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## DOCTOR DOCTOR, GIVE ME THE NEWS

by Daniel Price

**Nobody puts out more video news releases than the healthcare industry. But their easy-to-swallow propaganda comes with side effects.**

On January 10, Indianapolis TV health reporter Stacia Matthews had some good news for women with metastatic breast cancer: there's a new drug called Abraxane that has twice the effectiveness of the leading chemotherapy treatment and fewer adverse reactions. The news report included compelling testimony from Annice O'Brien, a mother of two who had been battling breast cancer for eight years. "It made me once again feel like I'm going to beat this," she told Matthews.

However, she didn't really tell Matthews directly. The clip was part of a video news release (VNR) commissioned by American Pharmaceutical Partners, the makers of Abraxane. It was produced by a major PR/media communications firm and distributed by satellite to TV stations all across the country (see sidebar for more on how VNRs are distributed). Within hours, the Abraxane feature had been seamlessly blended into at least seven different newscasts in five major cities. Not one of the stations had identified American Pharmaceutical Partners as the source of the story. Some, like WRTV-6 Indianapolis, furthered the illusion of journalism by editing the voice of their own reporter into the segment.

While there has been much hullabaloo over the Bush administration's use of canned news as a propaganda tool, very few critics have extended

## FLACK ATTACK

This issue of *PR Watch* takes a look at fake news, specifically video news releases or VNRs. Since 1993, the Center for Media and Democracy, *PR Watch*'s publisher, has been exposing VNRs and fake news as a tool of the public relations industry. Last year marked the first time the common use of VNRs broke into national headlines. But it wasn't until the March 13, 2005 *New York Times* front-page exposé on the Bush administration's use of VNRs that public outrage forced some political action.

According to the non-partisan, pro-democracy organization Freedom House's annual survey, "the United States has suffered 'notable setbacks' in press freedom," slipping to 24th of 194 countries. One reason is the paid pundit and video news release con-

troversies. Such fake news "may be even worse than poisoning public debate on specific issues," said communications professor Martin Kaplan. "It corrodes the ability of real journalism to do its job."

The PR industry, however, remains confident that they can manage the issue so that it will blow over. As *PR Watch*'s founder John Stauber wrote recently after listening in on a teleconference of VNR producers, "These fellows are whistling past the graveyard, assuring themselves that this all is no big deal. There was no hint of shame, certainly no apologizing, just apparent disdain for having their business practices dissected on the front page of the *New York Times*."

The Center for Media and Democracy and the media reform group Free Press have joined together in a "Stop Fake News!" campaign. See the back page of this issue for more on what you can do to stop this degeneration of democracy and to demand real news.

# THE FAKE NEWS CYCLE

How does a video news release get from the drawing board to the six o'clock news? It takes a few good publicists and a few bad journalists. Here's the five-step process of a standard VNR:

## 1. Conception

The client has a message they want to get out to the public. They hire media consultants to find the best way to turn their product, service or agenda into a newsworthy item.



## 2. Creation

The client employs a VNR production company to shoot a fully-polished 1-2 minute "news" feature. Although the VNR typically comes with scripted narration, the "reporter" never appears on-screen.



## 3. Delivery

The VNR is distributed to hundreds of newsrooms by satellite, hard copy, or network news feeds such as Pathfire, CNN Newsource and CBS NewsPath. Producers in top markets are often pitched individually by the publicists who created the VNR.



## 4. Assimilation

At each TV station, a producer decides if the VNR is interesting, relevant, and "journalistic" enough to be included in their broadcast. If so, they'll typically customize the VNR by adding or removing soundbites, inserting station-branded text overlays, and replacing the narration with the familiar voice of their own reporter.



## 5. Showtime

The VNR is seamlessly blended into the newscast without attributing the original source of the story. Countless viewers are duped into believing they're watching an investigative news report when in reality they're getting a subtle dose of corporate or government propaganda.



their outrage to the corporate sector, who have relied on VNRs to sell their products, services and agendas for over twenty years. And in the business world, no one has relied on and benefitted from pre-packaged news more than healthcare companies.

According to a 2002 survey by DS Simon Productions (a leading VNR producer and the creator of the Abraxane package), 88 percent of TV stations use VNRs from medical, pharmaceutical and biotech corporations in their newscasts, and 82 percent of stations used more VNRs that year than the year before. As the median age of the TV news audience rises well beyond the AARP line, so does the demand for health stories.

Indeed, for the Kaisers and Pfizers of the world, who spend millions of dollars each year on direct-to-consumer marketing, the VNR is the greatest invention since the celebrity pill. The advantages that healthcare VNRs have

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***But the most important and obvious benefit of VNRs for anyone who uses them is the ability to deliver a targeted message to the public through the false veneer of professional journalism.***

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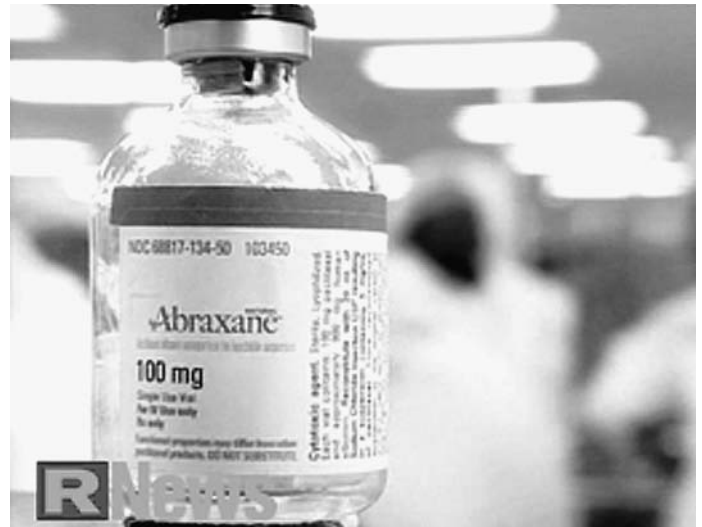
over traditional advertising are numerous. For starters, they're much cheaper to produce. A top-quality VNR can be created and distributed for less than \$30,000, and could score a comparative ad value in the six-figure range if it gets airtime in multiple metropolitan markets. Furthermore, the FDA restrictions on healthcare VNRs are still fairly loose. Unlike advertisements, VNRs aren't required to be submitted for advance FDA approval. Even if federal regulators did have a problem with the facts or claims presented in a news release, by the time they issued a complaint, the VNR would be long out of rotation.

