

**MARKETING VIOLENT MOTION PICTURE
PRODUCTS TO CHILDREN**

HEARING

BEFORE THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE**

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

SEPTEMBER 27, 2000

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

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MARKETING VIOLENT MOTION PICTURE PRODUCTS TO CHILDREN

WEDNESDAY, SEPTEMBER 27, 2000

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 9:30 a.m. in room SR-253, Russell Senate Office Building, Hon. John McCain, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR FROM ARIZONA

The CHAIRMAN. Good morning. The purpose of this hearing is to further consider the Federal Trade Commission report on marketing violent entertainment to children. This hearing is a functional extension of the one held 2 weeks ago. I want to thank the representatives of the motion picture industry for their attendance here.

It is my understanding that the Democrats will likely invoke the 2-hour rule again today. The result is a possibility that we will have to conclude at 11:30. As noted, the appearance of the motion picture studio executives is somewhat overdue, and I am sure everyone is anxious to hear their testimony and then move to questions. As such, we will suspend opening statements by Members of the Committee and move straight to the witnesses, and this will ensure we will have adequate time to get through the substance of this hearing before 11:30.

I realize Members have a great deal to say on this subject and that this is somewhat unusual, so I want to thank the Committee for their cooperation.

I would like to point out this morning that the front page story on the *New York Times*, Major Studios Use Children to Test Market Violent Films, will be addressed today by the witnesses.

STATEMENT OF HON. ERNEST F. HOLLINGS, U.S. SENATOR FROM SOUTH CAROLINA

Senator HOLLINGS. Mr. Chairman, I have the statement of the distinguished representative of the Motion Picture Association, Mr. Jack Valenti, and ask consent that it be included in the record.

The CHAIRMAN. Without objection.

[The prepared statement of Mr. Valenti follows:]

PREPARED STATEMENT OF JACK VALENTI, PRESIDENT & CHIEF EXECUTIVE OFFICER,
MOTION PICTURE ASSOCIATION OF AMERICA

In earlier testimony I pledged the Congress that the movie industry would treat the FTC report seriously, responsibly and with dispatch. In submitting to the Committee the 12-point set of Initiatives set out below, we have done just that. But Initiatives are useless unless they are understandable, and they cannot be understandable unless they are clearly stated. We have tried to do that as well.

We have received this Committee's comments with the gravity and respectful attention that the views of our elected representatives deserve.

These Initiatives are confirmed by the following movie studios:

The Walt Disney Company, Dreamworks SKG, Metro-Goldwyn-Mayer, Paramount Pictures, Sony Pictures Entertainment, Twentieth Century Fox Film Corporation, Universal Studios, Warner Bros.

The Initiatives listed below attach themselves to the three basic recommendations of the Federal Trade Commission's Report focusing on violence and entitled *Marketing Violent Entertainment to Children*. Items 1 through 5 are connected to the first FTC recommendation, which has to do with advertising and marketing; item 6 speaks to the second recommendation, that of compliance at theaters and retail stores; and items 7 through 12 are fitted to the Report's third recommendation, giving parents more information about ratings.

Initiatives of MPAA Member Companies

1. Each company will request theater owners not to show trailers advertising films rated "R" for violence in connection with the exhibition of its G-rated films. In addition, each company will not attach trailers for films rated "R" for violence on G-rated movies or videocassettes or DVDs containing G-rated movies.

2. No company will knowingly include persons under the age of 17 in research screenings for films rated "R" for violence, or in research screenings for films which the company reasonably believes will be rated R for violence, unless such person is accompanied by a parent or an adult guardian.

3. Each company will review its marketing and advertising practices in order to further the goal of not inappropriately specifically targeting children in its advertising of films rated R for violence.

4. Each member company will appoint a senior executive compliance officer or committee to review on a regular basis the company's marketing practices in order to facilitate the implementation of the initiatives listed above.

5. The MPAA will review annually how each member company is complying with the initiatives listed above.

6. The MPAA will strongly encourage theater owners and video retailers to improve compliance with the rating system.

7. The companies will seek ways to include the reasons for the ratings of films in its print advertising and official movie web sites for such films.

8. The MPAA has established or participated in the establishment of the following web sites: "mpaa.org"—"filmratings.com"—parentalguide.org." "Mpa.org", among other things, describes the rating system and includes a database listing almost every movie rated since the commencement of the rating system in 1968. "Filmratings.com" is a separate site devoted exclusively to providing ratings information on all rated movies, including the reasons for the ratings on recent releases. "Parentalguide.org" was established by MPAA in conjunction with the electronic game, music, cable and television broadcast industries. The site is intended to provide parents with one central site where they can obtain information about each of the ratings systems that have been developed in those industries. To insure that this information reaches a wider audience, each company will link its official movie web site to mpaa.org, filmratings.com and parentalguide.org.

9. Henceforth, each company will include on all packages of new rated releases for its videocassettes and DVDs the rating of such film and the reasons for the rating.

10. Henceforth, each company will include in the preface to its new rated releases for videocassettes and DVDs the reasons for the rating of the film, plus information about the filmratings.com web site.

11. The MPAA and each company will strongly encourage theater owners to provide reasons for the ratings of films being exhibited in their theaters in their customer call centers.

12. Each company will furnish newspapers with the reasons for the ratings of each of their films in exhibition and will request that newspapers include those reasons in their movie reviews. The MPAA and each company will seek newspapers'

cooperation in printing a daily column listing films in exhibition, their ratings and the reasons for the rating.

It is not a breach of the essentials of this testimony to declare that over a span of three decades and more the movie industry has been more attentive to the needs of parents than any other enterprise in the United States. Amid all the criticism of the film industry, almost as harrowing as the travels of Ulysses, perhaps it is reasonable, once again, to provision the Committee, the Congress and all who might read this paper with a re-statement of how the movie industry has so carefully attended to parental concerns.

Consider the durable success of the movie industry's voluntary movie rating system.

For almost 32 years, through our voluntary movie rating system, we have been offering advance cautionary warnings to parents about individual films so that parents can more watchfully and with rigor make their own decisions about the movies they want their children to see or not to see. That is a power only parents are warranted to wield, and it is their duty to exercise that power.

For almost 32 years, the movie industry has been the only segment of our national marketplace, including all business enterprises, that voluntarily turns away revenues in order to redeem the obligation we have to parents. No other non-entertainment American enterprise can make that statement.

For almost 32 years, we have been monitoring parents' reaction to movie ratings. In the latest of annual surveys conducted by the Opinion Research Corporation of Princeton, New Jersey, just completed three weeks ago, the rating system received *an all-time high in parental endorsement! 81% of all parents with children under 13 found the rating system to be 'Very Useful' to 'Fairly Useful' in helping them choose the films they want their children to see.* Nothing lasts 32 years in this unfaithful, volatile marketplace unless it is providing a benefit to the people it aims to serve, in this case, parents. Note: The FTC in its own independent appraisal of movie ratings found that 81% of parents said they were "satisfied" with the system.

That huge parental approval of the movie rating system may be derided, it may be distorted, but there it is. It cannot be ignored. That unfaltering and ever-rising support of parents for the rating system has to influence those who, without evidence, reach a fragmentary conclusion that "the rating system isn't working." Parents believe otherwise.

Moreover, too many, too often, imperfectly define the R-rating. "R" does not mean "adults only." That is the province of the "NC-17" rating category which bars children from viewing a movie so rated. The "R" rating clearly and openly informs parents that children are admitted to "R" movies if accompanied by a parent or adult guardian. Many parents take their children to R-rated movies which parents approve. Many parents allow their children to attend R-rated movies with other adults. The selection of such movies for attendance by children is a choice that only parents, and parents alone, are qualified to make. The rating system, most assuredly, does not intervene in such choices. All the rating system does in the R-category is to illuminate a cautionary warning in advance which is offered to parents so they can decide whether or not a specific R-rated movie is one they would decide to allow their children to watch. The rating system does not issue instructions to parents about R-rated movies. That would be both impermissible and impertinent.

All movies, no matter their rating, are not the same. Each time you produce a movie, you start a brand new creative enterprise that never existed before. Of the 500 or so films produced each year in the U.S. not all win unanimous public approval or cause universal comfort among those who watch. But the incontrovertible truth is that no one is so divinely anointed as to instruct artists on how to compose their films. Some movies are not so good. But more than some are wonderful entertainment, and some are truly superior works that inspire audiences and will endure. The central fact is that the creative artistry of the American film industry, with all its warts and all its splendor, is part of America's global glory.

Finally, many in and out of Congress feel genuine anxiety about what they judge to be a persistent decay in the moral code from which springs a society's ethical values. It is a question not unsuitable to be discussed and ventilated, especially by parents, by religious and educational leaders. If there is decay, how do we repair it? If there is no decay, how do we make the future proof against such intrusions?

My answer is: I believe that the survival and durability of a civic union depends on building within the breasts of young children a moral shield to impress on them what is right, and what is plainly wrong, to fortify their instincts and their judgments as they grow to adulthood. The construction of that moral shield, against which all the blandishments of peers and the enticements of the mean streets will crack and shatter, is mainly the duty of the home, the church and the school. If that duty is feebly performed or casually regarded by parents, clerics and teachers,

then no amount of hand-wringing or the issuance of laws and directives will salvage a child's conduct or locate a missing moral core. We all know that.

That continuing truth was best expressed a long time ago by Dr. Samuel Johnson and is still mightily relevant at this hour: "How small, of all that human hearts endure, that part which kings or laws can cause or cure."

The CHAIRMAN. Our panel this morning is Mr. Rob Friedman, vice chairman of the Motion Picture Group of Paramount, Mr. Jim Gianopulos, who is the chairman of Fox Films, Mr. Mel Harris, president and chief operating officer at Sony, Mr. Alan Horn, president and chief operating officer of Warner Brothers, Mr. Robert Iger, president and chief operating officer of Disney, Miramax, Mr. Chris McGurk, who is vice chairman and chief operating officer of MGM, Mr. Walter Parkes, who is co-head of Dreamworks, and Ms. Stacy Snider, who is the chairman of Universal.

Welcome to the panel, and because it was very difficult for us to understand the pecking order we thought the fairest way to begin would be to go by alphabetical order, which means you, Mr. Friedman. Welcome.

