

How Washington Insiders Ambushed Mickey Mouse

*When America's best-loved
entertainment company tried to
build a history theme park,
LBJ's White House counsel, a
Reagan imagemaker, and a top
Mondale hand took on
Disney—and won*

BY CHARLES W. BAILEY

Once upon a time, there was a business called the Walt Disney Company. It did lots of nice, friendly things: It made movies and built amusement parks; it invented a mouse named Mickey, and a duck named Donald, and seven dwarfs. Everyone liked the Disney Company, and it grew and grew.

One day, the company said it was going to build another park, this one near the nation's capital. And all at once a lot of people decided they didn't like Disney any more; and a few of them—Washington insiders all—decided to try and stop it from building its park.

The story begins with Richard Moe and Nick Kotz having breakfast together at the Mayflower Hotel on a Friday morning in February 1994. Moe, once a top aide to Vice President Mondale, is president of the National Trust for Historic Preservation. Kotz is a Pulitzer Prize-winning journalist and author. Both men had written newspaper articles opposing a Disney proposal, announced in November 1993, to build a \$650 million theme park called "Disney's America" on a 3,000-acre tract in a tiny northern Virginia town called Haymarket. So Kotz had called Moe to suggest they get together and talk about it. The result is an object lesson on how people who know the power players in the capital—and how to orchestrate public opinion—can defeat even the largest of corporations.

There was plenty for Kotz and Moe to talk about. The park itself, with American history as its theme, would occupy only about 400 acres. Disney's plan encompassed more than 2,200 housing units, almost 2 million square feet of commercial space, 1,300 hotel rooms, two golf courses, a 280-acre campground and a 37-acre water park. And that did not include the additional development by others that would surely be stimulated by Disney's project. Moe feared the development would despoil the battlefield of Manassas, only four miles from the Disney tract, and overwhelm other historic sites nearby. Kotz had similar concerns—intensified by the fact that he owned a home in Haymarket.

Enter the third man: Julian Scheer, once chief of PR for the U.S. space program, now in business for himself, a native Virginian and also a resident of the

Charles W. Bailey is a member of the editorial advisory board of The Washington Monthly.

region where the Disney development would be built. Scheer first heard of the project from another PR man, Jody Powell, once President Jimmy Carter's press secretary. Powell had been hired by Disney to promote the theme park, and he invited Scheer to work on the Disney project, but he declined. Instead, because Scheer "did not like the proposition," he began to think about ways to defeat it. He was a friend of both Kotz and Moe, so it was logical for him to join them.

But the next recruit was a surprise. At the end of February, Kotz was seated at a large dinner party next to Peter Hannaford, a (you guessed it) public relations consultant, but best known as the man who, with Michael Deaver, invented Ronald Reagan's presidential image. Hannaford asked Kotz what he was working on. Kotz replied that he was trying to figure out how to stop the Disney project; Hannaford, a member of an advisory committee at Mount Vernon, was worried the theme park would draw tourists away from the first president's house. He agreed to help.

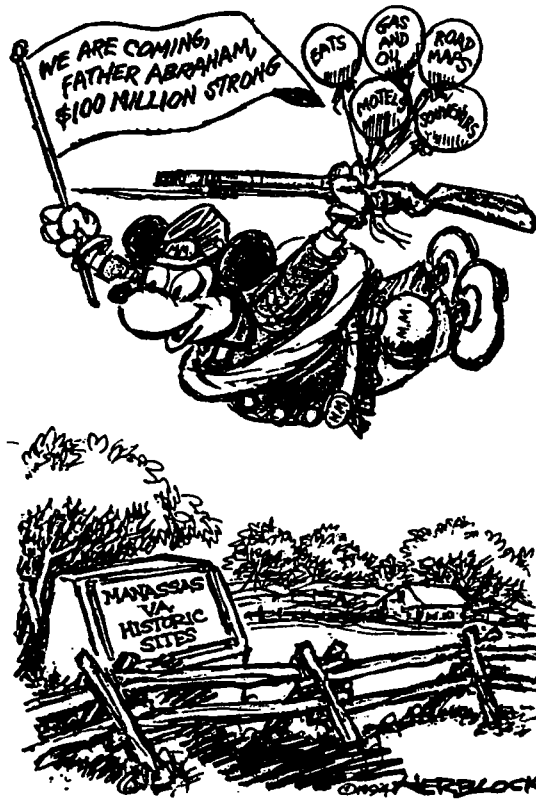
"We gave traditional public relations and public affairs advice," says Hannaford of the anti-Disney project. "And we did the design and copy for things they needed—letterheads, press releases, and information packets, that kind of thing." Up to this point, the only organized anti-Disney activity had been generated by the Piedmont Environmental Council (PEC), a northern Virginia organization substantially funded by well-to-do landowners. The PEC mobilized as soon as Disney revealed its plans. It commissioned a study which concluded that the pro-

posed site was the wrong one and that there were others in Virginia as well or better situated to accommodate Disney's America and the development that would follow it.

