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MARKETPLACE

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HEADLINE: Recent developments in the business of entertainment

ANCHORS: DAVID BRANCACCIO

BODY:

DAVID BRANCACCIO, anchor:

This is MARKETPLACE. I'm David Brancaccio.

One member of the Federal Communications Commission today called for the agency to revise the government's definition of broadcast indecency after the agency got hundreds of complaints about a Victoria's Secret fashion show on Viacom's CBS TV network last night. I was stuck watching the Ben Franklin documentary on PBS last night, so I missed the action on CBS.

Same for Martin Kaplan, associate dean of the Annenberg School for Communication at the University of Southern California. So we'll talk about other stories from the intersection of business and the media, including Marvin Davis' \$15 billion bid for the entertainment parts of embattled Vivendi Universal.

Mr. MARTIN KAPLAN (Associate Dean, Annenberg School for Communication): Billionaire oilman is not enough. He has an appetite for owning a movie studio again. He once owned Fox. And now Universal Vivendi's in his sights.

BRANCACCIO: Even as securities regulators increase their scrutiny on Vivendi Universal, and Vivendi saying they're not interested in Mr. Davis' offer. What do you think is motivating him?

Mr. KAPLAN: Well, there's nothing like the glamour of a Hollywood studio to bring out the riverboat gambler in an investor. People can't resist the notion of having stars and glamour in their orbit. And the irony is that Marvin Davis and his wife already occupy a kind of royalty spot in Hollywood. Any evening in Spago's, you can see them holding court at one table and Barry Diller, who might make \$2 billion off of such a deal, holding court at another.

BRANCACCIO: The media business may not make you lots of money, but it makes you important.

Mr. KAPLAN: And makes you feel good, makes you feel as though you're not only creating the most important force in culture worldwide, but also you've got the most glamorous people in the world as your friends.

BRANCACCIO: One media practitioner feeling particularly important, the head of Fox.

Mr. KAPLAN: Yes, Roger Ailes has recently been shown by Bob Woodward to be in a secret correspondence with President Bush via Karl Rove. Woodward's new book has the revelation that right after 9/11, Roger Ailes, a former Republican consultant in the first Bush administration, among other places, sent a memo saying to President Bush, 'Please be as harsh as possible on the terrorists.' Now it's not clear whether Mr. Bush followed that advice or what following that advice would be.

BRANCACCIO: But Woodward says he did see the letter from Roger Ailes.

Mr. KAPLAN: Yes, and in fact, Roger Ailes didn't deny it. The question is: Is there something inappropriate about such a letter? Now the truth is that throughout American history, journalists or opinion-mongers have had moments of crossing the line. Famously, Walter Lippmann wrote speeches for FDR, and George Will was an adviser to Ronald Reagan in the presidential debates.

BRANCACCIO: And I'm a journalist and I vote.

Mr. KAPLAN: Yes, but the question is: Is there a difference between voting or--move the line a little bit--making a financial contribution, or--move the line a little bit more--offering political or spin advice or policy advice to a president? Some would say that if you're a journalist, you do not forfeit your credentials or thoughtfulness or participation in a democracy. Others would say that when you enter the priesthood of journalism, it's a kind of monastic vow and you have to give up some stuff.

BRANCACCIO: The priesthood of journalism, monastic vow--it never felt quite like that to me. Now it got pretty hot between Bob Woodward and Roger Ailes.

Mr. KAPLAN: Yes, which is good for both of them. It helps sell Bob Woodward's book and it helps put the 'we report, you derive; we distort, you decide'--how does that go?

BRANCACCIO: Careful, young man.

Mr. KAPLAN: The Fox media has a wonderful spin going, which says that 'Everybody else spins but us.' *The New York Times* recently called that a first strike in which Fox, by pre-empting the claims of its own bias in a brilliant Orwellian maneuver, puts everybody else on the defensive. So here, Roger Ailes

is caught red-handed being a spinmeister and at the same time trying to contend that he is absolutely neutral and impartial. That's what makes it embarrassing and delicious, and as always, that's why the media cover it, because it's a story about the media, which the media always loves.

BRANCACCIO: And here we are once again talking about it ourselves.

Mr. KAPLAN: Mirrors in mirrors.

BRANCACCIO: Thank you very much.

Mr. KAPLAN: Thank you.

BRANCACCIO: Martin Kaplan is also director of the Norman Lear Center at USC.