**STATEMENT OF ROB FRIEDMAN, VICE CHAIRMAN,
MOTION PICTURE GROUP, PARAMOUNT**

Mr. FRIEDMAN. Good morning, Mr. Chairman, Senator Hollings, and Members of the Committee. My name is Rob Friedman. I am vice chairman of Paramount Pictures Motion Picture Group, and I appreciate this opportunity to appear before you.

Violence within our society is an issue of concern to all of us. In the debate surrounding this subject, however, the distinction between film content and film marketing has often been obscured.

Senator KERRY. Can you pull the mike up close to you?

Mr. FRIEDMAN. You, Mr. Chairman, and the FTC are to be commended for highlighting the distinction between the artistic creation of content, which is so clearly constitutionally protected speech, and the marketing of those artistic works. Though we firmly believe the First Amendment also protects advertising for motion pictures, we want to emphasize that we hear your concerns and those of the FTC and are committed to strengthening our processes so that parents are provided with more information and our advertising messages are heard by the appropriate audiences.

Paramount wholeheartedly endorses the MPAA member company initiatives being provided to you today, and believes that they address the core concerns raised by the FTC in its report. We view these steps as both important and promising. Management at the highest levels of our company is committed to making them work.

Already we have organized a Compliance Committee, made up of senior legal and marketing executives, which will be responsible for implementing these changes to our marketing practices and ensuring their success. These individuals have already set in motion the initiatives to which we have committed. We expect to have each of these changes in place very soon.

Although today's discussion turns on marketing of entertainment products, it also touches on issues of content. I think we all recognize that violent themes in story telling—such as war, betrayal, and retribution—are anything but new. One need think only of traditional Grimm's Fairy Tales, the works of Shakespeare, or the lat-

est *New York Times* best-seller list to realize the interest of these themes spans the centuries and crosses into all age groups. What changes is that each person tells these stories in the context of his or her own environment and experiences.

Because the range of human experience is rich in variety, stories can be, and frequently are, not violent. In recent years, for example, Paramount releases have included *Runaway Bride*, *the Truman Show*, the *Rug Rats* movie, *Titanic*, *Indian in the Cupboard*, *Forrest Gump*, *Searching for Bobby Fisher*, and many other fine movies. The people associated with Paramount have built an extraordinary body of work that has enriched our culture and should make us all proud.

However, not every movie is a masterpiece, just as not every book wins a Pulitzer prize and not every painting ends up gracing the walls of the National Gallery. Movies, like paintings, books, plays and songs are art, and there is no simple formula that one can apply in making movies or in evaluating them.

There is also no set formula for marketing movies. Over the course of a year, any movie company will run hundreds of different advertisements in thousands of different outlets. As the FTC report indicates, we have not always been as careful as we could have been.

I do not believe, however, that we systematically focus our advertising efforts for R-rated films toward young children. In fact, our own analysis of the ages of the actual audiences for R-rated Paramount films included in the FTC study shows that, for our films, on average, less than 10 percent of the audience was under the age of 17.

In closing, I would like to leave you with a few thoughts that I hope will lend some useful perspective to this discussion. Like many of you, and like many of my colleagues, I am a parent myself. I am the father of two wonderful daughters. Like so many other parents in America, their mother and I work hard to meet the challenges of parenting, at least in part by helping our children make decisions regarding what movies and television programs they watch, what music they hear, and what games they play. That is our job as parents, and we take it seriously.

The current rating system provides a solid foundation for helping parents guide their children, and the enhancements that we propose today offer substantial potential for improvement. As we can see from the FTC's own survey, 98 percent of parents responded that they are usually involved in selecting what movies their children see, and 90 percent report that they restrict the movies their children watch. Those incredibly high numbers remind us that parents are already very involved in deciding what movies their children see.

It is in all of our interests to provide the best information so that parents can make their decisions freely and knowledgeably. We share your desire to find an effective and workable solution that protects both our children and our Constitution.

Thank you, Mr. Chairman, for the opportunity to testify. I look forward to answering any questions the Committee may have.

[The prepared statement of Mr. Friedman follows:]

PREPARED STATEMENT OF ROB FRIEDMAN, VICE CHAIRMAN,
MOTION PICTURE GROUP, PARAMOUNT

Good morning, Mr. Chairman and members of the Committee. My name is Rob Friedman, and I am the Vice Chairman of Paramount Pictures' Motion Picture Group. I appreciate this opportunity to come before you to comment on the Federal Trade Commission's recent report on the marketing of motion pictures and other forms of expression.

Violence within our society is an issue of concern to all of us, and questions concerning the possible relationship of societal violence to depictions of violence in the media have garnered national attention, particularly as we as a nation strive to cope with the aftermath of tragedies such as Columbine and to prevent any such occurrences in the future.

In the debate surrounding this subject, however, the distinction between film content and film marketing has often been forgotten or obscured. In some circles, the result has frequently been hasty recommendations for quick fixes that, upon reflection, prove to be neither quick nor fixes. You, Mr. Chairman, and the FTC are to be commended for a more thoughtful approach in highlighting the distinction between the artistic creation of content, which is so clearly constitutionally protected speech, and the marketing of those artistic works. Though we firmly believe that the First Amendment also protects advertising for motion pictures, we want to emphasize that we hear your concerns and those of the FTC and are committed to strengthening our processes so that parents are provided with more information and our advertising messages are heard by the appropriate audiences. In doing so, we are pleased to tell you that Paramount wholeheartedly endorses the MPAA member company initiatives being provided to you today and believes that they address the core concerns raised by the FTC in its report. We intend to support fully these initiatives, and we are reviewing and will continue to review our marketing practices to determine how best to meet the goals that underlie these principles.

I think it is important, though, that we not view violence as a problem that lends itself to simple solutions. As a society, we are confronted by many serious problems, many of which bear directly on the issue of violence, including the easy availability of guns, enduring poverty, the scourge of drug abuse, and child abuse and neglect.

Although today's discussion turns on the marketing of entertainment products, it also touches on issues of content, and I feel some personal observations could help us better appreciate the context in which we are all operating. I think we all recognize that violent themes in storytelling are anything but new. From the beginning, storytelling has utilized these themes of war, violent acts and betrayal. The existence or absence of these themes is not what defines art as worthwhile or worthless. Using art and entertainment to explore vicariously the varied challenges that these themes present to us as individuals and as members of a society is useful and long-established. One need think only of traditional Grimms' fairy tales, the works of Shakespeare or the latest *New York Times* bestseller list to realize that the interest in these themes spans the centuries and crosses into all age groups.

It should thus not be surprising that storytellers today continue to draw on the same themes that have occupied us since the first stories were told, and that these stories—told and retold—include these themes. What changes is that each person tells these stories in the context of his or her own environment and experiences. Contemporary storytellers try to tell their stories in ways that speak to contemporary society.

Because the range of human experience is rich in variety, stories can be—and today frequently are—not violent. Each year, the movie industry creates films that entertain and illuminate us and that become part of our cultural and intellectual heritage. In recent years, for example, Paramount releases have included *Runaway Bride*, *The Truman Show*, *The Rugrats Movie*, *Titanic*, *Indian in the Cupboard*, *Forrest Gump*, *Searching for Bobby Fischer*, *What's Eating Gilbert Grape?*, and many other fine movies. Every person at this table has been involved in bringing some wonderful films to audiences around the world. Cinema is a particularly American art form. The people associated with Paramount and the other studios have built an extraordinary body of work that has enriched our culture and should make us all proud.

However, not every movie is a masterpiece, just as not every book wins the Pulitzer Prize and not every painting ends up gracing the walls of the National Gallery. Movies—like paintings, books, plays and songs—are art and share with those other art forms qualitative differences in aspiration and outcome. And, as in art generally, there is no simple formula that one can apply in making movies, or in evaluating them.

Similarly, there is no set formula for *marketing* movies. Over the course of a year, any movie company will run hundreds of different advertisements in thousands of different outlets. And, in the case of television, these ads will air across a wide range of programs. As the FTC report indicates, we have not always been as careful as we could have been. I do not believe, however, that we systematically focus our advertising efforts for R-rated films toward young children. Our own analysis of the ages of the actual audiences for the R-rated Paramount films included in the FTC study shows that, for our films, on average, less than 10% of the audience was under the age of 17.

In closing, I would like to leave you with a few thoughts that, I hope, will lend some useful perspective to this discussion.

Like many of you, and like many of my colleagues, I'm a parent myself. In addition to my role at Paramount, I am also the proud father of two wonderful daughters. We all appreciate the challenges of raising children today. Like so many other parents in America, their mother and I work hard to meet these challenges, at least in part by helping our children make decisions regarding what movies and television programs they watch, what music they hear, and what games they play. That's our job as parents, and we take it seriously.

The current rating system provides a solid foundation for helping parents guide their children, and the enhancements that we propose offer substantial potential for improvement. As we can see from the FTC's own survey, 98% of parents responded that they are usually involved in selecting what movies their children see, and 90% report that they restrict the movies their children watch. Those are incredibly high numbers, and we should find them encouraging. They indicate that the vast majority of American parents take their responsibilities toward their children seriously and that they will make use of the greater information that we intend to provide them. Those numbers should also remind us that parents are *already* very involved in the decisions to guide their children's exposure to movies.

It is in the interests of all of us to provide the best information so that parents can make their decisions freely and knowledgeably. We share your desire to find an effective and workable solution that protects both our children and our Constitution.

The CHAIRMAN. Thank you, and I thank you and all the witnesses for making time to appear before the Committee this morning.

Mr. Gianopulos, welcome.

STATEMENT OF JIM GIANOPULOS, CHAIRMAN, FOX FILMS

Mr. GIANOPULOS. Mr. Chairman, Senator Hollings, Members of the Committee, I am Jim Gianopulos, chairman of Fox Entertainment. I appreciate your time and the opportunity to provide my comments on the very important topic.

The CHAIRMAN. Mr. Gianopulos, I apologize, you are going to have to pull it even closer. Thank you.

Mr. GIANOPULOS. For over 80 years we have taken great pride in what 20th Century Fox stands for, and during our long history we have consistently produced quality films that have entertained, amused, and at times raised the social consciousness of audiences in this country and around the world.