But the most important and obvious benefit of VNRs for anyone who uses them is the ability to deliver a targeted message to the public through the false veneer of professional journalism. Whereas press releases are primarily a tool to entice favorable attention from reporters, VNRs are designed to replace the reporter entirely. The standard VNR package includes everything a content-starved news producer could ever hope to receive, such as broadcast-quality video, fancy technical animations, a completely polished script, and a collection of relevant clips and sound bites, including unedited interviews and locations shots.

More than that, a VNR typically includes tools for “customization” that allow and encourage news stations to pass the story off as their very own product. Within the kit of disguises are split audio channels, which enable producers to replace the VNR’s original narration with the familiar voice of their own reporter, and separately-provided identifiers, which make it easy for editor to insert station-branded text overlays into the story.

For a healthcare company, the only risk involved with a VNR is that a station might use the footage as a springboard for a more nuanced (and thus less favorable) story. But that would require actual journalism, a force that’s rapidly disappearing from mainstream media outlets. In truth, the TV news business has become so decimated by bottom-line economics over the past twenty years that some local affiliates are forced to put out four to six hours of news each day with a staff as small as twenty. Not only does that increase a station’s dependence on VNRs to fill their ever-widening news hole, but the chronic lack of resources prevents them from balancing or even fact-checking the content they get from publicists.

Had anyone at WRTV-6 found the time or the incentive to do even a simple Google search on American Pharmaceutical Partners before airing the Abraxane VNR, they would have learned that the company was then being sued by a group of its own investors for making false claims and performing flawed clinical research on, you guessed it, Abraxane (the lawsuit has since been dropped).



*An image of Abraxane from RNews.com, Rochester, NY’s cable news channel.*

Unfortunately, the viewers in Indianapolis who watched the “health” segment that night were denied the thought, context, and balance that comes from genuine medical reporting. All they were given was a corporate advertisement in easy-to-swallow news form. That may be great for the healthcare business, but it’s bad medicine for the rest of us. ■

Daniel Price is an author living in Los Angeles. His debut novel *SLICK*, a tale of PR and media manipulation, was released by Random House in 2004.

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# A BUMPER CROP of GOVERNMENT-PRODUCED 'NEWS'

by Diane Farsetta

"Beef trade with Japan and Canada was on the minds of producers at the annual National Cattlemen's Beef Association convention in San Antonio, Texas," a man's voice intones, as the television news segment opens with a shot of a slowly rotating sign reading "U.S. Premium Beef." The voice continues, "Agriculture Secretary Mike Johanns addressed the gathering and afterward took questions from the media."

The two-minute news piece examines trade issues surrounding bovine spongiform encephalopathy, better known as BSE or mad cow disease. Since the December 2003 discovery of a BSE-infected cow in Washington state, Japan has banned U.S. beef. In the February 10, 2005 TV segment, recently-appointed Secretary Johanns says he is "anxious to continue the effort [to lobby Japan] and reopen the border."

Beef trade between the United States and Canada has also been restricted—by the United States, this time—since the first BSE-infected Canadian cow was discovered in May 2003. The TV segment shows Johanns warning, with regard to U.S.-Canadian negotiations, "If we just tangle trade up in any way that isn't based upon risk analysis and science and all of the things I've talked about, then where's our protection with another country? Devastating trade is devastating to agriculture."



**Agriculture Secretary Mike Johanns in USDA video news release.**

Johanns adds, referring to the beef industry conference attendees, "These folks that, that sat in front of me today are the most remarkable, efficient producers we've ever known on the face of the earth. And they produce and produce, and we need to figure out a way to get their product sold."

The news piece completely ignores some important, basic facts: Mad cow disease is an always-fatal neurodegenerative condition transmitted between animals—and from animals to humans—via the food supply. The U.S. government doesn't follow World Health Organization recommendations for avoiding animal-to-human transmission of the disease. Even with limited animal testing, four BSE cases have been confirmed among North American cattle. (Two other BSE-infected Canadian cattle were found in early 2005.) The experience of other countries, especially Britain, suggests how to successfully battle the disease.

Is this shoddy reporting? Worse - it's "news" that's been scripted, recorded and produced by an interested party - in this case, the U.S. Department of Agriculture. The segment, titled "Johanns Addresses Trade At NCBA Conference," is a fake television news story, or video news release, produced by the USDA's Broadcast Media & Technology Center (BMTC).

With its \$2.8 million annual budget, BMTC is "one of the most effective public relations operations inside the federal government," the *New York Times* concluded in its March 2005 exposé on government VNRs. BMTC's website resembles a cutting-edge communications firm, boasting full-service digital production facilities and offering services to other government agencies, including video and audio conferencing, field video production, CD-ROM and Internet content for distance learning, and radio and television "news" production.

For the USDA, BMTC "produces more than 90 TV news stories a year in the form of Video News Releases" and "over 2,000 radio news stories," or audio news releases (ANRs) in addition to public service announcements. BMTC has eight TV production staff, three radio reporters, two TV reporters, and several other multimedia, support and administrative staff. The BMTC website says its ANRs cover "issues from food safety to international trade in a non partisan manner," while its VNRs cover "mission messages" in such areas as trade, biotechnology, food safety, conservation, small farms and marketing.

## Mad cow disease "nothing but media hype"

Mad cow disease has been a frequent topic of these USDA reports. Over the past six months, BMTC has produced five VNRs and 29 ANRs on the issue. Like the piece described above, they tend to ignore safety concerns, instead focusing on international trade or USDA "accomplishments."

Just two of the recent mad cow disease VNRs even mention the word "safety." One is a "good news" story,

announcing that the USDA “is redirecting \$2 million for projects and facilities to study mad cow disease.” In that piece, Secretary Johanns reassures viewers, “Americans today know that their food is safe, and we’re making progress towards making it even safer.”

The other VNR to mention the dreaded “s” word covered the hearing on Johanns’ nomination as Secretary of Agriculture. (It was “a friendly Senate Agriculture Committee confirmation hearing,” viewers are told, but Johanns “still had to outline his positions on some important issues.”) Nearly half-way through the segment, the off-screen narrator says, “On the recent Canadian BSE cases, Johanns says he is ready to work with Congress on an issue that affects animal safety and food safety.” Johanns then cryptically states, “We need to make sure that those issues have been touched. That we paid attention to them, that we’re doing the, the right things in, in those areas in terms of this rule and in terms of Canada. So, I’ll do that.”