Despite this, by early spring it seemed highly unlikely to Moe, Kotz, Scheer, and Hannaford that the park could be stopped at the local or state level. Virginia Governor George Allen was all-out for Disney: When the company asked the state to spend \$163 million to improve highways around the Haymarket site, Allen went along cheerfully. Disney staged a lobbying blitz—it reportedly spent more than \$400,000 in Richmond—and the legislature approved the full amount.

It also seemed obvious that Disney would get the various rezoning and other approvals it needed from local, county, and state bodies. The promise of new payrolls and higher tax collections—proponents said Disney would create 19,000 new jobs, provide \$47 million a year in new state revenues, and add \$12 million a year to county tax revenues—was too much to resist.

Well, then, how about the federal government? The four concluded it couldn't be counted on to block the project, either. Disney was a big player in the campaign-finance game. In the last three federal elections—1990, 1992, and the first half of 1994—Disney's individual and PAC contributions to candidates and party committees totaled more than \$1.1 million. Court challenges were possible, but slow and expensive



with no guarantee of success. The anti-Disney forces thought they needed something more.

"The Disney strategy seemed to be to argue that the only opposition was NIMBY—and that the NIMBYs were all rich, red-jacketed fox-hunters," Scheer says. Because Disney had the local situation under control, "it seemed to us that the opposition would have to be on the national level. But arguments about heavier traffic and so forth wouldn't particularly stir up people in California or Indiana."

So they decided to go national with a single, simple argument: that Disney's America was being built in the wrong place. Moe summed up the strategy with the old real estate homily: "location, location, location." This had the added virtue of avoiding a debate about the content of Disney's proposed historical park.

The strategy outflanked Disney, which was trying to turn the debate into a freedom of speech issue. Allen said, "We shouldn't set ourselves up as censors." Disney Chairman and CEO Michael Eisner put it more bluntly, if less elegantly: "The First Amendment gives you the right to be plastic."

Mickey Mouse Snub

The insiders' counterattack on Disney began on May 2. Moe's National Trust took out a full-page advertisement in *The Washington Post*: "Please reconsider the location of Disney's America." It included a return coupon; over 4,200 coupons came back—an encouraging response. A few days later, at a meeting in Scheer's office, "Protect Historic America" was born. Scheer and Kotz put up the first money, opened a bank account, scraped up the required six month's advance rent for a small office on Connecticut Avenue, and opened for business.

They called David McCullough, a member of Moe's board of trustees, biographer of Harry Truman, and host of PBS' "The American Experience." McCullough agreed to help; so did many others, notably Arthur Schlesinger, Jr., Tom Wicker, and C. Vann Woodward. Before the fight was over more than 200 historians and writers had signed up. James McPherson agreed to serve as president of the organization, wrote four articles, and did TV and radio talk shows.

Shelby Foote turned down a proffered Disney consultancy and became one of the park's most outspoken opponents. Professor Brown Morton of Mary Washington College in Virginia did interviews with foreign television, including one for French TV—in French.

By May 11, they had enough support from the historians to hold a press conference launching Protect Historic America. The news session was a pivotal event in the struggle: For the first time, the anti-Disney effort got some attention from the national media. Kotz began cranking out PHA mailings, including newspaper articles and columns as well as statements from the newly recruited historians and writers.

This had a multiplier effect: Articles spurred more articles, which were circulated to encourage still more, and so on. The group put together folders with the clips and the famous names and mailed them to editorial writers across the country. It was a natural subject for busy local writers: Here was a fun subject, with national implications, easily packaged, with sexy intellectual celebrity names—and all the research for the editorial was already done; no need for reporting or phone calls. (Disney's response to the historians' group was underwhelming: The company said it would give \$100,000 to the Association for the Preservation of Civil War Battle Sites.) Thus was born a barrage of anti-Disney publicity in papers all over the country.

"Early on," Hannaford notes, "our view was that we should see if we could give Disney a problem a day. . . or at least enough so they would eventually say, 'Oh no, not another one!'" Scheer puts it more bluntly: "Every morning they would wake up and find they had another bite on their ass."

This technique had two purposes: To make Disney spend money, and to damage its image. "The Disney Company is unique in America," Scheer explains. "It's pure and clean, motherhood and apple pie and all-American. We knew how much their image meant to them. Now all of a sudden there were all these respected people saying it was not smart."

As for money, Disney reportedly was spending at a rate of about \$50,000 per week—over \$2.5 million a year—on lawyers, publicists, and other costs of the campaign. The opposition was less expensive. Kotz says PHA raised about

\$130,000 from just under 1,100 gifts, the largest of which were two foundation grants of \$15,000 and \$25,000.

As the PR battle was engaged nationally, opponents turned their attention to what the national government could do for them. PHA wanted federal agencies to insist on a detailed (and thus time-consuming) environmental study. But Disney got some help of its own from Capitol Hill, notably from Virginia Senator John Warner, who raised the cry of states' rights.