We produce movies of widespread appeal such as *The Sound of Music*, *Independence Day*, and *Star Wars*. We are responsible for bringing to the world socially relevant movies such as *The Longest Day*, *Gentleman's Agreement*, and *Patton*, as well as literary classics like *Romeo and Juliet*, the *Grapes of Wrath*, and the *Diary of Anne Frank*, and in recent years we have coproduced two of the last five movies that have won Best Picture at the Academy Awards, *Titanic*, and *Braveheart*.

Over these years we have earned the respect and the trust of our audiences who have come to associate the Fox fanfare which precedes our films with a rich heritage of quality entertainment. In

light of this proud tradition, we come before you prepared to address the questions raised about our industry's marketing practices.

Over the last few weeks we have engaged in many hours of intensive discussions and analysis in order to fully respond to the concerns raised by the FTC report. This analysis has included both an internal review of our marketing practices and conduct, as well as an external discussion of industry marketing standards with our fellow MPAA members. These efforts have led us to take steps to ensure that we market our films in ways that fully and responsibly reflect the trust placed in others by our audiences and the American public.

In developing our marketing programs, we must balance our social responsibilities with the right to free expression and the right of individuals in this country to determine their entertainment choices. Maintaining this balance in a complex media environment is a subjective and inherently imperfect process, but we do our best to achieve it.

In response to the FTC report we are committed to working even harder toward this goal in the future. Specifically, we have participated in creating and are fully committed to implementing the MPAA's 12-point initiative. We believe it addresses the three main areas of concern raised in the FTC report.

We work in an intensely competitive business on a daily basis, but today we sit before you committed and united by a common goal. By coming together with our competitors on this issue, we have taken steps to better serve American parents and their children. We appreciate the role this Committee has played in enabling us to put aside our differences and achieve this consensus.

In addition, our parent companies, News Corporation and the Fox Entertainment Group, yesterday announced a plan to marshal their diverse assets to further advance our goal of avoiding improper marketing of R-rated films. This plan, which is set forth in the news release attached to this testimony, will utilize the various resources of News Corporation and the Fox Entertainment Group to help educate parents about the movie rating system, as well as to restrict the placement of advertisement of R-rated movies on the Fox Television Network.

Finally, we at 20th Century Fox will augment the MPAA initiatives to further these important objectives, as set forth in the news release attached to my testimony.

We are firmly committed to taking these actions, and we can and must provide parents with the tools necessary to make informed decisions about what is best for their families. However, we cannot be in every living room or at every box office and video store. Ultimately, our success in these efforts will depend on the active involvement of parents in decisions about their children's entertainment choices.

Prior to taking my current position 2 months ago, I was in charge of our studio's international operations. I can assure you that all over the world, audiences embrace and enjoy our films and get a window into the values and freedom of our way of life. I urge you not to ignore the countless hours of entertainment, education, and inspiration we have brought the citizens of this country and

the world, and not to allow the issues before us to diminish the contributions of the many talented and hard-working people that create these films.

Mr. Chairman, Senator Hollings, Members of the Committee, I am a proud citizen of this country and, like most of you, a loving parent. I share many of the concerns expressed by you today, and am personally committed to improving our practices and ensuring adherence to the initiatives we have outlined.

Thank you very much.

[The prepared statement of Mr. Gianopulos follows:]

PREPARED STATEMENT JIM GIANOPULOS, CHAIRMAN, FOX FILMS

Mr. Chairman, Senator Hollings, and Members of the Committee. I am Jim Gianopulos, Chairman of Fox Filmed Entertainment. I appreciate your time and the opportunity to provide my comments on the very important topic before us today.

For over 80 years we have taken great pride in what Twentieth Century Fox stands for, and during our long history we have consistently produced quality films that have entertained, amused, and at times raised the social consciousness of audiences in this country and around the world. We have produced movies of widespread appeal such as *The Sound of Music*, *Independence Day*, and *Star Wars*. We are responsible for bringing to the world socially relevant movies such as *The Longest Day*, *Gentlemen's Agreement* and *Patton*, as well as literary classics like *Romeo and Juliet*, *The Grapes Of Wrath* and *The Diary of Anne Frank*. And in recent years, we have co-produced two of the last five movies that have won Best Picture at the Academy Awards: *Titanic* and *Braveheart*.

Over the years, we have earned the trust and respect of our audiences, who have come to associate the Fox fanfare, which precedes our films, with a rich heritage of quality entertainment. In light of this proud tradition, we come before you prepared to address the questions raised about industry marketing practices. Over the last few weeks, we have engaged in many hours of intensive discussion and analysis in order to fully respond to the concerns raised by the FTC report.

This analysis has included both an internal review of our marketing practices and conduct, as well as an external discussion of industry marketing standards with our fellow MPAA members. These efforts have led us to take steps to ensure that we market our films in ways that fully and responsibly reflect the trust placed in us by our audiences and the American public.

In developing our marketing programs, we must balance our social responsibilities with our right to free expression, and the right of individuals in this country to determine their entertainment choices. Maintaining this balance in a complex media environment is a subjective and inherently imperfect process, but we do our best to achieve it. In response to the FTC report, we are committed to working even harder toward this goal in the future.

Specifically, we have participated in creating and are fully committed to implementing the MPAA's 12-point initiative. We believe it addresses the three major areas of concern raised in the FTC report. We work in an intensely competitive business on a daily basis, but today we sit here before you united by a common goal. By coming together with our competitors on this issue, we have taken steps to better serve American parents and their children. We appreciate the role this Committee has played in enabling us to put aside our differences and achieve this consensus.

In addition, our parent companies, News Corporation and the Fox Entertainment Group, yesterday announced a plan to marshal their diverse assets to further advance our goal of avoiding improper marketing of R-rated films. This plan, which is set forth in the news release attached to this testimony, will utilize the various resources of News Corporation and the Fox Entertainment Group to help educate parents about the movie rating system as well as to restrict the placement of advertisements of R-rated movies on the Fox Television Network.

Perhaps most importantly, we at Twentieth Century Fox will augment the MPAA initiatives to further these important objectives in three significant ways. First, we will not attach, and we will request that theatre owners not show, trailers advertising any of our R-rated films in connection with the exhibition of "G" or "PG"-rated films. Second, we will not advertise any R-rated movies on any broadcast network program in which 35 percent or more of the audience is anticipated to be under 17. Third, we will not market or advertise any of our R-rated movies to any organiza-

tion, or in any publication in which 35 percent of the membership or audience is under 17.

We are firmly committed to taking these actions and we can and must provide parents with the tools necessary to make informed decisions about what is best for their family. However, we cannot be in every living room, or at every box office and video store. Ultimately, our success in these efforts will depend on the active involvement of parents in decisions about their children's entertainment choices.

Prior to undertaking my current position two months ago, I was in charge of our studio's international operations. I can assure you that all over the world audiences embrace and enjoy our films, and get a window into the values and freedom of our way of life. I urge you not to ignore the countless hours of entertainment, education and inspiration we have brought the citizens of this country and the world, and not to allow the issues before us to diminish the contributions of the many talented and hard working people that create these films.

Mr. Chairman, Senator Hollings, Members of the Committee, I am a proud citizen of this Country and, like most of you, a loving parent. I share many of the concerns expressed by you today and am personally committed to improving our practices and ensuring adherence to the initiatives outlined today.

Thank you.

NEWS CORPORATION

News Release

For Immediate Release

Contact: Andrew Butcher 212-852-7070

News Corporation and Fox Entertainment Group Announce "Family-Friendly" Initiatives

Eight-Point Program to Better Protect Children, Inform Parents

New York, NY, September 26, 2000—News Corporation (NYSE: NWS, NWS/A; ASX: NCP, NCPDP) and Fox Entertainment Group (NYSE: FOX) today announced the immediate implementation of a landmark eight-point "family friendly" policy to better protect children from inappropriate material and to assist parents in making more informed decisions about movies.

"All of us in the media industry have a fundamental responsibility to help parents cope with the many entertainment choices facing their children," said Peter Chernin, President and COO of News Corporation. "The plan we are implementing today covers all our filmed and broadcast media, and will help parents make more informed decisions."

Responding to an FTC report released eight days ago, News Corporation quickly moved to enhance its already strong efforts to support families. Leading elements of the plan include the following actions by News Corporation companies:

- Twentieth Century Fox Film will launch full implementation of the 12-point member company initiatives adopted by the MPAA;
- Augmenting the MPAA plan, Twentieth Century Fox Film will request theater owners not to show trailers advertising films rated R *for any reason* in connection with the exhibition of both its "G" and PG-rated films. Twentieth Century Fox will also not attach trailers for films rated R *for any reason* on "G" or PG-rated movies or on videocassettes or DVDs containing "G" or "PG" movies;
- The FOX Broadcasting Company will not accept advertising for R-rated films in any family programming, or in any program in which 35 percent or more of the audience is anticipated to be under 17;
- Twentieth Century Fox Film will not advertise any R-rated movies on any broadcast network program in which 35 percent or more of the audience is anticipated to be under 17;
- Twentieth Century Fox Film will not market or advertise any of its R-rated movies to any organization, or in any publication in which 35 percent of the membership or audience is under 17;
- The FOX Broadcasting Company will launch a broadcast campaign to educate parents about the ratings systems;
- The *New York Post*, a subsidiary of News Corporation, will print a daily column listing all films being exhibited in the New York market and the rating, as well as the reason for the rating, of each; and

- The Fox Family Channel will produce and air a one-hour special aimed at helping parents make better informed decisions about what films, music and video games are appropriate for their children; and to assist parents in better communicating those choices to their children.

The complete text of the plan is available at: <http://www.newscorp.com/public/news/newscorpplan.htm>

News Corporation had total assets as of June 30, 2000 of approximately US\$40 billion and total annual revenues of approximately US\$14 billion. News Corporation's diversified global operations in the United States, Canada, continental Europe, the United Kingdom, Australia, Latin America and the Pacific Basin include the production of motion pictures and television programming; television, satellite and cable broadcasting; the publication of newspapers, magazines and books; the production and distribution of promotional and advertising products and services; the development of digital broadcasting; the development of conditional access and subscriber management systems, and the creation and distribution of popular on-line programming.

The CHAIRMAN. Thank you, sir.
Mr. Harris, welcome.

