



*The Mickey Mouse Giant:
The Impact the Walt Disney Company has on ABC News*



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Deregulation has called attention to the issues of convergence and conglomeration, especially in the journalism field. The influences of large corporations on the principles, ethics, methodologies, and content of news organizations is a major concern. With the help of a case study on The Walt Disney Company's influence on a 1998 ABC News story about the hiring practices of the Walt Disney World Resort, the purpose of this report is to explore the accuracy of such accusations against large corporations and to determine the negative consequences if those allegations are true. Furthermore, it is important to offer recommendations to the industry on laws, rules, and solutions to amend the problems of corporation control affecting news content.

According to the information gathered, there is a definite link between large media corporations and the news institutions they own. While direct orders may not occur, the looming idea of offending those higher powers and inevitably being fired, has a very consequential and determining effect on the stories journalists pursue. Among the other pressures of the job, the uneasy relationship between the journalists' crucial role of watchdog and corporate interests, weigh too much of a burden and risk for many journalists to pursue somewhat unfavorable stories.

Media conglomeration is not only detrimental to the integrity of journalism and newsgathering, but also harmful to the communities they claim to serve. A main principle of democracy is capitalized on the emphasis of the first amendment, allowing for a variety and diversity of ideas and voices. By limiting the number of hands media is controlled by, the marketplace of ideas is also restricted to a very few number of these voices. Alternative voices are silenced by large corporations with profit geared objectives and obligations to shareholders and advertisers. The unavoidable spiral

affect that will result of media conglomeration if not stopped is a Big Brother world where everything is monitored and pre-packaged to the acceptable social standards set forth by those in control.

Convergence has been a pertinent issue in the debate over media ownership ever since the FCC laxed its regulations with the Telecommunications Act of 1996. In so doing, elimination of financial and syndication exclusivity rules opened up the opportunities for vertical integration in the media industries world resulting in some of the largest mergers and acquisitions in history. One such deal occurred when The Walt Disney Company purchased Capital Cities/ABC in 1995, making it the second largest world media firm behind AOL/Time Warner. While convergence opens doors for technology, uniting various industries to create an integrated system for consumers, this vertical integration leaves little room for multiple media owners. Also, the profit-gearred objectives of such large companies can affect the media companies they own. Speculation of corporate control occurred when an ABC News story was killed; a story about lax security at the Walt Disney World Resort.

Brian Ross, "one of TV's finest and fairest investigative reporters,"¹ came across the book, Disney, The Mouse Betrayed: Greed, Corruption and Children at Risk by Peter and Rochelle Schweizer, which claimed the Walt Disney World Resort has a history of hiring sex offenders and failing to aggressively prosecute pedophiles in the park.² After in-depth investigation that spanned over four months, involved 10 staff members, and Rhonda Schwartz, Brian Ross' producer, ABC News President David

¹ Bozell, L. B. (1998, October 22). Disney Spikes 20/20: Where's the Left? Creators Syndicate. <<http://secure.mediaresearch.org/columns/news/col19981022.html>> (2003, March 25).

² The Not-So Magic Kingdom. (1998). Citizen Magazine, 6.

Westin killed the story.³ ABCNews claims parent company Walt Disney Company had nothing to do with the decision. “A draft story was submitted that was unacceptable to ABCNews. This does not reflect badly on any producer or reporter involved. It is an inevitable part of the editorial process,” spokeswoman Eileen Murphy said.⁴ She also added that the fact that this particular story involved Disney was not a reason it did not air. Spokesman Tom Deegan also denies that Disney executives had anything to do with Westin’s decision, stating “ABCNews makes its own decisions about what it covers and what it runs. Nobody at Disney has any say in that. That’s just standard practice.”⁵