The ANRs are similar. One produced in April 2005 warns that delays in reopening the U.S. market to Canadian beef have resulted in “the Canadian beef industry ... growing and going elsewhere, which may hurt the U.S. cattle industry.” A March 2005 radio segment features University of Maryland Extension Livestock Specialist Scott Bareo, who says, “The BSE situation in the United States has been nothing but media hype. We have a food safety system in this country second to none.” In an October 2004 piece, USDA Undersecretary J.B. Penn explains that U.S. beef is safe, “without having to test all animals.”

### If CAFTA opponents only had a brain

Of course, BMTC covers other topics besides mad cow disease. What’s recently become a hot beat for these taxpayer-funded news fakers is the Central American Free Trade Agreement. CAFTA, which would basically extend the North American Free Trade Agreement to another six countries, was negotiated and signed by President Bush last year. A Congressional vote could occur as early as May 2005; committee hearings began in mid-April.

BMTC’s interest in CAFTA dovetails with the White House legislative agenda, as described by the *Grand Forks (ND) Herald* on April 6. “Last week, Bush administration officials launched a campaign in rural America to urge farmers to convince Congress to approve the CAFTA,” the paper reported.

As might be expected, BMTC’s coverage of CAFTA tends to repeat Bush administration talking points. What’s more notable is their faint nod to some opponents of the trade agreement, which effectively defines, limits and refutes the “other side.”



*USDA’s Broadcast Media & Technology Center website banner*

In a VNR released in late February, the narrator explains that CAFTA “detractors say it would hurt small farmers.” Secretary Johanns is then shown at a podium, saying, “We could probably line up a lot of people, aggressively supportive. And we could probably line up some people who raise questions and concerns. ... I’ve studied that issue very, very closely. My view of CAFTA is that it is very good for agriculture.”

An early April VNR briefly notes two other sources of opposition: inscrutable members of Congress and greedy sugar barons. “CAFTA is opposed by the Senate Agriculture Committee Chairman, Republican Saxby Chambliss of Georgia,” says the narrator. Johanns then gently questions Chambliss’ opposition by stating CAFTA would result in “excellent access in many areas for ag products that are grown in his state.” Sugar growers, the narrator states, oppose the agreement “because of possible increased sugar imports from CAFTA nations.” But Johanns disputes their claims: “I don’t see the amount of sugar coming in as having a downside impact on that industry.”

These BMTC pieces seem almost designed to construct teetering anti-CAFTA straw men. No opponents are given air time, and many—including family farm, human rights, environmental and labor organizations—



aren't even mentioned. The lack of explanation for Senator Chambliss' opposition is particularly striking. More than a week before the VNR naming Chambliss was released, he issued a statement on CAFTA. "I am very concerned," Chambliss' statement read, about CAFTA's "long-term impacts," which might "restrict options available to Congress in future farm bills."

The 13 radio ANRs produced on CAFTA in early 2005 are, if anything, even more one-sided. One proclaims CAFTA to be "part of the new world order for trade." As the piece ends, the "reporter" enthuses that CAFTA "would be very good news for America's farmers." The only CAFTA opponent mentioned in any ANR is the sugar industry. The most frequently used phrase to describe CAFTA is "level playing field."

### "Fake news" on the range, and elsewhere

Does government-funded fake news really shape public opinion? One way to measure its impact is how widely it's aired. According to the BMTC website, their VNRs are shown "on two nationally syndicated programs with targeted audiences of farmers and strong rural viewership, AgDay and U.S. Farm Report," as well as "a variety of commercial television station markets." Their ANRs are "particularly important to the many radio stations in rural areas ... that do not have a Washington correspondent." Recordings of radio features are mailed weekly to 675 radio stations; other stations download audio directly from the BMTC website.

Of course, "fake news" has its greatest effect—and is most deceptive—when viewers aren't aware of its source. The *New York Times* reported on WCIA, a CBS station in Champaign-Urbana, Illinois, that airs BMTC segments so frequently they asked BMTC to "record a special sign-off," implying the VNRs were "the work of WCIA reporters."

Until mid-February 2005, the standard sign-off for all BMTC television segments was, "I'm [name] reporting"—pause—"for the U.S. Department of Agriculture." The pause allowed TV stations to easily remove any indication that they were allowing the USDA to report to their

viewers on the USDA. As of mid-April, BMTC radio sign-offs still regularly include the word "reporting."

"Listeners and viewers are entitled to know who seeks to persuade them," the Federal Communications Commission noted, in an April 13, 2005 Public Notice on VNRs. Existing but rarely enforced federal laws and FCC rules already forbid government propaganda and set strong disclosure requirements for "political material and

program matter dealing with controversial issues." (After the Public Notice was released, an FCC spokesperson admitted she was "not certain who would judge what is political or controversial.") A strong and growing consensus among government watchdog groups, journalism schools, media organizations and some reporters is that all material provided by third parties and aired by news broadcasters should be clearly identified as such to listeners or viewers.

In March 2005, several California news outlets reported on the Schwarzenegger administration's use of VNRs to tout their policies. State officials unrepentantly said they planned to make more, as VNRs are "an effective way to reach residents." They're correct, in a way. Most U.S. residents get their news from television, and government does have a duty to inform the public of its policies and actions.

Where should the line be drawn demarcating responsible media practices for governments—and for corporations, which are responsible for the vast majority of fake news (and own much of the media)? Who should referee conflicts between government agencies' various motivations—for example, between USDA's mission to protect the public and its mission to promote agricultural trade? Is there an acceptable solution that takes into account the severe lack of resources faced by most U.S. newsrooms today?

In the short term, USDA-produced "news" will continue to infiltrate the airwaves, without disclosures. VNR producers are scrambling to do damage control and fight back against the effort to stop fake news. But as public awareness grows, so does the pressure for real news. ■



USDA video news release



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# DESPERATELY SEEKING DISCLOSURE

by Diane Farsetta

In some ways, Armstrong Williams got a bad rap. The conservative commentator, who was paid by the U.S. Department of Education to advertise and advocate for the controversial “No Child Left Behind” law, lost his syndicated newspaper column and was pilloried for not disclosing the payment.