**STATEMENT OF MEL HARRIS, PRESIDENT AND CHIEF
OPERATING OFFICER, SONY PICTURES ENTERTAINMENT**

Mr. HARRIS. Chairman McCain, Senator Hollings, Members of the Committee, ladies and gentlemen, good morning. My name is Mel Harris. I am president and chief operating officer of Sony Pictures Entertainment, a leading creator and global distributor of entertainment products, services, and technology. I am here before you today not just as an officer of a film entertainment company but also as a concerned citizen.

The CHAIRMAN. Mr. Harris, I apologize. You are going to have to pull it even closer.

Mr. HARRIS. I would like to preface my remarks by emphasizing the voluntary nature of our motion picture business. We are commercial enterprises who only succeed when our customers, old and young, volunteer to spend their limited money and scarce time to watch our movies in theaters and in their homes. That is a precious relationship we have with them, so we in return volunteer to have our movies rated, volunteer to have our advertising and marketing materials approved, volunteer to extend those approvals into the home video distribution channels, and volunteer initiatives here today.

The motion picture rating system in use now for 32 years is based on the family while protecting the rights of the creative individuals who astound the world with our ability to produce movies that entertain audiences across the globe. The rating system also seeks to protect the great diversity of family values of our audiences in the United States.

Central to that system is the proper placement for the judgment of whether to view our movies on parents rather than institutions. This means parents need a lot of information about our movies, and we want to give them more, a lot more and more ready access to that information.

I would point out that an "R" rating does not mean that a film is inappropriate for people under 17, but rather, it reflects a determination by the parents who make up the rating board that other parents should be cautioned to research that film before letting

their children see it. The “R” rating is a helpful service to parents, who are the ones making that final decision.

We are not here to suggest that all of our films are appropriate for everyone, but we are here to say we will give parents as much information as we can for them to decide if a given movie is appropriate for their children. We hope the measures we present and discuss today will give parents even more choices to learn about those films and to help in their decisions with their children’s choice of movies.

Thank you.

[The prepared statement of Mr. Harris follows:]

PREPARED STATEMENT OF MEL HARRIS, PRESIDENT AND CHIEF OPERATING OFFICER,
SONY PICTURES ENTERTAINMENT

Chairman McCain, Senator Hollings, distinguished Members of the Committee, I am Mel Harris, President and Chief Operating Officer for Sony Pictures Entertainment.

Thank you for the invitation to appear at this hearing on this important subject. Let me begin by giving you some background on Sony Pictures Entertainment. Sony Pictures is a leading creator and distributor of entertainment products, services and technology. Our global operations encompass motion picture production and distribution, television programming and syndication, home video acquisition and distribution, operation of studio facilities, digital entertainment products, services and distribution of filmed entertainment in 67 countries.

Our motion pictures group generates a diverse range of films for audiences worldwide. Columbia Pictures is our primary motion picture group focusing on widely released films. In addition we operate three other groups that focus on specialized markets and films. Sony Pictures Classics specializes in acquisition, marketing and distribution of prestigious foreign and American independent films. Screen Gems is a movie distribution label which provides a haven for the type of film that falls between those currently released Sony Pictures Classics and the wide release movies that are more traditionally developed and released by Columbia Pictures. In addition, Sony Pictures Family Entertainment Group creates, produces and distributes television programs.

I think it is important to discuss the rating system for motion pictures. From reading the FTC report and accounts of the previous hearings in Congress on this issue, there appears to be some misunderstanding of the rating system.

The basic mission of the rating system is a simple one: to offer to parents some advance information about movies so that parents can decide what movies they want their children to see or not to see. The rating program is based on the assumption of *responsibility by parents*.

The ratings are decided by a full-time Ratings Board located in Los Angeles. There are 8–13 members of the Board who serve for periods of varying length. They work for the Classification and Rating Administration (CARA). There are now seven full-time and five part-time members of the Ratings Board. Two members are designated as Co-Chairs.

The principal criteria for Ratings Board membership are that the individual is a parent of a child under the age of 18, that the individual possesses good judgment, and that the individual has no other connection with the motion picture industry. In addition, the Co-Chairs seek to include for service on the CARA Board individuals from a broad spectrum of racial and ethnic groups, and educational, geographic, and other backgrounds and experiences. CARA contacts organizations such as the Parent Teacher Association and other similar groups to solicit the names of potential raters.

The criteria considered by the Ratings Board in making its judgment include theme, violence, language, nudity, sensuality, drug abuse, among other elements. Part of the rating flows from how each of these elements is treated by the filmmaker. There is no special emphasis on any one of these elements. All are considered. All are examined before a rating is awarded.

It is important to keep in mind that CARA is operated separately from and independent of the operations of the Motion Picture Association of America, Inc. (“MPAA”). The sole management link with the trade association is the President of the MPAA, Jack Valenti, who has steadfastly enforced its walled-off character from the MPAA. The President of MPAA selects the Chair, with the concurrence of the

President of the National Association of Theater Owners (“NATO”). CARA supports itself from the fees it charges filmmakers to rate their films, and therefore is completely self-supporting. It receives no funds from MPAA, nor does it report to MPAA in any other way.

A producer or distributor of a motion picture (including pictures released directly to video) may submit that motion picture to CARA for rating. With the exception of member companies of the MPAA, filmmakers are free to choose whether or not to submit their films for rating. Only member companies of the MPAA are obliged to submit their films for rating. Each producer and distributor requesting a rating pays a fee which varies by the budget of the picture submitted for rating.

The members of the Ratings Board view the entire motion picture submitted for rating, deliberate about the appropriate rating and then vote, with the preliminary rating being determined by a majority vote. In certain situations specified by the rules, a particular rating may require more than a majority vote of the Board. The Co-Chairs vote when there is a close division among members of the Board. The preliminary rating is provided to the producer or distributor, who may accept it.

Upon acceptance of the preliminary rating, the film is rated, a Certificate of Rating is issued, and announcement of the rating is communicated to theater owners and the media through the weekly CARA Bulletin and on the CARA’s Internet website. If the producer or distributor does not accept the preliminary rating, it has three options: (1) It may choose to edit the film to try to seek a different rating; (2) it can appeal the rating; or, (3) if it is not a member company of the MPAA, it may distribute the film without a rating.

If a producer or distributor wishes to appeal a rating to the Rating Appeals Board, it may do so. The Appeals Board is composed of individuals designated by each MPAA member company, by exhibitor representatives designated by NATO, and by a representative of the American Film Marketing Association (“AFMA”). Members of the Appeals Board receive no compensation from CARA for their service on the Appeals Board.

Members of the Appeals Board meet to view the film for which the rating has been appealed. Following the screening of the film, the Appeals Board members hear presentations on behalf of the filmmaker and the Ratings Board, discuss the rating of the film, and then vote by secret ballot. The standard for overturning a rating is that the original rating of the CARA Ratings Board was clearly erroneous. An appeal ballot indicates whether the Appeals Board member favors overruling or sustaining the rating, but does not give reasons for that vote. A vote of a two-thirds majority of those present and voting is required to overturn a rating.

Of the approximately 15,350 films rated by the Classification and Rating Administration, there have been 301 appeals (1.96%). Of those 301 appeals, the Board’s rating has been sustained in 181 cases (60%). Thus, from the inception of the system over 30 years ago, only 0.78% of the ratings awarded by the CARA Board have been changed on appeal.

The Ratings Board discusses the rating of each motion picture in detail and conducts periodic general discussions of the ratings. The CARA ratings are intended to be used by American parents who currently have young children as a guide to determine which motion pictures are appropriate for their children. Accordingly, the Ratings Board membership and procedures are designed to provide ratings that reflect the current views of most American parents on what is appropriate for their children. To the extent there are changes in the views of American parents about the suitability of any type of motion picture content for their children, the Board’s decisions are intended to reflect those changes.

While we are mindful of the critical role parents play in the process of choosing films for their children, we are also aware that children may see the advertising for films that their parents may believe are not right for them. So we voluntarily submit all of our advertising materials, including billboards, trailers and television spots, to the MPAA’s Advertising Administration for its certification that these materials are suitable for viewing by persons of all ages.

The Advertising Administration is funded through fees collected by CARA for the rating of films. No separate fees are charged for approving advertising. All films that carry ratings are obliged to submit their advertising for approval to the Advertising Administration. There are very few appeals in comparison to the number of pieces of advertising submitted to the Advertising Administration for review. Most producers and distributors whose advertising submission is disapproved choose to revise the advertising and resubmit it, rather than to appeal.

The Co-Chairs of CARA have appeared before church groups, bar organizations, academic institutions, and others to discuss the ratings system. They have contacted various newspapers, magazines, and movie web site operators on the Internet that publish information about motion pictures, to encourage them to use the CARA rat-

ings in their publications and on their website. CARA also monitors reviews and other published information about motion pictures to make certain that the correct rating and reasons are given and CARA sends requests for correction when incorrect information is found.

To publicize the Ratings System, CARA supplies thousands of posters describing the Ratings System to theaters and video retailers, to be displayed in the theater or in the store. Since 1997, approximately 20,000 posters have been distributed to theaters and another 5,000 to video retailers.

Motion picture theater owners, who co-founded the rating system in 1968, were the first group in the entertainment industry to voluntarily enforce its guidelines. In the mid 1980's, as watching movies on videocassettes at home soared in popularity, video retailers joined theater owners in embracing the voluntary guidelines of the rating system. Parents who relied on the rating system to determine which films their children viewed in theaters found the information provided by the rating classifications equally helpful in home video. To facilitate its use, ratings are displayed on both the videocassette package and the cassette itself.

The Video Software Dealers Association (VSDA), which is the major trade association for video retailers in the United States, has adopted a "Pledge to Parents" which strongly endorses the observance of the voluntary movie rating system by video retailers.

It is crucial to make regular soundings to find out how the public perceives the rating program, and to measure the approval and disapproval of what they are doing. Nationwide scientific polls, conducted each year by the Opinion Research Corporation of Princeton, New Jersey, have consistently given the rating program high marks by parents throughout the land. The latest poll results show that 81% of parents with children under 13 found the ratings to be "very useful" to "fairly useful" in helping them make decisions for the moviegoing of their children. On the evidence of the polls, the rating system would not have survived if it were not providing a useful service to parents.

