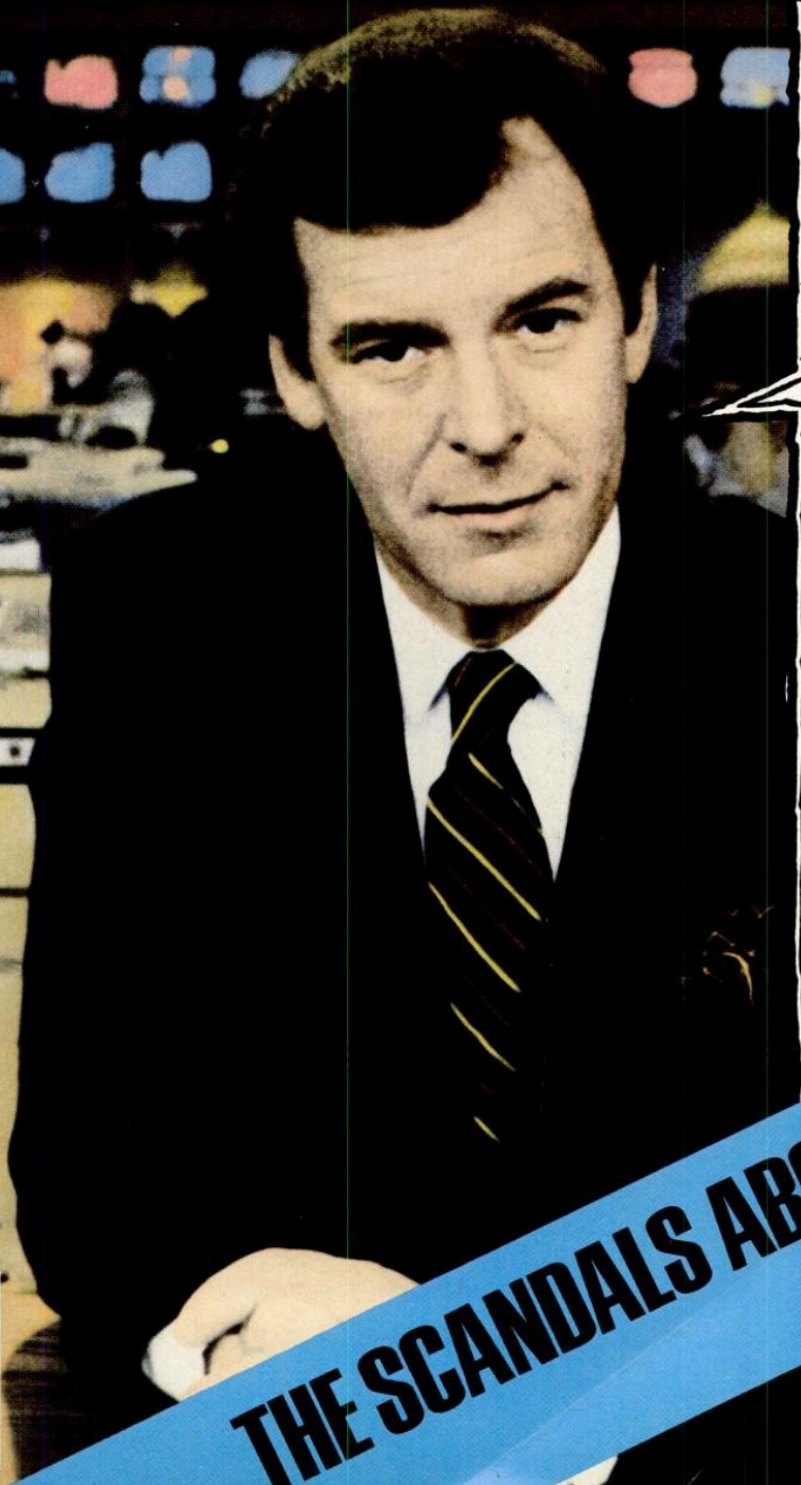


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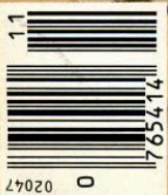
# MOTHER JONES

ABC NEWS



GOOD EVENING. THIS IS PETER JENNINGS FOR **WORLD NEWS TONIGHT**. IN A STORY THAT COULD PROVE EMBARRASSING TO THE WHITE HOUSE, **ABC NEWS** HAS LEARNED THAT **SENATOR PAUL LAVALET** **DIRECT**

**THE SCANDALS ABC REFUSED TO AIR**  
by mark dowie



# HOW ABC SPIKES THE NEWS

**T**he seventh floor at 7 W. 66th Street, a nondescript gray stone building close to Central Park in Manhattan, is where ABC's *World News Tonight* is made. Beginning about 9:15 every morning, anchorman Peter Jennings, executive producer Bill Lord, and a staff of talented and oftentimes frantic reporters, editors, and technicians pore over mountains of news-wire copy, film, tape, notes, and memos, make and answer hundreds of phone calls, meet, caucus, argue, laugh—all at breakneck speed—until Jennings takes an elevator down to the studio on the third floor, slips in front of the camera at 6:29 P.M., snuffs out an Export A cigarette, looks America in the eye as calmly as if he had been at the beach all day, and says, “Good Evening. Today . . .”