The coincidence of a statement made by CEO Michael Eisner that came shortly before the 1998 scheduled airdate of the September 21st, and the canceling of the program has raised eyebrows. During National Public Radio’s Fresh Air program Eisner said, “I would prefer ABC not to cover Disney. I think it’s inappropriate ... ABC News knows that I would prefer them not to cover [Disney].”⁶ With such animate and clear disapproval of stories about or concerning Disney, it is no wonder the story was pulled from the lineup. Inside sources have also said the Westin began shouting after reading the script and even called Ross and Schwartz “crazy.”⁷

The proposed story was to discuss what the Schweizers uncovered at Disney, including sexual harassment, child labor violations, and hiring practices. ABC News had signed a contract to cover an “exclusive” on the book and Regnery Publishing, in

³ Heslip, B. (1999, January). Disney vs. ABC News. *Credo*, 16.

⁴ Frankel, D. (1998). ABC Kills Anti-Disney Story. *E! Online News*. <<http://www.eonline.com/News/Items/Pf/0,1527,3744,00.html>> (2003, March 23).

⁵ Ross, B. (1998). Disney Left Decision To ABC: ABCNEWS President Kills Report Critical of Parent Company. *ABCNews.com*. <<http://abcnews.go.com/sections/us/DailyNews/disneyabc981015.html>> (2003, March 25).

⁶ Lieberman, T. (2000). You Can’t Report What You Don’t Pursue. *Columbia Journalism Review*, 2, 32-37.

⁷ The Not-So Magic Kingdom. (1998). *Citizen Magazine*, 6.

charge of the book's distribution, was assured there wouldn't be a conflict-of-interest, by Senior Vice-president Richard Wald, "We fully intend to follow (ABC's normal news practices) in the case of the Disney Company."⁸ This, however, did not occur as the Vice-President of Regnery Publishing, Richard Vigilante was told by producer Schwartz that *20/20* was overscheduled, but the segment would run.⁹

The Walt Disney Company's powerful hand over the content of ABC News is questioned and analyzed. With various articles supporting both sides of the argument, and other incidents where suspicious self-censorship of Disney's holdings occurred, this report explores the validity of accusations against The Walt Disney Company censoring role over its news departments. The issue of self-censorship and ownership censorship has long been an important journalistic issue and captivated communications theorists.¹⁰ News filters attack the integrity and professional reputations journalists and news organizations attempt to maintain and destroy the delicate relationship news institutions have with their audiences. Journalistic independence seems hindered, and maybe even impossible, with the leering head of the corporate monster weighing heavily on journalist's shoulders. While direct instructions and directions may not descend the line of command from Michael Eisner, CEO for the powerful conglomerate to writers, producers, and editors, it is, however, difficult to report on the parent company without risky stark criticism, and maybe even, a job.

⁸ Heslip, B. (1999, January). Disney vs. ABC News. *Credo*, 16.

⁹ Frankel, D. (1998). ABC Kills Anti-Disney Story. *E! Online News*.
<<http://www.eonline.com/News/Items/Pf/0,1527,3744,00.html>> (2003, March 23).

¹⁰ Alter, J. (2000, January). Big Media Gets Even Bigger: Should You Worry About Megacorporate Journalism? *Newsweek*, 42.

In 1995, The Walt Disney Company bought Capital Cities/ABC acquiring the large ABC news franchise for \$19 billion¹¹, expanding its holdings to include the ABC Publishing Group, ESPN Magazine, ten owned and operated television stations, 30 radio stations, 11 cable channels, interests in television and film production and distribution, internet sites, and various music and theatre investments.¹² Disney is one of the top five companies that owns the majority of American media and has influence at the global scale as well¹³. Announced August 5, 1995, this buyout move catapulted this already dominant global content producer to a fully integrated media giant.¹⁴ Disney reaps the benefits of its purchase now generating 31% of its income from broadcasting alone, enabling the company a platform to cross-sell and cross-promotion its widespread global media holdings to maximize revenues.¹⁵

Reaching audiences around the world, it is sometimes difficult to avoid the white-gloved hand of Mickey Mouse. Disney over the years has aggressively pursued avenues outside of the exclusive family and children's entertainment world to broaden its audience base and capitalize on profits. Miramax has opened doors to more adult content with films such as Miramax's *Pulp Fiction* and *Good Will Hunting*, and Buena Vista films *Armageddon* and *George of the Jungle*.¹⁶ The impossibility of escaping the breadth of Disney's ventures is exemplified during the 2003 Academy Awards show

¹¹ McChesney, R. W. (1997, December). The Global Media Giants: The nine firms that dominate the world. *Extra!*, 15-21.