At Sony Pictures Entertainment, only about one-half our films were rated "R" in the last few years. The other half were rated "G", "PG", or PG-13. We do not distribute films rated NC-17. As those ratings suggest, we produce and distribute all kinds of films that, we hope, will appeal to all kinds of audiences, including families with young children. For example, last Christmas, we released to great success *Stuart Little*, a story about a mouse who was adopted by a human family. We also distributed another film, *The Adventures of Elmo in Grouchland*, featuring the "Muppets" characters. My point is that Sony Pictures produces and distributes all kinds of motion pictures, not just those that have drawn the attention of the FTC's study on "R" and PG-13 films that depict violence.

Parents believe they should be the ones on the front line in deciding what films their children should see. They are not willing to cede that responsibility to anyone. They realize that every child is different and that a parent is best positioned to know whether his or her child is mature or sophisticated enough to handle a particular message.

We believe the current movie rating system, augmented by the additional information that we and others provide to the public, gives parents the information they need and want to make an informed decision. I know that others who have appeared before this Committee disagree, claiming that parents somehow do not grasp what the ratings mean. Well, surveys demonstrate conclusively that parents do understand the rating system. They understand that a "PG-13" or "R" rating does not mean that a movie has been judged "inappropriate" for children, but, instead, that parents may find aspects of the film to be inappropriate for their children. They also understand that only an NC-17 rating constitutes a statement by the distributor that a film is intended only for "adults" or is not suitable for children. In short, parents know the difference between a yellow light—a caution—and a red light—a prohibition.

I believe that portions of the FTC narrative report operate from a mistaken premise that when a film is rated R, it is inappropriate for children under 17. That is not the case. Therefore, advertising those films rated R does not, as some suggest, undermine the rating system. In fact, advertising, with its emphasis on the "R" rating, reflects a determination that parents should be cautioned to look into the film before letting their children see it. The "R" rating is a helpful service to parents, who are the ones that ought to determine on a child-by-child basis whether a given film is appropriate. Let me give an example: our recent film about the American Revolution, *The Patriot*, was rated R for violence. Yet, I have spoken to parents of 13 and 14 year olds who were most appreciative that their children saw this very inspiring film.

Now you might say that it is self-serving for me to say that the film is appropriate for 14 year olds, but I want you to know that a wonderful independent source, writer Nell Minow, who calls herself the "Movie Mom," said the same thing. You can find this information on her website at www.moviemom.com.

Similarly, a number of newspapers, including the *Washington Post*, carry a weekly column called *The Family Filmgoer*, by Jane Horwitz Ms. Horwitz lets parents know what current films are appropriate for different age groups. In her most recent column she advised parents that in her view nine different films were appropriate for children aged 15 or 16, even though all nine had been rated R at least in part for violence. There are independent sources advising parents that some (though certainly not all) films rated-"R" for violence are indeed appropriate for some children under 17.

Who makes that decision? The parents. Our job in the industry is to give them as much information as possible to help them make an informed decision. Independent writers like Nell Minow and Jane Horwitz help parents make decisions. But we in the industry can and will do more; we will more widely disseminate the reasons why a particular rating was given; this information is already on our website and we will put this information on video cassette boxes, in movie theaters and in ads.

We are not here to say that all of our films are appropriate for everyone; we are here to say that we will give parents as much information as we can to decide if a given movie is appropriate for their children.

However, because of the concerns raised by this Committee, the FTC, and others, we want to take additional steps to reinforce our rating system that many parents have come to rely on. We hope that these additional steps will help to make this information accessible to even more parents wanting to make these important decisions, as well as to address additional concerns:

1. Each company will request theater owners not to show trailers advertising films rated R for violence in connection with the exhibition of its G-rated films. In addition, each company will not attach trailers for films rated R for violence on G-rated movies on videocassettes or DVDs containing G-rated movies.
2. No company will knowingly include persons under the age of 17 in research screenings for films rated R for violence, or in research screenings for films which the company reasonably believes will be rated R for violence, unless such person is accompanied by a parent or an adult guardian.
3. Each company will review its marketing and advertising practices in order to further the goal of not inappropriately specifically targeting children in its advertising of films rated R for violence.
4. Each member company will appoint a senior executive compliance officer or committee to review on a regular basis the company's marketing practices in order to facilitate the implementation of the initiatives listed above.
5. The MPAA will review annually how each member company is complying with the initiatives listed above.
6. The MPAA will strongly encourage theater owners and video retailers to improve compliance with the rating system.
7. The companies will seek ways to include the reasons for the ratings of films in its print advertising and official movie web sites for such films.
8. The MPAA has established or participated in the establishment of the following web sites: "mpaa.org"—"filmratings.com"—parentalguide.org." "Mpa.org", among other things, describes the rating system and includes a database listing almost every movie rated since the commencement of the rating system in 1968. "Filmratings.com" is a separate site devoted exclusively to providing ratings information on all rated movies, including the reasons for the ratings on recent releases. "Parentalguide.org" was established by MPAA in conjunction with the electronic game, music, cable and television broadcast industries. The site is intended to provide parents with one central site where they can obtain information about each of the ratings systems that have been developed in those industries. To insure that this information reaches a wider audience, each company will link its official movie web site to mpaa.org, filmratings.com and parentalguide.org.
9. Henceforth, each company will include on all packages of new rated releases for its videocassettes and DVDs the rating of such film and the reasons for the rating.

10. Henceforth, each company will include in the preface to its new rated releases for videocassettes and DVDs the reasons for the rating of the film, plus information about the filmratings.com web site.
11. The MPAA and each company will strongly encourage theater owners to provide reasons for the ratings of films being exhibited in their theaters in their customer call centers.
12. Each company will furnish newspapers with the reasons for the ratings of each of their films in exhibition and will request that newspapers include those reasons in their movie reviews. The MPAA and each company will seek newspapers' cooperation in printing a daily column listing films in exhibition, their ratings and the reasons for the rating.

We hope these initiatives will help to reinforce parents efforts in this area. Thank you for this opportunity to present these issues to the Committee. I will be glad to answer any questions.

The CHAIRMAN. Thank you, Mr. Harris. Mr. Horn, welcome.

**STATEMENT OF ALAN HORN, PRESIDENT AND CHIEF
OPERATING OFFICER, WARNER BROS.**

Mr. HORN. Thank you. Good morning, Chairman McCain, Senator Hollings, distinguished Members of the Committee. My name is Alan Horn, and I am here today as the person responsible for the production, distribution, and marketing of feature films at Warner Bros. I am also here as a father of two young girls, 11 and 12, and I believe as a socially responsible citizen. We have reviewed the FTC report, and I assure you that I am as concerned about the impact of marketing on our children as anyone in this room.

What I do at Warner Bros. with regard to the motion picture process is not that much different than what was done at the studio 75 years ago. I work with writers, producers, directors, actors and actresses, as well as with marketing and distribution executives, to deliver what we hope will be quality and entertaining films to a worldwide audience.

This is a creative process, and it does not lend itself to quantification easily. Films are not widgets or cans of beer or cigarettes. They are the collective voices and visions of the talented individuals who create them. They are meant to entertain us, to move us, amuse us, amaze us and thrill us and, at their finest, enrich our culture and our lives.

While there are films that I may not like, or that you may not like, they are all protected by our Constitution. Having said that, I am not shy about denouncing what I believe to be gratuitous film violence, and have been known to ruffle a few filmmakers' feathers as I go about managing our movie business. But words like gratuitous and appropriate and excessive are subjective and relative, and every day I struggle with balance, if you will. I strongly believe there must be a great variety and diversity of films competing in the marketplace, and each deserves the opportunity to be discovered and enjoyed by an audience.

The FTC report emphasizes that the marketing of films, not their content, is at issue, and though I fear that content is, indeed, the agenda of some, it is our marketing practices that I am here to address. But underlying the report is a flawed premise, that an R-rated film is not appropriate for anyone under 17.

In truth, the "R" rating says that those under 17 cannot attend unless accompanied by an adult. It means that it is up to parents

to determine the appropriateness of each film for their children. Obviously, we as film producers must provide parents with the information necessary to make those decisions, but there is nothing illegal or immoral or inappropriate about kids under 17 attending R-rated films if their parents allow them to do so.

That being said, we applaud the hard work and well-intentioned efforts of the FTC and believe this is a serious matter that deserves serious consideration. In fact, there is common ground between the report and Warner Bros.' own marketing practices. Young children have never been the focus of Warner Bros.' marketing efforts for R-rated films, and they never will be. Our primary target audience for R-rated films has always been and will always be those over 17.

My job is to uphold this longstanding tradition of responsible and ethical marketing practices at Warner Bros., to be sensitive to our times and the concerns of our audiences, and to work with artists, producers, exhibitors, retailers, and the media to do our collective part in providing parents with the tools and support they need to make informed decisions about the films their children see.

I reject any allegation that we are systematically or deliberately trying to circumvent our own rating system and the authority of parents. I am neither embarrassed nor do I apologize for anything in the report as far as Warner Bros.' practices are concerned, but there is always room for improvement.

Toward that end, and in an effort to be responsive to the recommendations of the FTC report, we not only fully endorse the MPAA initiatives, but also have taken them to the next level, as delineated in the attachment to my testimony. We have chosen to reinforce and clearly define our practices by establishing our own self-compliant set of guidelines which are consistent with the overarching values established by Time Warner.

More specifically, we will step up our vigilance in our media buys and in our marketing, using the FTC's definition of what constitutes a substantial portion of an audience, that is, 35 percent of the measurable audience. In other words, we will not advertise our R-rated movies in venues where more than 35 percent of the audience is under the age of 17.

We will continue to be strong supporters of the MPAA rating system as a key tool for parents, but we will supplement the rating system and the letters with the reason for the rating. For example, we will use "V" for violence, as well as "S" for sexual content, and "L" for language on every single marketing mechanism, as well as on video cassettes and DVD packaging and the preface to the film.

We believe the trailers, commercials, advertisements, publicity reviews and Internet sites should serve not only as methods for building interest in a film, but also as informative tools for parents, and we will not run trailers for R-rated movies with films that have either "G" or "PG" ratings.

Finally, we are strong advocates of enforcing the rating system at the box office, and we will work effectively with our exhibitors to encourage and support their efforts in that regard.

At the end of the day, ladies and gentlemen, after reading the FTC report, discussing it with my colleagues, including Chairman Barry Meyer of Warner Bros., we decided, well, either has merit or it does not, and we feel that it does, and either the recommenda-

tions make sense or they do not, and we feel they do, and that is why we are trying to be responsive as specifically as we can.