Williams did betray the public trust, but he was a small fry—a subcontractor receiving a \$240,000 piece of a \$1 million deal between the Education Department and Ketchum, one of the world’s largest public relations firms.

That deal, it turns out, was just the tip of the iceberg.

Ketchum is the number one recipient of recent U.S. government PR spending, with contracts totaling more than \$100 million. Since 1997, nine PR firms have received at least \$1 million in public funds in a single year. The Bush administration doubled federal PR spending over its first term, relative to the last term of the Clinton administration, to \$250 million.

That’s according to a January 2005 report by the House Committee on Government Reform, which examined federal procurement records going back eight years, looking for contracts with major PR firms. The Committee launched its investigation following two more “pundit payola” revelations in addition to Williams, and rulings by the Government Accountability Office, Congress’ nonpartisan investigative arm, that fake television news segments (called video news releases or VNRs) produced for two government agencies were illegal “covert propaganda.”

Yet there is little information about how these millions of dollars were—or are—spent. Despite evidence that public funds have been misused, the details of government contracts with PR firms remain hidden.

The ethics code of the Public Relations Society of America (PRSA), the largest PR trade organization, includes admonitions “to build trust with the public by revealing all information needed for responsible decision making,” to “be honest and accurate,” to “reveal the sponsors for causes and interests represented,” and to “avoid deceptive practices.” But, as readers of *PR Watch* know, ethics codes are often ignored.

When *PR Watch* asked the nine PR firms in the million-dollar league for information on their government work, responses ranged from cautious answers to deafening silence. None of the firms was willing to share any information not already publicly available—including contract agreements or “deliverables” like studies, brochures and VNRs—to clarify what they did with taxpayers’ money.

The million-dollar league PR firms are listed below, from the largest to the smallest recipient of federal funds

since 1997, along with what *PR Watch* was able to uncover about their government work.

## Ketchum

Ketchum has received a whopping \$100.5 million in federal contracts. These include work for the Education Department; Internal Revenue Service; U.S. Army, to “reconnect the Army with the American people” and boost recruiting around its 225th birthday; and the Health and Human Services Department, to “change the face of Medicare,” promote long-term health care planning, encourage preventative care, and present home care information. Large contract increases for Ketchum since 2003 mirror the Centers for Medicare and Medicaid Services’ PR spending boost, suggesting that Ketchum’s Medicare work may be more extensive than is currently known.

Apart from the Armstrong Williams scandal, the firm also produced a controversial VNR for the Education Department, promoting tutoring programs under “No Child Left Behind.” The fake news segment featured then-Education Secretary Rod Paige and was narrated by PR flack Karen Ryan, who misrepresented herself as a reporter.

Ketchum representatives did not return repeated phone calls—making them among the least responsive firms contacted by *PR Watch*.

## Fleishman-Hillard

The recipient of \$77 million in federal funds, Fleishman-Hillard has worked for the Social Security Administration; Library of Congress; Environmental Protection Agency; and Defense Department, to introduce “managed care” to employees, due to “rising medical costs” and “decreasing resources.” While Fleishman-Hillard also did not return phone calls, its application for PRSA’s prestigious Silver Anvil Award noted that the main challenge of its Defense contract was “the anger and frustration of the retired military community who were now required to pay an annual fee for guaranteed access to health care they said was promised them by their recruiter as a free lifetime benefit.”

The firm has also worked for the White House Office of National Drug Control Policy (ONDCP), to “debunk the misconception that marijuana was harmless.” For this contract, Fleishman-Hillard produced VNRs later ruled to be covert propaganda, because ONDCP “did not identify itself to the viewing audience as the producer and distributor of these prepackaged news stories.”

In November 2004, Los Angeles’ city controller accused Fleishman-Hillard of overbilling the city’s Water and Power Department by \$4.2 million. Several former

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employees said they were told to inflate the hours billed to the city. One described the firm's attitude as, "Get as much as you can because these accounts may dry up tomorrow." In April 2005, the firm settled with the city, agreeing to pay \$4.5 million and waive \$1.3 million in outstanding invoices.

### **Matthews Media Group**

Matthews Media has received \$67.9 million, most or all of which is for Health and Human Services Department contracts. The firm has worked for the National Cancer Institute, to analyze newspaper coverage of tobacco issues; and National Institutes of Health, to assist with "patient recruitment strategies."

### **Porter-Novelli**

Porter-Novelli's government contracts total \$59.3 million, also for Health and Human Services agencies. The firm has worked for the National Institutes of Health; National Institute of Mental Health; and Centers for Disease Control and Prevention, to carry out an "annual mail survey ... that examines health-related attitudes and behaviors."

### **Equals Three Communications**

Equals Three has won \$23.8 million in federal contracts, including with the National Institutes of Health, on Colorectal Cancer Awareness Month; National Institute for Mental Health; and National Highway Traffic Safety Administration.

Vice-President of PR Kimberly Marr complained (a week after *PR Watch's* first phone call) about "the extensive nature of your questions and the short timeline." She added, "Everything ... is in the public domain."

What "public domain" she referred to is unclear, however, since searches of the Nexis news database, PR trade publications, and the Internet revealed little about Equals Three's federal work. Indeed, the firm's penchant for secrecy is so great that materials posted on its website are sized and cropped in such a way that it's difficult to determine who they were produced for.

### **Hill & Knowlton**

Hill & Knowlton has collected \$19.2 million in federal funds. Director of Business Development and Marketing Lily Loh refused to answer *PR Watch's* questions, claiming they entailed "proprietary information that we cannot share due to client confidentiality," although some work is "available in the public record." Searches revealed just one contract with the General Services Administration, for work on the "Dedication of the Ronald Reagan Building and International Trade Center" in Washington, DC.

Hill & Knowlton's other government work could be well worth hiding. The firm is best known for pushing the first Gulf War on behalf of the Kuwaiti government; flacking for Indonesia during its brutal occupation of neighboring East Timor; helping organize the industry-funded Council for Tobacco Research, to downplay the dangers of smoking; and handling damage control for Wal-Mart in California.

### **Widmeyer Communications**

Widmeyer has received \$7.4 million in contracts from the Selective Service System; Federal Trade Commission; Health and Human Services Department, for its National Bullying Prevention Campaign; Education Department; National Institute for Literacy; Farm Service Agency; and Defense Department, for their Deployment Health Clinical Center.