¹² Who Owns What. (2002). *Columbia Journalism Review*. <<http://www.cjr.org/owners/disney.asp>> (2003, March 27). and Hazen, D. & Winokur, J. (Ed.). (1997). *We the Media*. New York: The New Press.

¹³ McChesney, *Ibid*.

¹⁴ Hightower Gets the Mickey Mouse Treatment. (1995, December). *Extra!*, 4-5.

¹⁵ McChesney, *Ibid*.

¹⁶ Glaser, J. (1998). Synergy Watch: ABC News Goes to the Movies. *Columbia Journalism Review*, 5, 15-18.

where 3 of the 5 films¹⁷ in the animated feature film category had some association with The Walt Disney Company (Lilo & Stitch, Spirited Away, and Treasure Planet¹⁸).

Steering from just children's entertainment, ventures like Hollywood Records integrated the Insane Clown Posse¹⁹, which appeals to a niche group of rebellious, young white males. Although various groups have issued complaints against Disney's confused, somewhat contradictory image, this business strategy is definitely successful at accessing each and every home and some way.

Diversification is the ultimate goal for large media corporations in order to appeal to stockholders and maximize profits. Whether this is beneficial to society remains debatable. On a journalistic standpoint, issues of convergence and conglomeration, and the damaging affects of censorship, have researchers, theorists, and the public worried about the future of news reporting in the United States. Whether or not the parent company can remain neutral and even encouraging of the investigative process is an important question to ask during a time when the FCC is seriously debating deregulatory law. As a case study of such a situation, Disney's "involvement" of the ABCNews story in 1998 will further be looked at along with other incidents in, which Disney's interests may or may not have had an impact on the incident. Some important sources that contributed to this report are the Columbia Journalism Review, Fairness & Accuracy in Reporting's Extra!, The Pew Research Center, and Disney's own Disney.com, ABC.com, and ABCNews.com websites. Various articles about the story, background information about Disney's acquisition of ABC, and journalistic opinions of

¹⁷ The 75th Anniversary Academy Awards: Nominees List. (2003). The Oscars. <<http://www.oscar.com/nominees/nomineelist.html>> (2003, March 27).

¹⁸ The Internet Movie Database. (2003). <<http://www.imdb.com>> (2003, March 27).

¹⁹ Shreve, J. (1997). Dissing Disney. Metro, 27-34.

conglomeration and parent company influence were also compiled to further support these claims.

While it is nearly impossible to find documents clearly stating censorship from the Disney executives, circumstantial evidence leans towards supporting the assertion that there is a definite influence over news content. Not only have stories been pulled, but Disney's influence and pressuring capabilities have eliminated prominent voices in the business and curtailed negative reports about themselves. ABC News has also been used as a marketing platform for Disney products with entire shows devoted to Disney events. While all of these elements could just be coincidental after Disney's purchase of the ABC News division, the circumstances are suspicious.

Eisner's statement is not the only evidence that lends credibility to the accusation that Disney has influence on news content. Peter Jennings, prominent ABC World News Tonight anchor, has said, "You do not make jokes about Mickey Mouse. I learned that very quickly. Some of my colleagues did not."²⁰ While he doesn't specifically point out incidents in which his colleagues suffered the wrath of the Mouse, it does suggest that those who have crossed the line have inevitably suffered consequences.