Warner Bros.' past practices and the attached guidelines demonstrate with clarity and specificity the sincerity of our commitment to our creative pursuits, to helping parents, serving our audiences, and to addressing the concerns expressed in the FTC report. Our professional obligation is to entertain. Our moral obligation is to entertain responsibly, and at Warner Bros. we pledge to do both.

Thank you.

[The prepared statement of Mr. Horn follows:]

PREPARED STATEMENT OF ALAN HORN, PRESIDENT AND
CHIEF OPERATING OFFICER, WARNER BROS.

I am here today as the person responsible for the production, distribution and marketing of feature films at Warner Bros. I am also here as the father of two young girls—11 and 12—and, I believe, as a socially responsible citizen. We have reviewed the FTC Report and I assure you that I am as concerned about the impact of our marketing on children as anyone in this room.

What I do at Warner Bros. with regard to the motion picture process is not that much different than what was done at the studio 75 years ago. I work with writers, directors, producers, actors and actresses as well as with marketing and distribution executives to deliver what we hope will be quality films to a worldwide audience. This is a creative process and it simply does not lend itself to quantification. Films are not widgets, or cans of beer, or cigarettes—they are the collective voices and visions of the talented individuals who create them. They are meant to entertain us, to move us, amuse us, amaze and thrill us . . . and at their finest . . . enrich our culture and our lives. While there are films that I may not like, or you may not like, they are all protected by our constitution.

Having said that, I am not shy about denouncing what I believe to be gratuitous film violence, and have been known to ruffle a few filmmaker's feathers as I go about managing our movie business. But words like gratuitous and appropriate and excessive are relative, and every day I struggle with balance, if you will. I strongly believe that there must be a great variety and diversity of films competing in the marketplace and each deserves the opportunity to be discovered and enjoyed by an audience.

The FTC Report emphasizes that the marketing of films, not their content, is at issue. And though I fear that content is indeed the agenda of some, it is our marketing practices that I am here to address. But underlying the Report is a flawed premise—that an R-rated film is not appropriate for anyone under 17. In truth, the "R" rating says that those under 17 cannot attend unless accompanied by an adult. It means that it is up to parents to determine the appropriateness of each film for their children. Obviously, we as film producers must provide parents with the information necessary to make those decisions. But there is nothing illegal or immoral or inappropriate about kids under 17 attending R-rated films . . . if their parents allow them to do so.

That being said, we applaud the hard work and well-intentioned efforts of the FTC and believe this is a serious matter that deserves serious consideration. In fact, there is considerable common ground between the Report and Warner Bros.' own marketing practices. Young children have never been the focus of Warner Bros.' marketing efforts for R-rated films, and they never will be. Our primary target audience for R-rated films has always been, and will always be, those over 17.

My job is to uphold this longstanding tradition of responsible and ethical marketing practices at Warner Bros.; to be sensitive to our times and the concerns of our audiences; and to work with artists, producers, exhibitors, retailers and the media to do our collective part in providing parents with the tools and support they need to make informed decisions about the films their children see.

I reject and resent any allegation that we systemically and deliberately try to circumvent our own ratings system and the authority of parents. I am neither embarrassed nor do I apologize for anything in the Report as far as Warner Bros.' practices are concerned, but there is always room for improvement.

Towards that end, and in an effort to be responsive to the recommendations of the FTC Report, we not only fully endorse the MPAA initiatives, but also have taken them to the next level as delineated in the attachment to this testimony. We have chosen to reinforce and clearly define our practices by establishing our own

self-compliant set of guidelines, which are consistent with the overarching values established by Time Warner.

We will step up our vigilance in our media buys and in our marketing, using the FTC's definition of what constitutes a "substantial" portion of an audience (35% of the measurable audience). We will continue to be strong supporters of the MPAA rating system as a key tool for parents, and will supplement the rating letter with the reason for the rating (in instances of violence as well as sexual content and language) on every single marketing mechanism as well as on videocassette and DVD packaging and the preface to the film. We believe that trailers, commercials, advertisements, publicity, reviews and Internet sites should serve not only as methods for building interest in a film, but also as informative tools for parents. Moreover, we are strong advocates of enforcing the rating system at the box office, and will work actively with our exhibitors to encourage and support their efforts in that regard.

Warner Bros.' past practices and the attached guidelines demonstrate the sincerity of our commitment to our creative pursuits, to helping parents, to serving our audiences and to addressing the concerns expressed in the FTC Report. Our professional obligation is to entertain. Our moral obligation is to entertain responsibly. At Warner Bros., each of us feels a personal obligation to do both.

Warner Bros. Pictures Marketing Guidelines

Warner Bros. Pictures will continue its commitment to the responsible marketing of all the films produced and distributed by the Company. **Warner Bros. Pictures' target demographic for R-rated films will continue to be audiences 17 and over.** The following is meant to either strengthen or expand upon the Company's current policies and guidelines to help ensure self-compliance and to continue to help parents make informed decisions about films their children see.

Warner Bros. Pictures

- *will not* market its R-rated films in print or television where a *substantial* portion of the audience is under the age of 17. For outlets that will not "guarantee" time-slot designation, Warner Bros. Pictures will request that spots for R-rated movies be placed only in appropriate programs, using the *substantial* audience definition as the perimeter for acceptable placement. (*Substantial* is defined as more than 35% of the measurable audience.)
- *will not* market its R-rated films to youth organizations or venues where one can reasonably and accurately measure that a *substantial* portion of that population is under the age of 17 (e.g., scouting groups, clubs, in schools).
- *will not* allow any one under the age of 17 into research screenings or focus groups for R-rated films (or for those films reasonably believed *will* be rated R), unless accompanied by a parent or an adult guardian.
- *will not* enter into promotions or toy-driven product tie-ins targeted to children for R-rated films.
- *will not* license, manufacture or allow to be manufactured merchandise aimed at children for R-rated films.
- *will not* attach trailers for R-rated films to "G" or PG-rated films. Warner Bros. Pictures will advise theater owners not to show trailers for R-rated films in connection with the exhibition of its "G" or PG-rated films.

Warner Bros. Pictures . . .

- *will* add the supplemental language designating the reason for ratings on:
 - all print advertising of a ½ page or greater; for smaller ads the designation will simply be "Rv" or "Rs" or "Rl." The size of reason letter (v, s or l) will be no less than 50% of the size of the rating identifying letter ("R");
 - all trailers;
 - all on-air spots;
 - all press materials (newspapers and magazines will also be encouraged to carry ratings reasons in their stories and reviews);
 - all marketing materials (standees, poster, one sheets, etc.);
 - all websites under control of the Company.
- *will* carry ratings reasons in the preface as well as on all packaging of all new videocassette and DVD releases

- *will* link all of its websites to such ratings' information sites as MPAA.org, parentalguide.org and filmratings.com (the latter will also be displayed on the preface of videos and DVDs).
- will work with the networks, creative guilds, parents groups, the media and the MPAA to further educate parents about the ratings system.
- *will* continue to encourage and support film exhibitors in their efforts to improve compliance of the ratings system, working with theatre owners to create such compliance programs as id checks at the box office, incentives for diligent employees and spot checks at the auditorium doors.
- *will* continue to closely monitor all the marketing, advertising and research practices of its in-house operations as well as those of third-party vendors. As a regular part of its self-regulating practices, Warner Bros. and Warner Bros. Pictures executives will undertake an annual review to ensure its practices are consistent with the aforementioned guidelines.

The CHAIRMAN. Thank you, Mr. Horn. Welcome back, Mr. Iger.

**STATEMENT OF ROBERT IGER, PRESIDENT AND CHIEF
OPERATING OFFICER, THE WALT DISNEY COMPANY**

Mr. IGER. Mr. Chairman, Members of the Committee, good morning. I am Bob Iger, president and chief operating officer of the Walt Disney Company. After reading the transcript of your last hearing on this subject I was struck by a number of statements you made. Let me quote a few of them.

How difficult the challenges are for parents, much more difficult than in our generation in raising our own children. To the degree that there is a false advertising process, or there is marketing to children, that is egregious. It is unacceptable, and we should all be against it.

But on the other hand, let's not sit here and blame it all on one entity. Responsibilities accompany rights. You cannot regulate decency or legislate taste. What we are asking for is not censorship, but simply, better citizenship. The buck always stops at the chief executive officer and the president.

Mr. Chairman, I could not agree more with all of those sentiments, especially the last one. The buck does indeed stop with the people at the top, which is why I am here today to testify in behalf of the Walt Disney Company. We are proud of our company's record as a corporate citizen. We are also proud of the wonderful, rich array of family friendly, high quality entertainment our company creates and distributes.

But clearly there were times during the period discussed in the FTC report when we allowed competitive zeal to overwhelm sound judgment, and appropriate standards in the marketing of some of our R-rated films released by Touchstone, Hollywood, Miramax, and Dimension Pictures. We cannot on the one hand tout the effectiveness of our television commercials when we sell time to our sponsors and on the other hand disavow the effectiveness of our movie marketing.

As many of you are aware, we have recently undertaken full review of our policies and practices with regard to the marketing of R-rated films, and have publicly announced a set of guidelines to govern the future marketing of all R-rated films. We believe these guidelines are a serious and significant response to the issues raised in the FTC report.

To make sure these guidelines are fully adhered to, we have instituted an internal compliance process involving a monthly review of their implementation by Disney's general counsel. The guidelines will be under constant review and, if we find a more stringent approach is called for, we will adjust them wherever necessary as we go forward.

Our guidelines are framed in an acknowledgement that the world has changed for America's families. There is no question that parents face increasing challenges in monitoring the content their children are exposed to. We believe the best way to address this reality is to be a good partner to America's parents, and there are two ways to accomplish this.

One is to provide a steady flow of family friendly entertainment under the Disney banner, and the other is to be more responsible in the marketing of a non-Disney entertainment. This second point is what our guidelines are all about. By marketing R-rated movies more responsibly, we will be meaningfully assisting parents in deciding what film entertainment is appropriate for their children.

Along these lines, we would like to state for the record our support for the creation of a universal rating system that would provide a clear and consistent guide across all entertainment platforms. We believe that a universal system would represent a significant step toward helping parents make informed decisions about the entertainment their children see and hear.