What you see next, if you happen to tune in to ABC, is what you get—some 24 minutes of today's “news,” arduously selected and carefully edited from material that could easily have created 24 hours of uninterrupted, commercial-free television. The selection and editing process is designed to produce, along with news and entertainment, an aura of objectivity. And when 24 minutes of news is selected from 24 hours of worldwide coverage, that's the best you can expect to get from ABC, or any network—an aura of objectivity. This article, though, is not about what you get so much as what you don't get from **ABC News**—

or at least what you didn't get during 1984.

In the course of choosing what to air on the evening news, many more stories than you ever see get *spiked*: a term derived from some newspaper's city desk, where rejected stories were literally jammed onto the editor's filing spike. In analyzing the objectivity of any news operation, whether print or broadcast, the stories on the spike reveal as much as the stories that are run.

Most of the stories rejected by ABC or any network are judged to be lacking merit, importance, or news value. But among ABC's many “spikes” from 1984 are three hard-hitting exposés that *did* seem to meet those criteria, but were rejected anyway. The spiking of these three stories reveal some interesting things about one network's objectivity, and their suppression raises some important questions about whether or not the **ABC news** is made just a little differently during election years.

Unlike most other stories on ABC's spikes, these three were developed at considerable expense by producers and reporters in ABC's elite investigative unit, which occupies a row of offices on the second floor of the same building where Jennings and Lord make the news. What is interesting about these stories is that they were all about powerful Republicans: U.S. Information Agency Director Charles Wick, Nevada Sen-  
**By Mark Dowie**  
ator Paul Laxalt, and

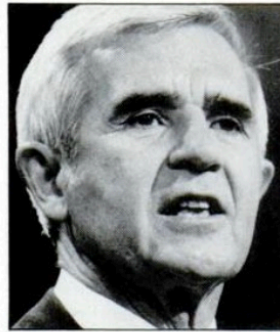
## Three Reagan Administration Scandals That Never Appeared On **World News Tonight**

then Secretary of Labor Raymond Donovan. The Wick and Laxalt stories were not the sort of casual outtakes one hears of lying about on the cutting-room floor. They were both fully developed, completely scripted stories. ABC had spent tens of thousands of dollars and hundreds of work hours on each of them. Reporters and crews were flown around the country on investigations that lasted for months. There have been bigger investigative projects at ABC, as we shall see, but these two were relatively high-budget stories with high-level approval. In both cases, the stories had passed through a series of approvals and challenges that sometimes reached the top level of the ABC News hierarchy—that is, above Peter Jennings and Bill Lord.

So why didn't they air? Explanations vary, depending on the story and whom you talk to. Senior executives at ABC offer reasons like: "It was old stuff," "The facts weren't there," "We had legal problems with it," "It wasn't a big enough story." Producers and reporters who worked on the stories, most of them with years of experience in television and more than a few awards to show for it, aren't so sure. They say that something strange happened at ABC News in 1984. It was, in the words of one ABC producer, "unlike any year I can remember in television."

Before telling the stories that ABC wouldn't, it seems worthwhile to dispense with one of the most frequently invoked theories for why they didn't run—libel. Both Charles Wick and Paul Laxalt threatened ABC with libel suits if the network aired the stories about them. Such threats from powerful figures have become commonplace. Some, like Generals William Westmoreland and Ariel Sharon, actually follow through and file suit. It is a sad but undeniable fact that mere threats of legal action from powerful figures often effectively chill news coverage.

It is important to note, however, that all three of these stories have appeared elsewhere: in print. The Wick story ran in *Mother Jones* (November 1984) after it was spiked by ABC. The Laxalt story, which also ran in *Mother Jones* (August/September 1984), was published before ABC began its investigation. In fact, the network hired *Mother Jones* author Robert I. Friedman as a consultant to its



■ PAUL LAXALT  
Senator from Nevada



■ RAYMOND DONOVAN  
Ex-Secretary of Labor

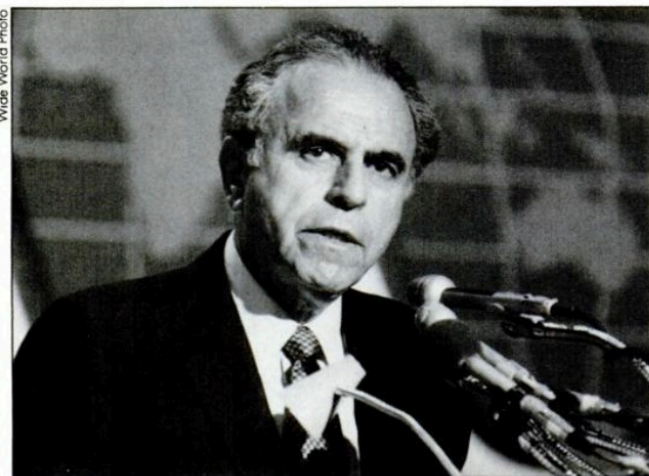
investigation. And the *New Republic*, hardly the radical organ *Mother Jones* is, ran the Donovan story a few months after ABC had the same information. None of the publishers of these print stories—virtually identical to the ABC stories—have been sued.