In a case filed in California, Nikki Finke filed a suit against News Corp, her parent company, and the Disney Corporation claiming Disney's tight partnership and joint ventures pressured News Corp to fire her after she wrote a revealing story about a Winnie the Pooh licensing rights scandal. Writing for the *New York Post*, Finke had less than a year before being fired had been hired as a freelance writer working out of her

²⁰ Jennings on Journalism. (1999, Fall). North Gate News, 2.

California home. Finke claims the Disney Corporation threatened the *New York Post* economic reprisals if Finke was not dismissed for her damaging reports. Shortly after Disney made its demands, Finke was let go.²¹

Because of unclear dismissals of reporters such as Finke, an uneasy feeling has rippled through the journalism community. Job security has never been guaranteed in the turbulent journalism world, but corporate power has emphasized the “don’t cross the hand that feeds you” principle. With vertical integration and convergence occurring at an ever-increasing pace, it has become nearly impossible to comment on big business without dipping your hand in somebody’s cookie jar. Joint ventures have also put an interesting spin on things such as the tight-knit relationship between News Corp and Disney. Investigative journalists, all the way back to the muckrakers, have tread thin ice when playing their watchdog role. When polled, investigative journalists “were more likely to cite the impact of corporate pressure as a cause of self-censorship.”²² While no direct censorship may have occurred on the ABC News story, speculation can be made about President David Westin’s motivations.

The Pew Research Center for the People and the Press has also conducted research on balancing audience interests, business pressures, and journalists’ values reporting the majority of working journalists say that “increased bottom-line pressure is hurting the quality of coverage.”²³ Increased concern about financial pressure has

²¹ Superior Court of the State of California County of Los Angeles. (2002). *Nikki Finke vs. The Walt Disney Company and News Corporation*.
<<http://www.oslaw.com/news/pdf/Complaints/FinkeComplaint.pdf>> (2003, March 26).

²² Lieberman, T. (2000). You Can’t Report What You Don’t Pursue. *Columbia Journalism Review*, 2, 32-37.

²³ Sonner, M. (1999). *Striking the Balance, Audience Interests, Business Pressures and Journalists’ Values*. Washington, D.C.: The Pew Research Center For the People and the Press.

grown especially in television, emphasizing attracting new audiences and blurring the lines between entertainment and news.

With Disney's objectives clearly stated in an annual report of 2002 as maximizing "earnings and cash flow from existing businesses and to allocate capital profitably toward growth initiatives ... to maximize long-term value to shareholders,"²⁴ the expectations of ABC News is obviously viewed toward profits. This financial review reaffirmed stockholders faith in the benefits of The Walt Disney portfolio. Serving the audience was not included until the last line grouped with "shareholders, cast members, suppliers and the communities in which it operates."²⁵

The contradictory objectives of the parent company and the news institutions ethical standards are obviously at odds here. ABCNews.com, according to its website, "is devoted to reporting around-the-clock, writing and editing the news and features, while bringing the best of ABC News television broadcasts ... [and] brings the same high standards and dedication to journalism as ABC News has historically brought to radio and television news."²⁶ These same principles are proposed by Kovach & Rosensteil and reiterated in *Nieman Reports* essays with the first rule as an obligation to tell the truth and the second, maintain loyalty to citizens.²⁷ Nowhere in the nine elements of journalism does it mention maximizing "earnings and cash flow".²⁸

²⁴ The Walt Disney Company Annual Report for 2002. The Walt Disney Company. <<http://disney.go.com/corporate/investors/financials/annual/2002/i/fr/fr.html>> (2003, March 25.)

²⁵ The Walt Disney Company Annual Report for 2002. The Walt Disney Company. <<http://disney.go.com/corporate/investors/financials/annual/2002/i/fr/fr.html>> (2003, March 25.)

²⁶ ABC Newsroom Press Information. (2003). ABCNews.com. <<http://disney.go.com/corporate/press/wdig/abcnews/>> (2003, March 25).

²⁷ Ludtke, M. (ed.). (2001). Essays About 'The Elements of Journalism'. Nieman Reports: The Nieman Foundation For Journalism At Harvard University, 55, (2), 5, 7.