Assistant Vice-President Scott Ward said that Widmeyer "never uses paid third-party spokespeople," and that the firm produces video footage, but not ready-to-air VNRs, for government clients.

### **Burson-Marsteller**

Burson-Marsteller's federal contracts total \$1.9 million, for work with agencies including the Census Bureau, on participation rates; Bureau of Engraving and Printing, on the \$20 bill redesign; Treasury Department, on money laundering enforcement; and Postal Service, on "Managing Communication During the Anthrax Crisis."

The firm produces VNRs for government clients, according to global public affairs chief Richard Mintz. Mintz said the firm clearly labels its VNRs, but viewers don't see these labels. He added that Burson-Marsteller has not used paid spokespeople, "per se," but has signed contracts with third parties, such as senior and minority groups, to reach target populations.

Burson-Marsteller has a less than stellar track record in its corporate work, which includes directing "crisis communications" on mad cow disease for McDonald's and the National Cattlemen's Beef Association; running the front group "European Women for HPV Testing" for the U.S. biotechnology company Digene; creating the "National Smokers Alliance" for Philip Morris, to combat smoking restrictions; and infiltrating activist groups opposing the milk hormone BGH, for the companies developing the drug.

### **Ogilvy PR Worldwide**

Ogilvy PR has received \$1.6 million in federal funds, for work with ONDCP, on their National Youth Anti-Drug Media Campaign; and the National Heart, Lung, and Blood Institute (NHLBI), on the "Fashionable Red



Alert” campaign, to raise awareness of heart disease among women. In April 2005, NHLBI renewed its contract with Ogilvy for another three years, at a cost of \$4.9 million.

In February 2005, two former executives of the related marketing firm Ogilvy & Mather were found guilty of conspiracy and false claims, for inflating labor costs on the ONDCP account. According to the indictment, the executives “directed certain Ogilvy employees to revise time sheets and caused falsified time sheets to be submitted to the government.”

In March 2005, the Homeland Security Department hired Ogilvy, “to provide real journalists for its biennial mock terrorist exercise.” The director of the Project for Excellence in Journalism said the exercise “raises potential future conflicts even if the reporter doesn’t now cover the governmental entity writing the check.”

Ogilvy is among the firms that did not respond to *PR Watch*’s repeated calls.

These PR firms’ secrecy about publicly-funded campaigns indicates a serious lack of accountability. More alarming is the federal government’s reluctance – even refusal, in many cases—to provide information on its contracts with PR firms. For example, documents on Ketchum’s work for the Education Department obtained through Freedom of Information Act requests have every dollar amount redacted.

As the House Committee on Government Reform’s report noted, “Not all government PR contracts are problematic,” but they must be “authorized by Congress and conducted in a fashion that does not mislead the public.” If, as Burson-Marsteller’s Richard Mintz claims, the “public education campaigns” PR firms undertake for the U.S. government are “essential,” why not release information about them? It’s a question Americans must ask of their public officials, and one that PR firms must answer to combat their own image problem. ■

## FAKE NEWS? WE TOLD YOU SO, TEN YEARS AGO

by Sheldon Rampton

Recent reports about the Bush administration’s use of video news releases have helped highlight a problem that John Stauber and I have been exposing for more than a decade. It’s nice to see the *New York Times* start to catch on and to see public activism starting to coalesce around the problem. I’d like to point out, though, that the problem isn’t limited to the Bush administration or to government VNRs alone. In fact, corporate public relations is the biggest single source of video news releases, just as corporate PR is the biggest single source of other types of PR that pollute the media ecosystem. (The McDonald’s VNR at right is a fairly typical example of the genre.)

Here’s what John and I wrote in our 1995 book, *Toxic Sludge Is Good For You: Lies, Damn Lies and the Public Relations Industry*:

The use of radio and video news releases is a little-known practice which took hold during the 1980s, when PR firms discovered that they could film, edit and produce their own news segments—even entire programs—and that broadcasters would play the segments as “news,” often with no editing. When Gray and Company began producing a radio program for its clients called “Washington Spotlight,” the Mutual Radio Network came to Gray and asked to carry it. “PR firms would not send out packaged radio and television

stories if no one was using them,” notes author Susan Trento. “Not only technology, but economics made things easier for PR firms in the 1980s.”

Video news releases, known as VNRs, typically come packaged with two versions of the story the PR firm is trying to promote. The first version is



*Still shot from a McDonald’s video news release featuring the Destiny’s Child singing group.*

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fully edited, with voiceovers already included or with a script indicating where the station's local news anchor should read his or her lines. The second version is known as "B-roll," and consists of the raw footage that was used to produce the fully-edited version. The receiving station can edit the B-roll footage itself, or combine it with other footage received from other sources. "There are two economics at work here on the television side," explains a Gray and Company executive. "The big stations don't want prepackaged, pretaped. They have the money, the budget, and the manpower to put their own together. But the smaller stations across the country lap up stuff like this."

MediaLink, a PR firm that distributed about half of the 4,000 VNRs made available to newscasters in 1991, conducted a survey of 92 newsrooms and found that all 92 used VNRs supplied free by PR firms and subtly slanted to sell a clients' products and ideas while appearing to be "real" TV news. On June 13, 1991, for example, the CBS Evening News ran a segment on the hazards of automatic safety belts. According to David Lieberman, author of a 1992 article titled "Fake News," the safety belt tape "was part of a 'video news release' created by ... a lobby group largely supported by lawyers."

"VNRs are as much a public relations fixture as the print news release," stated George Glazer, a senior vice-president of Hill and Knowlton. "In fact, many public relations firms are well into the second generation of VNR technology. We use satellite transmissions from our own facilities almost on a daily basis, and wait eagerly for fiber optics systems to allow us to dial into nationwide networks. ... With few exceptions, broadcasters as a group have refused to participate in any kinds of standards establishment for VNRs, in part because they rarely will admit to using them on the air. ... There are truly hundreds of examples of self-denial on the part of broadcasters when it comes to admitting that VNRs are used." Following a beverage-tampering scare on the West Coast, for example, a VNR was mailed out to all three TV stations in the first city to report the problem. All three stations used the VNR in at least one newscast the following day, along with five other stations in the region. When asked later, however, all three stations denied that they had broadcast the material.