This could be achieved by extending the current MPAA movie rating system to television, video games, and music. The MPAA system is one that works. People are familiar with it, and they understand it. While we acknowledge the practical difficulty of implementing a universal system, our company intends to be a constructive and ardent industry voice in overcoming the hurdles to make this happen.

I would like to close by citing one more quote from the September 13 hearing. Mr. Chairman, in your opening remarks you said the industry has a responsibility to refrain from making much more difficult a parent's responsibility to see that their children grow up healthy in mind and body. We emphatically agree with this sentiment, but we believe we can do a better job than simply refraining from making a parent's job more difficult and instead be constructive partners with parents in making their jobs easier.

Thank you very much.

[The prepared statement of Mr. Iger follows:]

PREPARED STATEMENT OF ROBERT IGER, PRESIDENT AND CHIEF OPERATING OFFICER,
THE WALT DISNEY COMPANY

Mr. Chairman and Members of the Committee, good morning.

After reading the transcript of your last hearing on this subject, I was struck by a number of statements you made.

Let me quote a few of them:

“How difficult the challenges are for parents, much more difficult than in our generation and raising our own children.”

“To the degree that there is a false advertising process or that there’s a marketing to children, that’s egregious. It’s unacceptable, and we should all be against it. But on the other hand, let’s not . . . sit here and blame it all on one entity.”

“Responsibilities accompany rights.”

“You cannot regulate decency or legislate taste. What we’re asking for today is not censorship but simply better citizenship.”

“The buck always stops at the chief executive officer and president.”

I could not agree more with all of these sentiments, especially the last one. The buck does indeed stop with the people at the top, which is why I am here today to testify on behalf of The Walt Disney Company.

We are proud of our company’s record as a corporate citizen. And we are also proud of the wonderful and rich array of family-friendly, high quality entertainment our company creates and distributes.

But, clearly, there were times during the period discussed in the FTC report when we allowed competitive zeal to overwhelm sound judgment and appropriate standards in the marketing of some of our R-rated films released by Touchstone, Hollywood, Miramax and Dimension Pictures. We cannot, on the one hand, tout the effectiveness of our television commercials when we sell time to our sponsors, and on the other hand disavow the effectiveness of our movie marketing. And so, we are accepting responsibility for instances of inappropriate marketing of R-rated films and we are now taking measures to see that this does not happen again.

As many of you are aware, we have recently undertaken a full review of our policies and practices with regard to the marketing of R-rated films and have publicly announced a set of guidelines to govern the future marketing of all Touchstone, Hollywood, Miramax and Dimension R-rated films.

We believe these guidelines are a serious and significant response to the issues raised in the FTC report. To make sure that these guidelines are fully adhered to, we have instituted an internal compliance process involving a monthly review of their implementation by Disney’s general counsel. In this way, the guidelines will be under constant review and, if we find that a more stringent approach is called for, we will adjust them wherever necessary as we go forward.

Our guidelines are framed in an acknowledgment that the world has changed for America’s families. There is no question that parents face increasing challenges in monitoring the content their children are exposed to. We believe the best way to address this reality is to be a good partner to America’s parents. There are two ways to accomplish this—one is to provide a steady flow of family-friendly entertainment under the Disney banner and the other is to be more responsible in the marketing of our non-Disney entertainment.

This second point is what our guidelines are about. By marketing R-rated movies more responsibly, we will be meaningfully assisting parents in deciding what film entertainment is appropriate for their children.

Along these lines, we would like to state for the record today our support for the creation of a universal ratings system that would provide a clear and consistent guide across all entertainment platforms. We believe that a universal system would represent a significant step toward helping parents make informed decisions about the entertainment their children see and hear.

This could be achieved by extending the MPAA movie rating system to television, video games and music. The MPAA system is one that has worked; people are familiar with it and they understand it. While we acknowledge the practical difficulty of implementing a universal system, our company intends to be a constructive and ardent industry voice in overcoming the hurdles to make it happen.

I would like to close by citing one more quote from the September 13 hearing.

Mr. Chairman, in your opening remarks at that hearing you said that the industry has a “responsibility to refrain from making much more difficult a parent’s responsibility to see that their children grow up healthy in mind and body.”

We emphatically agree with this sentiment—but we believe that we can do better than simply “refraining from making a parent’s job more difficult” . . . and instead be constructive partners with parents in making their job easier.

Thank you for your time.

The CHAIRMAN. Thank you, Mr. Iger. Mr. McGurk, welcome.

STATEMENT OF CHRIS MCGURK, VICE CHAIRMAN AND CHIEF OPERATING OFFICER, MGM

Mr. MCGURK. Good morning, Chairman McCain, Senator Hollings, Members of the Committee. On behalf of MGM and as a parent of three children ages 15, 12, and 7, I want to thank the Committee for focusing on this issue of concern to so many of us.

Perhaps the best use of my time today is not to dwell on the role of parents in this issue, or to reiterate the importance of the First Amendment. Those are topics you already know and appreciate. Instead, I would like to talk about some of the causes of the marketing problems referenced in the FTC report, the measures we at MGM implemented to address those problems long before the report was distributed, and the additional steps we intend to take to further address the Committee's and our concerns about this issue.

I would like to emphasize that we at MGM are very committed to resolving this issue. MGM enjoys the unique position of being the last major American-owned motion picture company that is not part of a media conglomerate with cable, broadcast, or music interests. Therefore, our company currently concentrates almost exclusively on the movie-going audience. With that in mind, here is what MGM and our other important production label, United Artists, are implementing to address this issue.

First, 18 months ago our company began a sweeping management change and turn-around that gave new direction to MGM and United Artists. That management change gave us a unique opportunity to critically review from the ground up many of the difficulties that arise in the business of producing and marketing movies.

Our review process identified that during the lengthy evolution of a film, a communications and coordination gap sometimes occurs among the production, marketing, and distribution divisions within a studio, and between the studio and filmmakers. As a result, completed motion pictures sometimes do not exactly conform to the type of film the studio believed it was making when it originally greenlit the project.

In addition, completed pictures often appeal to an audience different from the one they were originally supposed to reach. Finally, the marketing of a completed film can sometimes be directed toward an audience for which the picture should have been made rather than the audience for which it was actually made.

We believe that several instances cited by the FTC in which R-rated films were targeted to a young audience are an outgrowth of this industry-wide problem. Therefore, in 1999 we implemented a completely new and carefully designed greenlighting procedure for our films. Currently we do not greenlight any film until all of the relevant senior executives in the company from all disciplines, production, marketing, distribution, video, television, finance, and legal, have together critically reviewed all aspects of production and marketing for a project. This process results in a timely and clear understanding across all divisions of our company of the film's content, what we want the target audience to be, what the rating will be, and how we will market the film.

Equally important, in 1999 we began holding what we call focus meetings with each director and producer on all of our films before the start of production. These meetings were designed to ensure that there is complete agreement between the studio and the filmmakers regarding the content of the film, the target audience for the film, and its rating. There have been occasions when we have decided not to use a particular director as a result of these meetings.

These new initiatives have gone a long way to alleviate the coordination issues in the production and marketing process that I described a moment ago. However, even with improved procedures and the best of intentions, we may still find ourselves with films that unfortunately end up not as expected in either their content or their audience appeal.

In one instance, we were concerned that an R-rated science fiction film produced by MGM's prior management would appeal to a younger audience. We cut the film to a PG-13, even though the company had expended significant sums of money on the previous R-rated cut, and directed our marketing efforts in an appropriate manner for the PG-13 rating.

In another instance, an R-rated film that was produced by prior management and delivered to us after the management change in 1999 contained a level of violence and other content so objectionable that we refused to release it and sold it back to the producer at a significant financial loss to MGM.

In addition to the initiatives I just described, last year we also instituted the policy of not permitting anyone under 17 to attend our test screenings unless accompanied by a parent or adult guardian.

Another key factor in the recent turn-around at MGM United Artists is a set of business principles that we implemented in 1999 and obligated all of our employees to follow. It is inconsistent with these business principles to target R-rated films against an under-age audience, and we already appointed a Compliance Committee within our company to monitor our marketing activities which meets on a biweekly basis.

Finally, I want to emphasize that this is a very complex issue, involving many groups with shared responsibilities, not just the motion picture studios, but theater owners, retailers, and television and cable networks, all of whom need to take a carefully disciplined and responsible approach to give our most important partners on this issue, parents, including this parent, the information and tools they need to decide what is appropriate for their children.

I appreciate the opportunity to address this very important issue with the Committee. Thank you very much.

[The prepared statement of Mr. McGurk follows:]

PREPARED STATEMENT OF CHRIS MCGURK, VICE CHAIRMAN AND
CHIEF OPERATING OFFICER, MGM

Good morning Chairman McCain, Senator Hollings, Members of the Committee. On behalf of MGM, and as a parent of three children ages 15, 12 and 7, I want to thank the Committee for focusing on this issue of concern to so many of us.

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causes of the marketing problems referenced in the FTC report, the measures we at MGM implemented to address those problems long before the report was distributed and the additional steps we intend to take to further address the Committee's—and our—concerns about this issue.

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Our review process identified that, during the lengthy evolution of a film, a communications and coordination gap sometimes occurs among the production, marketing and distribution divisions within a studio, and between the studio and filmmakers. As a result, completed motion pictures sometimes do not exactly conform to the type of film the studio believed it was making when it originally greenlit the project. In addition, completed pictures often appeal to an audience different from the one they were originally supposed to reach. Finally, the marketing of a completed film can sometimes be directed toward an audience for which the picture *should* have been made rather than the audience for which it was *actually* made.

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Equally important, in 1999 we began holding what we call "focus meetings" with each director and producer on all of our films before the start of production. These meetings are designed to ensure that there is complete agreement between the studio and the filmmakers regarding the content of the film, the target audience for the film, and its rating. There have been occasions when we have decided not to use a particular director as a result of these meetings.

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Another key factor in the recent turnaround at MGM and United Artists is a set of business principles that we implemented in 1999 and obligated all of our employees to follow. It is inconsistent with these business principles to target R-rated films against an underage audience. And we have already appointed a compliance committee within our company to monitor our marketing activities.