Charles Wick, director of the U.S. Information Agency (USIA), has been a constant source of minor embarrassment to the Reagan administration. From the day he arrived in Washington, touted as a movie mogul (despite the fact that the most famous of his few films was *Snow White and the Three Stooges*), Wick has managed to keep at least one foot in his mouth for most of his four years in office. Since the day he was caught taping his own phone conversations, he has remained a consistent target of minor ridicule from the press and members of his staff. To each, he has provided a seemingly endless supply of outrageous gaffs, some of them even recorded for posterity on his personal Dictaphone. He gave us a whiff of genuine scandal with "Kiddiegate," the offering of lucrative sinecures to the children of cabinet members and Republican heavyweights. Wick's antics have served to provide one of the best ongoing comic farces in Washington since Wilbur Mills consorted with Fanne Foxe.

But an ABC investigative team led by then senior producer Marion Goldin discovered that Charles Wick was more than an amusing source of malapropisms, misplaced in high office by an old friend. He was not, as was reported when he came to Washington, just a movie mogul. He was, as well, a nursing-home mogul. And one of his nursing homes, ABC learned, had, back in the late '70s, left much to be desired.

In March 1984 Goldin and her crew traveled to California, where they uncovered records in the state attorney general's office of major legal actions that had been taken against the Wick Financial Corporation. The corporation, owned jointly by Wick and his wife, Mary Jane, operated a chain of nursing homes in California and Missouri. In California, ABC correspondent Peter Lance interviewed state nursing-home inspectors on camera who said that Wick's hospital in Visalia was among the worst they had seen. One veteran inspector even said that the stench and the conditions were so bad that he was unable to stay in the home throughout the inspection.

ABC also obtained photos from the attorney general's office that had been taken in the Visalia home during the inspection. The photos documented deep and infected



■ USIA DIRECTOR CHARLES WICK—NEWS OF HIS SCANDALOUSLY RUN NURSING HOME NEVER MADE IT ON ABC'S WORLD NEWS TONIGHT.



## The Wick and the Laxalt stories were not the sort of casual outtakes one hears of lying about on the cutting-room floor.

bedsores, dangerously restrained patients, and serious health and safety hazards scattered throughout the home. In all, there were 23 class A (life-threatening) violations filed against Wick in Visalia. Sixteen of the violations were upheld in a state hearing. Patients had to be transported to other facilities, and Wick's nursing-home license was suspended until conditions were improved. After a protracted legal struggle with the state of California, during which Wick filed slander suits against the inspectors and hired detectives to surveil them, Wick finally settled for an \$8,500 fine and the lifting of the suspension of his license. (By all indications, Wick has, since the settlement, improved the management of his nursing homes.)

Once they had documented the California side of the Wick story, Goldin, Lance, and the ABC investigative crew flew to Washington. There, they examined records of the confirmation proceedings on Wick that had taken place before the Senate Foreign Relations Committee in April 1981, when the Reagan administration took power. Upon interviewing Committee Chairman Charles Percy, Lance discovered that the full committee had heard nothing about Wick's nursing-home violations. The record of material provided by Wick shows that he did mention his legal problems with the state. But the reference made the whole incident sound insignificant, reminiscent of Wick's earlier claims that the inspection was nothing more than a politically motivated publicity stunt orchestrated by California Governor Jerry Brown. When Lance and Goldin showed Percy the photos of gaping bedsores, the senator was visibly disgusted. He said that if he had seen the pictures in January, he would have questioned Wick on the matter during his confirmation hearing.

It was vintage investigative television: Old people brutalized by callous corporado (who happens to be one of the president's best friends) . . . nursing-home inspectors gagging at conditions . . . powerful Republican senator reconsidering his approval of powerful Republican appointee . . . and all of it *on camera*.

Marion Goldin and Peter Lance immediately prepared an eight-and-half-minute script for approval by Bob Frye, executive producer of *World News Tonight*. A day or two after they submitted the script, according to a source at 7 W. 66th Street, Goldin received a call from Frye. He was having trouble, he said, "with the fourth floor." It is from the fourth floor at 7 W. 66th Street that Roone Arledge and his fellow executives preside over *ABC News*. It is on that floor, allegedly, that the buck stops on all major news decisions. And given who Charles Wick was, this was a major news story.

On April 4, 1984, Goldin and Lance were summoned to a meeting in the fourth floor conference room. They were

joined at the meeting by Bob Frye; Dick Wald, senior vice president; George Watson, vice president; David Burke, vice president and assistant to the president of *ABC News*; and Sam Antar, the news division's chief lawyer.