In 1985, Trento reports, Gray and Company distributed a VNR featuring a canned interview

with one of its clients, the ruthless King Hassan II of Morocco. The segment's airing on CNN provoked a scandal with reporters claiming they had been tricked into airing paid propaganda. An executive at Gray and Company scoffed at the media's hypocrisy: "I used to read in Broadcasting the cache of letters from news directors after the story broke about electronic news releases saying, 'How despicable. Never in a thousand years!' And they were people I had talked to who had called me back so that they had the right coordinates on the satellite so that they could take the feed. They knew exactly who we were. They called us all the time. They asked us for stuff. They told us they couldn't get it. They forgot to turn their downlink on, and could we send them a hard copy FedEx overnight because they'd use it tomorrow night."

"I was personally aggrieved at all this sort of self-righteousness of the media when that story broke," said another Gray and Company executive. "They are free to use it. Not use it. Use it for B-roll. Write their own scripts. Most of them take it straight off the air and broadcast it. Rip and read. Rip and read."

Some of the quotations in the passage above came from *The Power House*, Susan B. Trento's excellent biography of PR executive Robert Keith Gray. The comments from George Glazer came from an article that Glazer himself wrote in Spring 1993 for *Public Relations Quarterly*, a PR industry trade publication. Public relations professionals have been discussing this topic quite candidly among themselves since before John and I ever even heard about VNRs. So why has it taken this long for the topic to come to the attention of the public? The main reason is that neither the PR industry nor the TV news media have any incentive to discuss this topic in places where the public will notice. Neither wants the public to know the truth about where their "news" is coming from. For the PR firms, full disclosure weakens the effectiveness of their propaganda. For the TV stations, admitting that they use VNRs in place of actual reporting would be the equivalent of a bakery admitting that it uses sawdust in place of wheat in its bread: cheap, non-nutritious filler that serves only to add worthless bulk to the product.

Recently, however, the balance of power has begun to shift back toward the public. As internet bandwidth becomes cheaply available, more and more VNRs are being sent via the internet rather than via satellite feed or video cassette. This in turn makes it easier for the public to detect, download and expose them.

On our website SourceWatch.org, we've compiled an article about VNRs that explains what they are and provides links to the websites of some of the main companies involved in their production and distribution. Some of those sites provide descriptions only; others make it possible to download the VNRs in their entirety, where you can view them (or edit them) for your own purposes. If you want to figure out whether VNRs are being used as filler on your local news channel, the SourceWatch article provides some leads that may be helpful to your research. But it's possible to do better still.

The last year has seen an explosion of citizen journalism, as bloggers and other nontraditional media activists have gone beyond commenting about the news and have become fact-checkers, information-gatherers and reporters themselves. Citizen journalists have helped break stories ignored by the traditional media, ranging from the dubious memos about President Bush's National Guard Service that were broadcast by CBS News to the exposure of Jeff Gannon/James Guckert, the fake journalist turned White House news correspondent.

Wouldn't it be great if some of this same citizen reporting could go into exposing the use of VNRs and other fakery behind the staging of your local and national nightly news? The technology is available now to make this possible in every local news market in the United States. This is now one of our major goals. See page 16 for what you can do to help "Stop Fake News!"



***Would you call this news? This video news release from the Six Flags amusement park offers a behind-the-scenes "documentary" about the making of their TV commercial featuring "Mr. Six," a dancing actor made up to look like an old bald man. In the VNR's B-roll footage, Six Flags advertising director April Gonzalez explains that "Mr. Six breaks through the clutter of everyday stress and strain."***

To read and contribute to the SourceWatch article on VNRs, go to [http://www.sourcewatch.org/index.php?title=Video\\_news\\_releases](http://www.sourcewatch.org/index.php?title=Video_news_releases). ■

## Will "FAKE NEWS" SURVIVE?

by Bob Burton

Will ongoing investigations and public outrage be sufficient to end the debased media practices that result in fake news?

Producers of the fake TV news stories, or video news releases, hope not. Some are worried, though. "Crisis" is the word Kevin McCauley of the public relations trade publication *O'Dwyer's* used in a March 2005 column.

Even within the PR industry, VNR producers are struggling to find allies. For three weeks this spring, *O'Dwyer's* ran an online poll asking, "Should there be a limit on the U.S. Government's use of video news releases?" Seventy-two percent of respondents to date support VNR restrictions. (*O'Dwyer's* doesn't disclose the number of respondents.)

VNR producers may very well be counting and courting their friends in Washington, D.C. Larry Moskowitz, the CEO of Medialink Worldwide, one of the oldest and largest VNR producers, alluded to Beltway support

for the beleaguered industry during a teleconference of leading VNR company representatives. "We've had private discussions up on the Hill. And we've had private discussions with the White House," he said, adding that Medialink had decided "to not enter that fray, to just say whatever the highest standard is we're happy to meet."

So what should the "highest standard" be? Many VNR producers claim that the status quo is fine—or it would be, if it weren't for those lazy television stations. VNR sponsors, they point out, are disclosed on video frames prior to the actual, broadcast-ready piece. Therefore, they rather disingenuously claim, any deception of the viewer is solely the fault of the broadcaster.

But Bob Priddy, the chair of the Radio-Television News Directors Association, bluntly stated in an interview with *Fox News* that stations that air VNRs without identifying the sponsor to their viewers not only break the



Association's code of ethics, but also are "lying to their consumer."

Medialink's Moskowitz contends that it is "murky" just what the highest standard should be. Perhaps, he suggested on the teleconference, it could just be a proper "sign-off" from the VNR narrator. Indeed, some signoffs on VNRs from the U.S. Department of Agriculture's Broadcast Media & Technology Center have recently changed, from "I'm [name] reporting" to "I'm [name] from the U.S. Department of Agriculture." (See story on page 4.)

Yet Moskowitz dismissed as impractical a Council of Public Relations Firms proposal for an onscreen logo, or "bug," present in every frame of provided video footage. "I think it would diminish the use by broadcasters. I think it would be pointless to viewers, and if any broadcaster wanted to use the thing, they probably [would] cover it over with their own bug," he said. Broadcasters determined to avoid pesky questions about where their content comes from have previously, and would presumably continue, to edit sign-offs, too.

It quickly becomes obvious, in following these PR industry dialogues, that "highest standard" proposals undesirable for VNR producers and their corporate and government clients are quickly labeled "impractical." Indeed, it's hard to imagine any "highest standard" that doesn't include full disclosure to viewers on the source of any externally-supplied video footage (or audio feed or print material).

