities and keeping students at home.

At the University of Massachusetts at Boston, for example, foreign student enrollment has fallen by about half since 2001 to less than 300 from more than 500, according to the Boston Foundation.

"Greater Boston is still in a highly favored position because of the skill and

ECONOMY, Page F3

MCI says yes to Verizon

Company accepts \$7.6b proposal, rebuffs a richer bid from Qwest

By Peter J. Howe
GLOBE STAFF

Choosing a richer husband over a bigger dowry, MCI Inc. yesterday accepted a \$7.6 billion takeover from Verizon Communications Inc., despite repeated wooing — and \$800 million more — offered by financially shaky Qwest Communications International Inc.

Egged on by some top MCI investors seeking a richer payout, Qwest may yet bid higher for MCI. But MCI, which as WorldCom went through a painful bankruptcy reorganization after an \$11 billion accounting fraud, reiterated yesterday that hooking up with a big, stable Verizon was more valuable to shareholders over the long term than getting top dollar now from Qwest, the weakest of the four Baby Bell carriers.

The Verizon bid comes weeks after SBC Communications Inc.'s \$15 billion takeover bid for AT&T and Sprint Corp.'s proposed \$36 billion merger with Nextel

MCI, Page F5

The big three

Two decades after the breakup of AT&T Corp., Baby Bells and other competitors have combined to form three major communications providers.



SBC, AT&T, Cingular, Ameritech, Pacific Telesis



MCI, Verizon Wireless, GTE, Bell Atlantic, Nynex



Phone customers

Local 23.3 million Long-distance 50.9 million

Mobile phone customers

50.0 million

Internet customers

6.5 million

27.0 million 26.7 million 44.0 million 3.6 million

7.8 million 6.0 million 41.0 million 492,000

NOTE: Figures assume Verizon acquisition of MCI and Sprint-Nextel merger are completed. SOURCES: The companies, Leichtman Research Group, Globe research

GLOBE STAFF GRAPHIC



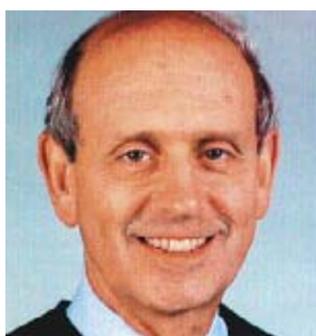
If 'I'm a new inventor, I'm going to get sued.'

JUSTICE ANTONIN SCALIA



'Why isn't this a case of willful ignorance?'

JUSTICE DAVID SOUTER



'This is innovation.'

JUSTICE STEPHEN BREYER

Justices wrestle with file-swap issues

Court also considers whether cable firms must share Net access

By Hiawatha Bray
GLOBE STAFF

WASHINGTON — The US Supreme Court yesterday joined the battle in the Internet file-swapping wars, as it heard a case that could decide whether makers of file-swapping software will be driven out of business by movie and music industry lawsuits. In a second important case, the high court debated whether cable television companies that offer broadband Internet services should be compelled to open their networks to competing Internet providers.

Every member of the court except Justice Clarence Thomas took part in the discussion, asking pointed and sometimes humorous questions that demonstrated considerable knowledge of the

Internet, file-swapping, and popular high-tech gadgets like Apple Computer's iPod music player. Intense questions were directed at all of the parties, giving few hints as to how the justices might rule.

The day's first and better-known case involved Grokster and Morpheus, two popular file-sharing programs that are used by millions of people to download music and movies over the Internet without paying for them. Movie and music recording companies filed suit against the companies that distribute the software.

But federal judges in California held that the software makers could not be held liable for illegal uses of their products, as long as the products also had legitimate uses. The ruling was based on the Supreme Court's 1984 Betamax ruling. In that case, the Supreme Court said that even though Sony Betamax home videocassette recorders could be used to make illegal recordings, the technology

also had legitimate uses and therefore could not be banned.

Yesterday, the music and movie industries hoped to persuade the high court to modify the Betamax ruling, to permit action against companies whose product is used primarily for illegal purposes. Attorney Donald Verrilli told the justices that the illegal uses of Grokster and Morpheus aren't just incidental, but are the programs' main reason for existence.

"Copyright infringement is the only significant use of the Grokster service," said Verrilli, "and that is no accident." Verrilli asserted that over 90 percent of the files swapped using the programs involved illegal exchanges of copyrighted data, and that the software makers could not evade responsibility by pointing to a small number of cases where the programs were used legally.

Several of the justices noted that the Betamax standard has enabled technol-

FILE-SWAPPING, Page F4

Blockbuster to refund customers' late fees

Deal settles charges of misleading ads

By Bruce Mohl
GLOBE STAFF

Blockbuster Inc. yesterday agreed to offer refunds and pay a total of about \$630,000 to 47 states and the District of Columbia to settle charges that its "No Late Fees" advertising campaign was misleading because some consumers ended up paying fees when they returned rented videos and games more than a week late.

A spokeswoman for Attorney General Thomas F. Reilly said Massachusetts will receive \$12,500 under the settlement. It was unclear how many consumers here are entitled to refunds, but Blockbuster officials said only 4 percent of the videos and games rented since the campaign launched on Jan. 1 triggered fees charged for restocking.

Officials at Blockbuster said they have stopped advertising the "no late fees" promotion and have no plans to change the way it works. But they said they will take steps to make sure customers understand all the terms.

The video rental giant is posting signs and distributing brochures explaining the terms in its stores and printing the information on the back of receipts.

"We feel like we were very clear before, but we're happy to make it clearer.

BLOCKBUSTER, Page F4