Wald and Burke, respectively No. 2 and No. 3 in the *ABC News* hierarchy, did not want to air the story. Wald had expressed reservations about it a few weeks earlier but had allowed the investigation to proceed. Now he and Burke were determined to kill it. It was old, they said, the nursing-home inspection having taken

place back in 1977. (There were articles about the inspection in a local Fresno, California, paper; but there had been no national coverage of Wick's nursing-home problems). Furthermore, argued Wald and Burke, Wick had cleaned up his act.

But the 1977 inspection wasn't the news hook, argued Goldin and Lance. The hook was that the whole matter had somehow escaped the attention of the U.S. Senate and that Wick had been confirmed unchallenged. And the story, they said, had plenty of contemporary news value. Hadn't Senator Charles Percy, only hours before, gone on record saying things might have been different had he seen the photos and known of Wick's business history? Furthermore, Lance pointed out, one of the nursing-home inspectors, Steve Burton, had recently filed a libel suit against Wick, who had called Burton a "Gestapo agent."

Burke and Wald held their ground. "That's the way people look in nursing homes," Wald said of the grotesque photos that had made Percy blanch. He had already said that "Jews are always calling people Gestapo agents." The more subdued David Burke pointed out that Burton had not yet actually filed papers in his libel suit against Wick. The story was just not going to air. They were killing it.

Goldin and Lance continued to fight for it. Perhaps there were changes that could be made in the script. More reporting could be done. Wasn't there some way to rescue all this hard work and expense?

"All right," said Wald to Lance, "why don't you and that woman write a shorter script, two and half minutes max, and let me have a look at it." ("That woman," of course, was Marion Goldin, who was still in the meeting.) Goldin and Lance agreed.

Furious, as he prepared to leave the meeting, the brash and impetuous Peter Lance went for the last word. "There have been allegations," he said, "that someone over at 'Thirteen-thirty' who has a personal relationship with Wick may have killed this story. What are we going to do if that ever gets out?" The discussion heated up again.

"What if Mr. Wick does have a friend at 'Thirteen-thirty,'" said Wald. "It's still not a valid story." In the angry exchange that ensued, someone mentioned the name Ev

Erlick. Wald exploded.

"If you ever suggest that Ev Erlick would interfere in a story," Wald shouted, "you will never attend another editorial meeting in this network!"

Mentioning Erlick's name was uttering a blasphemy on sacred ground. This was, after all, the floor where the *final* decision on the news is supposed to be made. Lance was, with his question, suggesting that that might not be the case. Everett Erlick does not even work at 7 W. 66th Street. His office is more than ten blocks away at 1330 Avenue of the Americas (famously known as "Thirteen-thirty"), the world headquarters of American Broadcasting Companies: the broadcasting, publishing, and film-making conglomerate that owns the ABC network, which produces the *ABC news*. There is a clear understanding at ABC, in fact at all three networks, that the news organizations are autonomous and that the news itself cannot be tampered with either by the broadcasting arm or by the parent corporation. Only by carefully insulating news judgment from corporate influence, goes the rationale, can the all-important aura of objectivity be preserved.

Ev Erlick is executive vice president, general counsel, and a director of the parent corporation, ABC Inc., where he has worked for 24 years. He is listed on ABC's 1984 organization chart as No. 3 in command under chairman Leonard Goldenson and president Fred Pierce. The suggestion that he or anyone else at the parent corporation of the ABC network would in any way attempt to influence or manipulate the news is anathema. "It has never happened in my 20 years with ABC," claims vice president George Watson, who recently became chief of the Washington bureau. Everyone at ABC who was asked by *Mother Jones* insisted that the only person who could overrule Burke and Wald on Wick or any other story is Roone Arledge, the president of *ABC News*. "Ev Erlick," Watson insists, "has



■ EVERETT ERICK  
Executive Vice President, ABC Inc.



■ DAVID BURKE  
Vice President, ABC News

never played a role in instigating news coverage or convincing us to do or not to do anything." Watson makes that claim despite the fact that Sam Antar, the news division's lawyer who attended the Wick meeting, reports not to Roone Arledge or even to the network president, Tony Thomopoulos, but above both of them to Ev Erlick.

Also, *Mother Jones* has obtained a letter, which was delivered by a network courier on April 1 from Charles Wick's attorney, Sidney Dickstein, in Washington to Ev Erlick in New York. The letter refers to a telephone con-

versation between Dickstein and Erlick on March 31, and reads, in part: "Aside from their [*sic*] defamatory aspects, which I assure you we will regard most seriously, it [the Wick story] hardly would appear to be newsworthy." A copy of the letter was routed to David Burke on April 2—two days before the critical meeting where the Wick story was axed. (The two-and-a-half-minute version never ran.) George Watson admits that he knew of the letter's existence, but says he did not know whether Erlick had ever communicated with David Burke or Dick Wald about the story, both of whom were unavailable for comment. Ev Erlick also declined an interview with *Mother Jones*.

We will return to Ev Erlick and his role at ABC Inc. But first, another intriguing spike at *ABC News*.