When considering "fake news," it's important to know that the vast majority of VNRs produced are for corporations. For this reason, VNR producers are happy to have media attention focused on government VNRs.

"Let's remember this debate, from everything I've seen, read, heard, and talked to, is purely the government," Moskowitz counseled his fellow VNR producers, adding, "I would hate to see it broaden." Doug Simon of DS

Simon Productions suggested that greater transparency may have relatively little impact on the industry if it were limited to government VNRs, without "crossover into the private sector."

If deceiving the viewer is unethical, why would it matter whether a corporation or government agency is doing the deceiving? Kevin Foley from VNR producer K.E.F. Media Associates argued that he sees a distinction between "government propaganda" selling controversial policies and corporate videos hustling commercial products.

"If it's a new healthcare product that got FDA approval, you know, it's something people would want to know about. And I think that's fairly harmless and I don't think people are going to walk away with any sort of sinister sense that something sinister is going on," Foley said.

But many people do see fake news as sinister, regardless of who's behind it. Moreover, fake news is an issue for people concerned about media reform, corporate power, media literacy and war. The U.S. Government Accountability Office (GAO) has ruled that, to avoid breaching the ban on covert government propaganda, federal agencies funding VNRs must disclose their sponsorship to viewers. Even though the GAO ruling was dismissed by the Bush-friendly Department of Justice and Office of Management and Budget, agencies are likely to be wary. For the PR industry, the biggest risk is that what started as a debate about U.S. government propaganda might become a much broader debate about all fake news.

In March, the Center and Free Press complained to the Federal Communications Commission about the widespread airing of fake news provided by both government and corporations. The FCC responded by calling for comments on the issue and by formally reminding broadcasters of "their respective disclosure responsibilities." Unfortunately, the FCC's current position is severely inadequate, requiring labeling primarily when the VNR is "controversial" or "political." The FCC said the "general rule" is that "no sponsorship identification is necessary if material is provided to a station free or at a nominal charge" to primarily promote consumer goods.

This is an alarming loophole that allows broadcasters, PR firms and their clients to claim that most fake news simply promotes products and therefore does not have to be identified. Rather, the presumption should be that all fake news is by its nature inherently controversial because it is not real journalism. Therefore, all VNRs and provided footage should be constantly identified as provided footage, and by whom. Journalism for the public good demands nothing less. ■

## PR Watch | Personals

**SUSTAIN ME!** Join CMD's Sustainer Program! By making convenient, automatic monthly donations via credit card, you can provide the Center with a more stable source of income. Sustaining donors help us continue our muckraking investigations and innovative media projects, and start new grassroots campaigns like "No Fake News!" See page 15, go to [www.prwatch.org](http://www.prwatch.org), email [diane@prwatch.org](mailto:diane@prwatch.org), or call 608-260-9713 for more information.

# How GREEN is CAMOUFLAGE?

by Laura Miller

The U.S. Army celebrated Earth Day this year with a special campaign called “Sustaining the Environment for a Secure Future.” The effort’s website features links to an “Army Earth Day” message, an Earth Day video promotion, computer screen wallpaper, and a commemorative poster.

“We are a nation at war. The need to protect our homeland has never been clearer,” the Army’s message states. “The Army’s Strategy for the Environment establishes a long-range vision that focuses efforts that sustain our mission. For success in the global war on terrorism we must carry out our responsibilities for the long-term. The land, air, and water resources we work and train on are vital to both our present and future missions. We must use those resources wisely in a manner that reflects our devotion to duty and respect for the needs of tomorrow’s Soldiers.”

The Army’s message may be in response to last October’s budget cuts from environmental projects on military bases, a consequence of Iraq war funding priorities. Public Employees for Environmental Responsibility (PEER) reported in October 2004 that military training exercises on Army bases were in “potential jeopardy” because of the cuts. In the name of national defense, the Army has been exempted for the past three years from certain environmental laws, including the Endangered Species Act and the Migratory Bird Treaty Act, as long as the Army has prepared plans that address “special management consideration or protection.” But with the funding cuts, the Army may no longer be able to create the required plans for critical habitat areas contained in its 11.8 million acres.

In a September memo obtained by PEER, Major General Larry Gottardi wrote, “Forces Command no longer has visibility of the installation funding submissions, but we understand the magnitude of this policy change is to reduce the [fiscal year 2006] proposed distribution of conservation program funding from over \$60M to about \$40M. The policy change also places the training mission in potential jeopardy by providing a sound legal basis for private parties or conservation activists to obtain court-ordered injunctions and effectively shut down all training operations.”

Threatened with earlier budget cuts, Col. Joseph W. Aldridge of the Installation Management Agency sent a

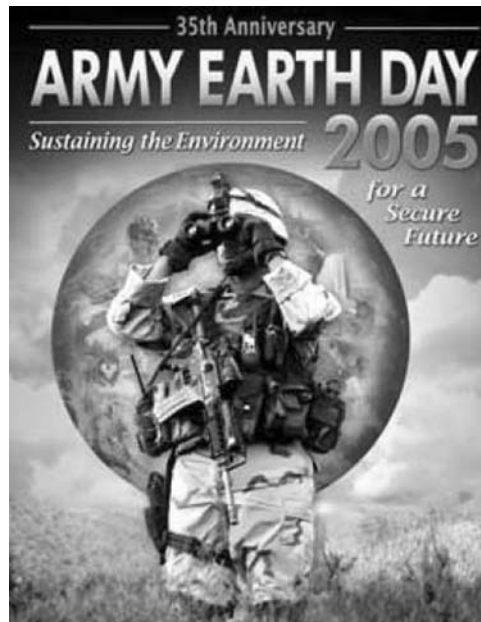
memo on “Natural Resources Management” to the Director of Environmental Programs in May 2004. “Sustainability of the US Army Reserve’s training areas is crucial to the ongoing military mission. Proactive rather than reactive measures to natural resources compliance and management are both cost effective in the long term and the basis for current Department of Defense and US Army policies,” Aldridge explained.

Perhaps not surprisingly, the Army Environmental Center has been engaging in self-promoting intra-Army PR, providing a “civilian correspondent to Soldiers Radio and Television (SRTV) staff to ensure that senior Army leaders, soldiers and their families are kept up to date on environmental issues.” SRTV, itself a military PR channel, has daily broadcasts that “search out and tell the Army story to a growing audience of active, reserve, and retired components plus the Army’s extensive civilian community.”