But Disney didn't count on the fifth member of the anti-Disney team. Harry McPherson (no relation to the historian) is a lawyer and former White House counsel to Lyndon Johnson. He is also a friend of Moe, McCullough, and Scheer, and his impeccable political credentials and wide Democratic acquaintance gave him that most valuable of Washington assets: access to high officials.

McPherson, aided by his firm's top environmental litigator, Neil Thomas Proto, went to work to remind federal officials of their obligations under various environmental laws. Among McPherson's contacts were Senator Dale Bumpers, chairman of a Senate subcommittee on national parks, and Bruce Babbitt, the secretary of the Interior. McPherson met with both and presented a legal brief assuring them that Interior had a very broad jurisdiction and could require Disney to show that its project would not have a substantial effect on the nearby Manassas battlefield.

Now the public debate picked up. Disney's Eisner, meeting with *Washington Post* editors and reporters on June 13, said he was "shocked" at the opposition and, according to the *Post*, "reserved his strongest words for well-connected Washington insiders whose opposition, he charged, is motivated by a desire to protect the value of real estate that they own in the vicinity." The story said Eisner claimed to have been unaware how many "wealthy people" in the area "dropped in and out of cocktail parties with government officials and others."

The anti-Disney forces fired back three days later with a congressional resolution proposed by 16 House members urging federal officials to make sure Disney was "in strict compliance" with environmental laws. A week later, Bumpers delivered on his promise to hold a

hearing, which together with the House resolution gave Washington reporters a fresh angle on the story. *The New York Times* printed a long article, and more reporters and TV producers began to pay attention.

In midsummer, fate took a hand. Eisner, who had been deeply involved, underwent emergency quadruple bypass surgery on July 16. He recovered, but clearly was limited in the amount of work he could handle. Moreover, he was distracted by other matters at Disney—particularly a falling-out with Jeffrey Katzenberg, chairman of Disney Studios. Eisner's trusted number-two man at Disney, Frank Wells, had died in a helicopter crash the previous winter. Katzenberg wanted his job, but Eisner refused to give it to him, and Katzenberg left Disney in late August to form his own company.

At about the same time, it was becoming clear that the fight over the northern Virginia project would be long, litigious, expensive, and messy. Dick Moe had kept in touch with people on the other side—including John F. Cooke, chief executive of the Disney Channel and an acquaintance of Moe's when they both served on the board of the Center for National

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Policy, a Democratic think-tank in Washington.

Moe initiated a series of private conversations with Cooke while the two sides were still exchanging public rhetorical salvos. "In early August we got together," Moe says. "I tried to make the case that this was the wrong location. Cooke didn't argue, he just listened. He went back to California and I presume discussed the matter there."

In public, Disney was unshaken. But by early September, while Moe was in London, he got a message from his office that Cooke had called him. When Moe returned to Washington, they met again. "It seemed clear that they were trying

to find a way out and had become persuaded that the [Haymarket] site was wrong," Moe recalls.

On the night of September 28, Eisner called Moe. "He told me that they had to put out a press release that night because it was leaking out of Richmond (where Disney emissaries had gone that day to warn Governor Allen that they were pulling out)." Disney's statement that night from California said it would "seek a new site" for its theme park, and explicitly surrendered to the strategy of the opponents: "We recognize that there are those who have been concerned about the possible impact of our park on historic sites in this unique area, and we have always tried to be sensitive to this issue." □

The Washington Monthly

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As the agency that deals with the 4 million aliens who make legal requests for green cards each year, the Immigration and Naturalization Service's task is becoming increasingly difficult. As *The New York Times'* five-part series reveals, mismanagement and corruption has rendered the agency hopelessly ineffective. "Hobbled by understaffing, underfinancing, conflicting mandates from Congress and widespread mismanagement failures, it is an agency in disarray." In one INS branch in Virginia, corruption was so pervasive that the entire office was shut down. Budget woes are a perennial gripe at the agency, which is so understaffed that up to 1,500 pieces of mail go unopened every day.

With its \$177 million operating budget, New York's state legislature is the most expensive in the country. But until the *Herald American* ran this 11-part series, the product of more than a year and a half of investigation, New Yorkers had little idea where their tax dollars went. From in-house TV and radio studios that produce carefully orchestrated interviews with state legislators, to the more than 800 political party officers who bleed the payroll by working part-time for healthy salaries and full benefits, to the defeated legislators who are hired on as staff or superfluous consultants in order to bulk up their pensions, dollars are dropped easily in Albany.

The Monthly Journalism Award is presented each month to the best newspaper, magazine, television, or radio story (or series of stories) on our political system. Nominations for any newspaper, magazine, or radio or television station in the country are welcome. The subject can be government in its federal, state, or municipal manifestation. Please send nominations to Monthly Journalism Award, 1611 Connecticut Ave. NW, Washington, D.C. 20009. Two copies of the article or broadcast text should accompany the nomination.

Nominations for stories published or aired in October will close December 15. The winner will be announced in the January/February issue.