■ THAT SENATOR PAUL LAXALT HAS ACCEPTED CAMPAIGN CONTRIBUTIONS from well-known organized-crime figures in Nevada is not news. By September of 1984 the *Miami Herald*, the *Wall Street Journal*, and several other newspapers had long since established and published the fact. But that Paul Laxalt was attempting to use his enormous influence (not only as a senator but also as one of the president's closest friends) to persuade Attorney General William French Smith to order the FBI to stop its aggressive undercover investigations of Laxalt's campaign contributors was—in the opinions of Bill Lord, Peter Jennings, and, some even claim, Roone Arledge—a story worth airing. But you never saw it. It's edited and in the can—on a shelf somewhere at 7 W. 66th Street.

The scene at the demise of the Laxalt story was similar to that of the Wick story, in that it took place on the fourth floor at 7 W. 66th Street and that many of the same players were involved. Peter Lance was again the correspondent. Dick Wald and David Burke were again involved. Bill Lord, the executive producer, was enthusiastic about the story, which was scheduled to air on Friday, September 21, two days before CBS was scheduled to broadcast a similar Laxalt story on *60 Minutes*. As Lance and Lord read carefully through the script, looking for ways to strengthen the story, Peter Jennings walked into the conference room with a letter he had just received from Laxalt's attorney Seymour Shainswit. The letter said that Laxalt had just filed a libel suit against the *Sacramento Bee* and would file one against ABC as well.

Given Laxalt's litigious reputation, any news executive would be concerned by this threat. However, it was clear from the script that ABC was making none of the allegations that had led to the *Bee* suit, i.e., that Laxalt had been skimming money at a gambling casino he owned in Carson City, Nevada. Nonetheless, the letter was alarming.

Roone Arledge was informed. In an action that still baffles some producers, at least those who cut their teeth in the competitive world of scoop journalism, Arledge called CBS *60 Minutes* executive producer Don Hewitt. Arledge, who may already have discussed the Laxalt story with Hewitt, knew that *60 Minutes* producer Lowell Bergman had also been investigating Laxalt. Hewitt said that he too had been threatened with a libel suit by Laxalt. Hewitt commiserated with Arledge over their mutual plight and agreed that there indeed might be a problem with this story



**"If you ever suggest that Ev Erlick would interfere in a story, you will never attend another editorial meeting!"**

—particularly with Joseph Yablonsky, the former Las Vegas FBI bureau chief who was a major source for both the CBS and ABC stories. Yablonsky, a crack undercover investigator who had earned himself the nickname "King of Sting," had in 1979 been sent to Las Vegas by FBI Director William Webster to head the local bureau. Part of his assignment was to implement a major crackdown on organized crime in Nevada. Some of Yablonsky's targets were also, as it turned out, some of Paul Laxalt's supporters. Which is why Laxalt asked the U.S. attorney general to order Webster to muzzle Joseph Yablonsky.

When *60 Minutes* correspondent Mike Wallace told Hewitt that Yablonsky had burned him by granting ABC an interview after promising CBS an exclusive, Hewitt decided to remove the Laxalt story from that Sunday's schedule. Arledge decided, evidently, that what Yablonsky did to CBS invalidated everything he had told ABC and ordered the story removed from the Friday evening news. It wasn't killed, said Arledge, only delayed until they could be more certain about Yablonsky's reliability. Lord ordered his staff to finish production on the story for possible use at a later date.

If Laxalt runs for president in '88 or is nominated for the Supreme Court, it will be interesting to see if ABC then airs the story it has had in the can since September of last year. That will be largely up to Bill Lord, who refused to be interviewed for this story.

■ **BY EARLY OCTOBER 1984, THERE HAD ALREADY BEEN LOTS OF** print and broadcast reporting on Secretary of Labor Raymond Donovan. It was widely known that Donovan had brushed elbows with some unsavory characters in the course of doing business in New Jersey. That month, right before the presidential election, Donovan was indicted on one count of grand larceny and 136 counts of falsifying business records and New York Transit Authority documents. Since that was all widely publicized, there didn't seem to be much hot news around about Donovan. However, producer Bill Lichtenstein and reporter Michael Connor were kept on the story anyway. What Lichtenstein found in Washington was, it would seem by most definitions, "hot news." He learned that the FBI had known much of what we now know about Donovan, long before he was confirmed as secretary of labor. However, with the complicity of White House counsel Fred Fielding, the FBI had kept its findings from the Senate Labor and Human Resources Committee, which holds confirmation hearings on nominees for secretary of labor. Donovan was confirmed and served three and half years in office before information that could have stopped his confirmation surfaced; it led to his indictment and, ultimately, to his resignation from

the Reagan cabinet.

Charlie Stuart, who had recently become head of the ABC investigative unit, argues: "The story should have run. True, there was some old information that had to be repeated. But the fact that the FBI had voluntarily withheld vital evidence of malfeasance from the Senate was both new and important."