Meanwhile, military funding bills are working their way through Congress. On Earth Day, Armed Forces News Service reported the Army sat before a Senate subcommittee, explaining its \$419.3 billion fiscal 2006 budget request, highlighting recruitment, retention and equipment funding needs. The day prior, the Senate approved its version of an \$81.26 billion supplemental emergency military spending bill.

Bush GreenWatch reports that Ft. Hood in Texas—a recent stop for George W. Bush—“contains habitat for two endangered migratory songbirds, wintering bald eagles, peregrine falcon, whooping cranes, and a variety of other rare plant and animal species.” But nature-loving Bush did not acknowledge the critical wildlife habitat surrounding him. Instead, he recast recent history, declaring the taking of Baghdad “one of the great moments in the history of liberty.”

“As both a matter of law and moral responsibility, the Army cannot shirk its duty to defend the lands and wildlife entrusted to its care,” said PEER executive director Jeff Ruch. But, Ruch added, “The Pentagon is practicing bait and switch tactics by baiting Congress to exempt the military from environmental protection laws and then switching away the money that was used to justify the exemptions.” ■



*Image from US Army Environmental Center website.*

# CMD TAKES MANHATTAN

CMD executive director John Stauber was joined by legendary journalist Bill Moyers at a “No Fake News!” reception for the Center in New York City. Sixty people filled host Sarah Stranahan’s apartment, where Stauber recounted the Center’s history and Moyers described the crisis facing the country and journalists, and the Center’s important role.

“I really do think the oxygen is going out of our democracy,” Moyers told the group. “From the internal collapse of our truth-telling system, the corporate press [and] commercial journalists, with some exception, are largely taking the lowest common denominator.”

“[N]ot a day goes by that I don’t go to their website for a stirring encounter with the truth of AmericaYou



**John Stauber addresses guests at a recent CMD event in New York City.**

should visit their

website,” Moyers

said of the Center. “They do the best journalism about what is really happening in this country to our media system. I couldn’t exist as a journalist without it nor would I want to as a citizen. It arms me with the information that I need, reporting that I need to make the case I want to make about our society. You cannot underestimate the importance of truth-tellers in our society in an age when the truth is swept under the bed, kept in the closet, or recycled to come out as government spin and corporate propaganda.”

“When I grew up, I heard many sermons from preachers who used the New Testament, the Christian testament to talk about ‘you shall know the truth and the truth shall make you free,’” Moyers continued. “When I graduated from the University of Texas, and went to commencement in that outdoors plaza underneath that huge tower, you could look up and see the words inscribed across the granite at the University of Texas, ‘you shall know the truth and the truth shall make you free.’ That is right, but if you don’t know the truth, what’s the implication. And it’s very hard today to find the truth.

“What they are doing—the importance—they are the alternative media now, because they are devoted to getting as close as possible to the verifiable truth. And they are devoted to telling us who it is whose hands are on the strings that are manipulating the corporate media, the commercial media and the ideological media. John, what you are doing is utterly indispensable,” Moyers said. ■



**Bill Moyers speaks to guests.**

**While in NY, Stauber stopped by the Air America Radio studios to discuss video news releases and fake news with Katherine Lanpher and Al Franken during a live broadcast of the Al Franken Show.**







# THE FCC ON “FAKE NEWS”

by Diane Farsetta

“Listeners and viewers are entitled to know who seeks to persuade them,” wrote the U.S. Federal Communications Commission, in a Public Notice released in April.

The Public Notice was precipitated, in part, by the “large number of requests” asking the FCC to “consider whether the use of ‘video news releases’ or ‘VNRs’... complies with the Commission’s sponsorship identification rules.” Those requests came from the more than 40,000 people who signed a petition circulated by the Center for Media and Democracy and the media reform group Free Press, as well as from two U.S. Senators.

The FCC’s Public Notice specifically focuses on instances where “payment has been received or promised to a broadcast licensee or cable operator for the airing of program material.” But its implications are much broader, for two reasons. One is that the FCC rules obviously extend beyond instances of news “pay for play.” The other is that, by requesting comments and stating its intention to more fully study and act on the issue (including by taking “appropriate enforcement action”), the FCC has publicly recognized “fake news” as an issue critical to, in their words, “a well-functioning democracy.”

Here are a few interesting passages from the FCC’s Public Notice:

“All matter broadcast by any radio station for which any money, service, or other valuable consideration is directly or indirectly paid ... [shall] be announced as paid for or furnished.” The Public Notice clarifies that this rule applies to television, but it also suggests that the less-recognized problem of audio news releases infiltrating radio news might be fair game.

The phrase “other valuable consideration” suggests that the rule may cover all material provided to news broadcasters by third parties, since these freebies save local broadcasters very valuable time and resources.

There is a “greater obligation of disclosure in connection with political material and program matter dealing with controversial issues,” according to the Public Notice. Surely the biggest “fake news” topics are hot precisely because of their controversial nature.

The Public Notice adds that information about who is “paying for or furnishing the broadcast matter” on political or controversial issues must be maintained by local stations, “for public inspection at the location of its public file.” This is a great opportunity for local activism. As the public becomes more aware of fake news, local TV affiliates will have to respond to increasing pressure by becoming more transparent. ■

Here’s what can you do right now, to help move the **Stop Fake News!** campaign forward:

- **Sign the petition** from the Center for Media and Democracy and Free Press, protesting the use of VNRs. The petition seeks to strengthen and enforce laws against government propaganda and demands “that the Bush administration stop using our tax dollars to create fake news reports.” The Center and Free Press seek to gather a quarter million signatures and begin organizing citizens locally to meet with stations in their community to sign agreements to stop airing all VNRs unless they are clearly labeled and not pawned off as news. To sign the online petition, go to [www.prwatch.org](http://www.prwatch.org) and click “Stop Fake News.”
- **Call your members of Congress** to voice your opinion on two bills seeking to reiterate and strengthen the ban on covert government propaganda. Ask them to support the Stop Government Propaganda Act in the U.S. Senate (S 266) and the Federal Propaganda Prohibition Act in the U.S. House of Representatives (HR 373).
- **Stay tuned to the Center for Media and Democracy.** Visit our website, [PRWatch.org](http://PRWatch.org), updated daily. Sign up online for our Weekly Spin email list for a weekly summary of spin in the news. Stay on top of the evolving campaign to stop fake news!