²⁸ The Walt Disney Company Annual Report for 2002, Ibid.

This is not a new problem in the media world. At the turn of the century, an uproar occurred when profit was put before quality of reporting during Pulitzer and Hearst wars. Yellow and tabloid journalisms resulted and were often viewed as trashy gossip driven by profit. Fortunately for the journalism world, muckrakers were able to rebuild audience trust and newspaper reputation and media began to build a relationship with the community it served. This rocky relationship, however, is important to note because of the volatile nature of the audience. Suspicion of corruption and corporate control has sparked many skeptics to believe there is not truly honest reporting that exists in America anymore.

Profit-driven objectives, corporate interests, and self-censorship are key issues in the world of journalism. Whether or not clear lines can be drawn between news institutions and the corporations that own them, have yet to be seen. In the case of The Walt Disney Company and ABC News, there are clear indications that such a line is blurred or nonexistent and journalistic standards compromised. Along with editorial influence, The Walt Disney Company has influence in other companies as well and may affect journalists such as Nikki Finke. Self-censorship, the ultimate downfall of democracy, is the inevitable result in a world where news is controlled by big business. Not only has CEO Michael Eisner made it perfectly clear where Disney stands but Peter Jennings has also commented on the issue.

It is clear that corporate interests cannot have an influence on news institutions. Without a clear-shared goal to supply the community with good, solid investigative reporting, maintaining its obligation as society's watchdog, and removing corporate pressures to make the most profit with the smallest revenue, it is impossible for a news

institution to operate independently. There will always be a clear goal to make profit when a large corporation is involved with obligations to shareholders. This conflict of interest cannot be ignored or swept under the rug and is a primary reason why television news has degenerated over the past few decades.

Fewer hands of ownership means fewer voices can be heard, which is damaging to the marketplace of ideas essential in a democracy. With exclusive Disney movie spotlights each week, story restrictions, and an emphasis on maximizing The Walt Disney Company's assets through the ABC News platform, the quality and type of information disseminated to the mass audience is drastically reduced in half. Because there is little to no media attention, the public is completely unaware of the problem. According to a survey by Project For Excellence in Journalism and the Pew Research Center, "nearly three-quarters of Americans have heard nothing about the debate over media ownership."²⁹ Another study suggested the damaging results that would occur "from further concentration of media ownership."³⁰

While many applaud the benefits of integrated technologies and convergence, it is these restrictions that trouble many professionals. In order to slow the media giants' rampage, the FCC needs to maintain and uphold current regulations regarding convergence, conglomeration, and media ownership. Maintaining and even heightening ownership laws is essential to opening up the marketplace of ideas. While the argument is that deregulation can allow for better competition and lower prices, it is clear when only one cable company is in each area, that competition is not resulting

²⁹ Funny, It's All We Ever Read About. (2003, March). *Broadcasting & Cable*, 133, 6.

³⁰ Funny, It's All We Ever Read About, *Ibid*.

with deregulatory laws. As media corporations gobble up various industries integrating them into their already multi-technological machine, diversifying their holdings, and vertically integrating into a global empire, the monopolizing of communities and ability to buyout competition becomes a very crucial issue.

Through the demonstration of this report, it is obvious that regulations need to be upheld and even risen to ensure the best quality media for the American public. It should be a major concern to the FCC to acknowledge these consequences of deregulation and address the concerns of many experts, scholars, and professionals before further damage occurs. If anti-trust laws can be applied to mass corporations such as Microsoft in order to maintain a free and competitive democracy, how is it justified that the same principles are not applied to the media industry? Due to the impact of media on a society, regardless if Media Effects Theory, Social Learning Theory, or Cultivation Theory is applied, there is a direct influence that cannot be ignored and must be managed. Media conglomeration and convergence may be good for corporations and business, it may even be good for technology and industries, but its destructive on the quality of news in the United States. The marketplace of ideas must be preserved.

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