Reminiscent of the Wick story, Connor and Lichtenstein were able to persuade a leading Republican Senator, Orrin Hatch, chairman of the Senate Labor and Human Resources Committee, to appear

on camera. Hatch said, as he had said before, that he was very disappointed with the FBI's role in the Donovan investigation. Once again, a producer delivered dramatic footage with a contemporary news peg. Evidently, it was not dramatic or contemporary enough for the evening news.

"This was just not compelling enough information," says Michael Connor, the correspondent on the story. "Most of the material was old." That Connor did not see much merit in the story certainly made it easier for News to spike it.

In March 1985, when Raymond Donovan resigned from his post to defend himself in court, *ABC News* finally saw fit to run a portion of the story it had kept on file since October 1984. Donovan's resignation was the hook, not the fact that the White House counsel and the FBI had managed to keep such vital information from the Senate.

ABC cannot be fairly accused of being soft on Donovan. Since 1981 the network has broadcast more than 20 reports on him alone. What was unique, however, about the October 1984 report was that it was a stronger indictment of the Reagan administration than it was of Donovan. Although the subject was the secretary of labor, this third unaired story might more accurately be described as being about Fred Fielding, the FBI, or both.

■ **THESE THREE INCIDENTS OF SELF-CENSORSHIP DO NOT BY** themselves add up to a partisan conspiracy at ABC. Yes, they were compelling stories about powerful Republicans. And yes, they were all spiked during an election year. It does look a bit suspicious, but when twenty-three and a half hours of coverage of a day's events end up on the spike every day, lots of good stories never reach the air. What makes the suppression of the Wick, Laxalt, and Donovan stories intriguing is to contrast them with the election-year investigation of Geraldine Ferraro.

Of course, Ferraro was an inevitable media curiosity, particularly to male-dominated media. Almost overnight she had risen from relative obscurity to become the first woman nominated for vice president. There was a lot to learn about her. Each of the networks assigned an extra reporter or two to her campaign. Then, not long after

Ferraro's nomination in San Francisco, husband John Zaccaro's business interests began to surface, reeking of potential scandal. Boone Arledge immediately ordered the formation of a special investigative team to examine the Zaccaro holdings. Special teams are not new to ABC. One was formed during the Iranian hostage crisis. The result was an unforgettable special broadcast hosted by Pierre Salinger, aired within a week of the hostages' release. Other teams have been formed to investigate the Walker spy family and to track down Josef Mengele. But the Ferraro team, according to sources close to the effort, was something else altogether.

"It was ferocious," said one reporter who refused to accept an assignment on the "Ferraro SWAT Team." He said he hadn't seen such an enormous news-gathering effort "since the Iranian hostage crisis in 1979." "When I saw this thing forming and was asked to join up," said another reporter, "I declined. It was a hit squad."

One reporter, who asked not to be identified and who did leave a regular assignment to work on the Ferraro investigative team, admitted that *SWAT team* was an appropriate term for the project. He and other sources told *Mother Jones* that ABC hired several tax experts and accountants to join the team. "The Ferraro effort involved the whole hierarchy of *ABC News*," he said. It was coordinated from the fourth floor, where David Burke held regular meetings with the team and kept a conference line open with the Washington bureau throughout the entire investigation.

"Ferraro SWAT Team" member Steve Shepard, who spoke on the record, remembers more: "At one point we were assigned to stake out an old building in south Manhattan that was owned by Zaccaro. We were assigned to ask people coming in and out of the building to determine whether or not one of the factories in there was a nonunion sweatshop."

"After allegations of a pornography outfit in one of Zaccaro's buildings appeared in [the Reverend Sun Myung Moon's] *Washington Times*," recalls another team member, "we were assigned to go snoop around there."

"This was a story without a budget," recalls yet another



■ VICE PRESIDENTIAL CANDIDATE GERALDINE FERRARO—AN ABC "SWAT TEAM" WENT AFTER HER AND HER HUSBAND'S FINANCES.

ABC staffer who was not on the team. "It was the kind of story where if you needed a chartered plane, it was yours. Want to send five reporters to California? They go. There are no limits. On a normal 'producer option' story, if you need to stay in a motel in upstate New York for one night, you need to check with the producer. On a Boone-ordered 'SWAT team' project, there are no holds barred."

The ABC Ferraro investigation was not, despite the protestations of some ABC staffers, singularly aggressive. Other news organizations, most notably the *Philadelphia Inquirer*, formed Ferraro teams, and some, like *New York* magazine and the *Washington Times*, were far more obsessed with scandal about Ferraro than ABC. CBS and NBC assigned one or two additional reporters and each retained a tax consultant when the Zaccaro angle appeared. But neither of their investigations were ordered up by the chief executive officer of the news division. Nor were they run out of the executive offices of the network.

ABC reporter Bill Sherman, who consulted briefly for David Burke on the project, defends the ABC effort. "It was admittedly quite complete coverage, but it was also evenhanded and fair to Ferraro." "Ferraro was, after all, a part of a national political ticket," said ABC vice president and executive producer Jeffrey Gralnick. "She stood a chance to be a heartbeat away from the president. As with McGovern and Eagleton, were her candidacy withdrawn, it would have a major effect on the outcome of the election. This was a big story and it deserved the effort ABC gave it."

"It was," in the words of one ABC staffer, "a legitimate journalistic endeavor that showed what a network could accomplish if it really wanted to get to the bottom of something." True enough. "But why didn't ABC commit all that time and money to its investigations of Charles Wick, Paul Laxalt, and Ray Donovan?" asked one producer. "And, at the very least, why didn't we run with what we had?" echoed another.

■ THE ABC NEWS POLICY MANUAL, WHICH—ON STRICT ORDERS from *ABC News* president Boone Arledge—is required reading for all employees, says, in part: "Those of us who work in the news share a paramount responsibility to maintain our reputation for fairness, accuracy and impartiality. . . . We must never be obligated to any interest other than the public's interest in the full, fair and accurate reporting of the news."

Although there are strong feelings—particularly among the liberals that work for ABC—that these central tenets of the network news policy were violated in 1984, it is unlikely that violations were made intentionally or overtly. None of our many sources on this story ever remember Ev Erlick, Boone Arledge, or anyone else at ABC saying anything like: "Don't broadcast anything during the election year that will embarrass the Reagan administration," or "Let's do everything we can to ensure a Republican victory," or "Trash Ferraro." Broadcast corporation executives have intervened directly on specific stories, as William Paley is known to have done on Watergate. However, it is a rare event at any network and is unlikely to involve stories concerning electoral politics.

This is not to suggest that network executives aren't interested in the outcome of elections. Operating under heavy federal regulation, they are as interested as any businessmen in who wins. In 1984, ABC executives had a more than usual interest in who was elected president. In fact, for ABC, a Reagan defeat would have been disastrous.

ABC Inc. was available for a friendly buyout during the past several years. In 1984 chairman and chief executive Leonard Goldenson, then 78, owned some 400,000 shares of the company's stock. Accord-

ing to a Wall Street security analyst who follows media corporations, Goldenson was frustrated in his search for a successor. Fred Pierce, president of ABC Inc. in 1984, apparently disappointed the aging chairman. Goldenson therefore began looking outside the company for good management.

One way to be certain that a company is well managed in the future is to sell it to another well-managed company. It's also an excellent way to make a quick killing on your stock, as sound companies like ABC are usually purchased at a considerable premium over the market price of the stock. So ABC Inc. was, as they say on Wall Street, "on the block" in 1984. It was in 1984, in fact, that ABC was first approached by Capital Cities Communications, a company about one-fourth the size of ABC and led by a longtime business associate of Leonard Goldenson, Thomas Murphy. Capital Cities is reputed to be one of the best managed media corporations in the country. But ABC's ratings were slipping, and, along with them, the company's value to a potential buyer.

A quick way to make a broadcast network with sagging ratings more valuable to a potential buyer is to increase the number of stations that it owns. Owned stations generate immeasurably more income for a network than affiliate stations. Owned stations are in fact the "cash cows" that feed the networks. It is in turn the networks, with their lucrative revenues from owned stations that have become the financial engines, that drive the always acquisitive and expansionary media corporations that own them.

Affiliate stations, which are not owned by the network, are "assets" in a limited sense of the word, simply because they expand a network's advertising base. But a network has to pay its nonowned affiliates to broadcast network programming. And it can only collect ad revenues sold against that programming. If the network owned those stations, it would not only be able to dictate what is aired from the network and not have to pay for it, but it would also receive all the profits from local daytime broadcasts and the local news, two major sources of revenue that would otherwise be split with the owners of the affiliate stations. The bottom line is, the more affiliate stations you



## **"It was ferocious," said one reporter who refused to accept an assignment on the "Ferraro SWAT Team."**

can buy and own for yourself, the more money you can make in the broadcasting business.

At the beginning of 1984, there still existed a Federal Communications Commission (FCC) rule that said: any one person, corporation, or network could own only seven television stations (and seven AM and seven FM radio stations). It was called the 7-7-7 rule. Mark Fowler, the Reagan-appointed chairman of the FCC, believed that the 7-7-7 rule should eventually be repealed. The networks loved it, particularly ABC, since it was trying so desperately to make

itself more attractive to buyers.

Unfortunately, Congress (as well as the powerful Motion Picture Association lobby), which seemed to have little abiding affection for television networks, did not love it as much. The specter of monopoly was obvious. Ev Erlick, who had reputedly never lost a major battle with the FCC, was immediately dispatched to be point man for ABC Inc. For most of his 22 years with the company, Washington affairs had been a major part of Erlick's responsibility. And he evidently handled his Washington assignments so well that he has been passed over at least once, possibly twice, for the presidency of ABC.

In January he was also recruited by all three networks to represent them on a forum impealed to present the major positions on the rule change to the commission.

In Washington, what became clear to Erlick and all parties lobbying for positions on the rule change was that the closer the matter came to the legislature the more critical Paul Laxalt became to their cause. As chairman of the Senate Appropriations Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, Laxalt is very influential in stopping or advancing any legislative proposals relevant to the FCC appropriations that come before him. The FCC, the networks, and other parties interested in repealing the ownership rule all hoped that the matter would never come to legislation. But if it did, Laxalt's subcommittee could easily call the final shot by attaching a rider to future FCC appropriation bills mandating certain rule changes or rule-change procedures. Laxalt was in no one's pocket on this issue. According to one staffer, "He listened to everyone and was prepared to go either way." It's hard to believe that Laxalt's centrality on the issue ever escaped the minds of Erlick and other ABC executives for the rest of 1984.

As for the subjects of ABC's other spiked exposés—Charles Wick and Ray Donovan—neither were as critical to ABC's immediate future as Laxalt. But Wick and Donovan were critical to the future of the Reagan administration and a Republican victory in November. And there can be no denying that a Republican-appointed FCC was vital to

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# How ABC Spikes The News

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ABC's immediate future. Walter Mondale would almost certainly have appointed someone who would have supported cutting the ownership rule to five or fewer, thus making ABC—or any other network—a much less valuable acquisition.

So again, although it is unlikely that ABC adopted an internal electoral strategy to ensure the reelection of Ronald Reagan in 1984—and certainly not one that involved overtly tampering with the news—there was undoubtedly a tone set throughout the corporation by the expressed political urgencies of the year, and that tone was felt by everyone there. The consequences are on the spike at 7 W. 66th Street: three stories that probably would have run in any other year.

For ABC, and at least some of its investigative targets, the ending has been a happy one. The FCC bowed to pressure from Congress and issued a ruling allowing networks ownership of 12 television stations (and 12 AM and 12 FM radio stations), thus adding five new major market areas to ABC's television network (already the largest single advertising medium in the world) and making the company a much more attractive merger candidate. Capital Cities Communications saw the value and bought ABC last March for \$3.5 billion (the largest media merger in history). The purchase was made at a \$47-per-share premium (giving Leonard Goldenson a cool \$20 million more than he could have made on the open market). The FCC rule change (from 7-7-7 to 12-12-12) was the sine qua non of the merger. A clause in the merger agreement even stated that the whole deal was off if the new rule did not become effective. It became so on April 2.

When it comes to television, questions of objectivity such as these are not merely academic. The networks, and their news programs, unlike their print counterparts, are heavily regulated by the federal government. Did ABC break the law in 1984? The FCC "Fairness

Doctrine," which applies to controversial issues of public importance—rather than people, candidates, or parties—was probably not violated. The "equal time" provision, which allows candidates for office to demand equal time with an opponent, was clearly not breached by incidents in this story.

There is, however, a lesser known and infrequently invoked FCC provision called the "Public Interest Standard" that might apply. The provision forbids what FCC official David Hankin refers to as "out-and-out bias or distortion in news coverage." To prove that a broadcast licensee has violated the Public Interest Standard, according to Hankin, a claimant must produce "concrete evidence of intent to deliberately distort; you know—a memo or a smoking gun."

In an interview with *Mother Jones*, Hankin said that ABC's 1984 news record sounded like an interesting case, although he pointed out that only programs that are aired are subject to complaint. So that leaves Geraldine Ferraro. And Hankin doubts that she will complain. Since the FCC ruled against the Central Intelligence Agency on ABC's Rewald story (wherein ABC reported, on extremely tenuous source information, that the CIA had attempted to assassinate Hawaiian financier and self-described CIA agent Ronald Rewald), it was unlikely, said Hankin, that Ferraro or anyone else would file a Public Interest complaint against ABC for a while. But even if she did and the FCC brought a judgment against ABC, there would still remain larger unresolved issues raised by ABC's 1984 news coverage.

On September 14, 1984, about a week before CBS was scheduled to air its version of the Laxalt story, Mike Wallace appeared on the *Donahue* show. In the course of bantering with Phil Donahue, Wallace mentioned the Laxalt story and boasted of having material on the senator that could change the course of the presidential election. While there was certainly as much hype as there was truth in that remark, it did illuminate another central question raised by events at ABC during 1984.


Could a single television network, even a single television story, as Wallace seemed to be suggesting, change the course of a presidential election? In 1984, when Reagan had such a dominating lead throughout most of the

campaign, the answer was probably not. However, in a closer contest, embarrassing exposés of people as close to a candidate as Charles Wick, Paul Laxalt, and Raymond Donovan were to the president might be enough to change the outcome of the election. Who in the networks then should hold the power to make decisions that can affect a presidential election? The people responsible for producing the news or the people responsible for maximizing profits for the parent corporation?

Television's enormous influence is not lost on network executives. As ABC *20/20* executive producer Av Westin puts it: "Television news has changed the way America is governed . . . votes . . . thinks. The power of television news astonishes even those of us who work for it." When there are billions riding on an election, the temptation to intervene in the news must be overwhelming. And as long as networks are owned by corporations with a major stake in deregulation, temptation is unlikely to subside.

Mark Dowie is a contributing editor of *Mother Jones*.

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