Finally, I want to emphasize that this is a very complex issue involving many groups with shared responsibilities—not just the motion picture studios but theater owners, retailers, television and cable networks, and advertisers—all of whom need to take a carefully disciplined and responsible approach to give our most important partners on this issue—parents, including this parent—the information and tools they need to decide what is appropriate for their children.

I appreciate the opportunity to address this very important issue with the Committee.

Thank you very much.

The CHAIRMAN. Thank you, Mr. McGurk. Mr. Parkes.

**STATEMENT OF WALTER PARKES,
CO-HEAD, DREAMWORKS SKG**

Mr. PARKES. Thank you, Mr. Chairman. I am pleased to be here representing Dreamworks, but I am also here as a parent of two children and as someone who shares the Committee's interest in this issue. In reviewing the recommendations and findings in the Federal Trade Commission's report, I believe there are constructive actions we as an industry can take in response to the concerns and issues you have raised.

I agree we must be more diligent in providing information to parents to help them make educated choices about the movies their children may or may not see. I also agree that children should not be targeted in the marketing of movies that were made for more mature audiences.

You have before you today a document that has been prepared in concert with the MPAA and specific actions concerning films rated R for violence. We embrace these industry-wide initiatives, and will work closely with our colleagues in the industry and in the MPAA in their implementation.

I do, however, want to stress that it is the industry and, in fact, the individual companies themselves that must take the leadership role in implementation of these recommendations. I would like to talk about a few of our company's releases to illustrate why I believe this is the case.

Now, as a relatively new studio, we have released only nine R-rated films to date. I believe we have acted in a responsible manner in marketing these films. We have been conscious of and sensitive to not inappropriately marketing these films to children, particularly those that were rated R for violence. However, we must remember that not all R-rated films are created equal. When these movies are released, our marketing department must take into careful consideration not just their rating but their content.

Now, a case in point is Saving Private Ryan. This was a World War II drama that depicted battle in a very graphic and uncompromising way, which justifiably earned it an "R" rating for violence. Despite its rating, the film is deemed by many parents and educators to be appropriate for certain younger adults because of its historical significance.

Nonetheless, Dreamworks, along with Steven Spielberg, the film's director, took to the airwaves to warn potential audiences of its violent content. In other words, this was a case when we went beyond accepted guidelines because we felt that the rating itself did not provide sufficient information.

Now, on the other hand, consider another of our films that was rated R for violence, Amistad, which brought to life the true story of a struggle for freedom that all but faded from the pages of American history. While we did not target teenagers in our television advertising, we did work with educators who create study guides re-

garding the Amistad incident which were made available to senior classes in high school.

Now, could this be construed as marketing a film rated R for violence to teenagers? Well, perhaps, but I doubt anyone in this room would argue against making a young adult audience aware of Amistad or allowing them to see it with parental supervision.

Again, take American Beauty, which won the Oscar for Best Picture last year. Despite the film's artistry, it contains themes that are clearly inappropriate for young teenagers, and the film was marketed accordingly.

The point is, there can be instances when "R" rating for violence should not preclude a teenager from being exposed to the advertising of a film or from seeing that film, provided that it is with the parent's full and knowledgeable consent. Each R-rated film is unique, and therefore presents unique marketing challenges. Our job and that of the other studios is to meet those challenges responsibly and to provide parents with information to make an educated decision.

In closing, I want to reiterate that Dreamworks has not and will not inappropriately target children in our advertising of films rated R for violence, but the responsibility of ensuring that children ultimately view films that are age-appropriate must ultimately be shared by the studios, networks, exhibitors, and most importantly, the parents themselves.

Thank you.

[The prepared statement of Mr. Parkes follows:]

PREPARED STATEMENT OF WALTER PARKES, CO-HEAD, DREAMWORKS SKG

Thank you, Mr. Chairman, I am pleased to be here representing DreamWorks—but I'm also here as a parent of two children, and as someone who shares the Committee's interest in this issue.

In reviewing the recommendations and findings in the Federal Trade Commission's (FTC) report, I believe there are constructive actions we as an industry can take in response to the concerns and issues you've raised. I agree that we must be more diligent in providing information to parents to help them make educated choices about the movies their children may or may not see. I also agree that children should not be targeted in the marketing of movies that were made for more mature audiences. You have before you today a document that has been prepared in concert with the MPAA on specific actions concerning films rated R for violence. We embrace these industry-wide initiatives and we'll work closely with our colleagues in the industry and the MPAA in their implementation.

I do, however, want to stress that it is the *industry*—in fact, the individual *company's* themselves—that should take the leadership role in the implementation of these recommendations. I'd like to talk about a few of our company's releases to illustrate why I believe this to be the case.

As a relatively new studio we have released only nine R-rated films to date. I believe we have acted in a responsible manner in marketing these films. We have been conscious of, and sensitive to, not inappropriately marketing these films to children, particularly those that were rated R for violence. However, we must remember that not all R-rated films are created equal. When these movies are released, our marketing department must take into careful consideration not just their rating—but their content.

A case in point is *Saving Private Ryan*. This was a World War II drama that depicted battle in a very graphic and uncompromising way, which justifiably earned it an R-rating for violence. Despite its R-rating, the film was deemed by many parents and educators to be appropriate for certain younger adults because of its historical significance. Nonetheless, DreamWorks, along with Steven Spielberg, the film's director, took to the airwaves to warn potential audiences of its violent content; in other words, this was a case when we went *beyond* accepted guidelines because we felt that the rating itself *did not provide* sufficient information.

On the other hand, consider another of our films that was R-rated for violence, *Amistad*, which brought to life a true story of the struggle for freedom that had all but faded from the page of American history. While we didn't target teenagers in our advertising, we did work with educators to create study guides regarding the Amistad incident which were made available to senior classes in High School. Could this be construed as marketing a film rated R for violence to teenagers? Perhaps—but I doubt anyone in this room would argue against making a young adult audience aware of the Amistad, or allowing them to see it with parental supervision.

Then again, take *American Beauty*, which won the Oscar for Best Picture last year. Despite the film's artistry, it contains scenes and themes that are clearly inappropriate for younger teenagers—and was marketed accordingly. The point is, there can be instances when the "R" rating for violence should not preclude a teenager from being exposed to the advertising of a film, or from seeing that film—provided that it is with parents' full and knowledgeable consent. Each R-rated film is unique, and therefore presents unique marketing challenges. Our job is to meet those challenges responsibly, and to provide parents with information to make an educated decision.

In closing, I want to reiterate that DreamWorks has not and will not inappropriately target children in our advertising of films rated R for violence. But, the responsibility of ensuring that children *view* films that are age appropriate must ultimately be shared by the studios, networks, exhibitors and most importantly, parents. Thank you.

The CHAIRMAN. Thank you, sir. Ms. Snider, welcome.

**STATEMENT OF STACY SNIDER, CHAIRMAN,
UNIVERSAL PICTURES**

Ms. SNIDER. Thank you. Good morning, Chairman McCain, Senator Hollings, Members of the Senate Commerce Committee. My name is Stacy Snider, and I am chairman of Universal Pictures, a film company that has a rich and legendary history.

Universal Pictures creates films that entertain people around the world. In a given year and over the course of many years our films run the gamut. Our library includes everything from *The Mummy* to *Schindler's List*, and all varieties and genres in between. Our films make people laugh, they make people cry, they help people walk in others' shoes, and in so doing often shed light on important and difficult social issues.

This past year alone, Universal Pictures released *Erin Brockovich*, *U-571*, *The Nutty Professor II* and, coming this Thanksgiving, *Dr. Seuss' How the Grinch Stole Christmas*. This cross-section of films reflects the fact that we make our movies for a global audience that includes people of different ages and backgrounds.

At the outset, I want the Committee to understand that we view your views and those of the Federal Trade Commission seriously. This report is comprehensive and important. It has already received our attention, and it will continue to receive ongoing study. In fact, since the release of the report I have met several times with my colleagues at the Motion Picture Group. Our discussions have been lively and provocative. Many of the ideas that we discussed are on the list of industry initiatives presented to the Committee earlier today. They will be adopted by the team at Universal Pictures, and will be supplemented by other actions both to help parents and to refine the marketing of films.

When it comes to making appropriate choices for children, my colleagues and I must balance and weigh the same factors that are presented to all parents. I have two daughters myself, Katie and

Natalie, and I have to review the same sources in order to make appropriate choices for them.

The MPAA rating is my first stop. Virtually every parent is familiar with the movie rating system. We support the system, and the many web sites that have been created recently to bolster it. I can consult parentalguide.com, for example, to get descriptions of the movie, TV, video game and music ratings. Filmratings.com and MPAA.org enable me to read specific explanations of ratings for specific films.

Next, I will consult the Family Filmgoer column of my local newspaper. These columns, which are carried throughout the country, provide useful descriptions not only of objectionable scenes but also of moral and social issues that my kids may or may not be prepared for. I know as a film executive that these columns, like all movie reviews, have a tremendous impact on our audiences.

And finally, I can rely on other parents' word of mouth recommendations. These resources help parents in their role as judges of what their children should and should not see, and at Universal we support these resources and others like the V-chip which help parents fulfill their responsibility.

Our commitment to the rating system and to the industry's use of the V-chip means that some people who would otherwise see Universal movies and TV programs will be unable to do so. That means a loss of revenue for the studio. Nevertheless, we believe that these tools that support parents should be utilized fully.

I appreciate that parents may often feel overwhelmed by contemporary culture. However, everything from the local movie critic to ratings information on the Internet means that parents have more information than ever on which to base these decisions. When it comes to tools and information for parents, we are living in an age of abundance.

In a free society, however, it is impossible to completely restrict advertising to people 17 and older. No matter how carefully we target our advertising some people under 17 will inevitably see ads for R-rated movies in specific media with broad demographic reach. In fact, their parents or adult guardians might choose to attend those movies with them.

Monday Night Football is a classic example of that, and also a good place to advertise movies. Here we may market toward men and young adults, but some younger football fans whose parents let them watch will also see our ads. By the way, they will also see ads for other products their parents might not want them to consume.

When younger fans see an advertisement for an R-rated film, it is important to keep a few things in mind. First, the ad for the R-rated film is not itself R-rated. To the contrary, it is approved by the MPAA for viewing by a general audience, and it carries the restriction that younger film-goers can only attend if they are accompanied by a parent or guardian. Incidentally, we do not condone underage film-goers sneaking into R-rated films, and we support the recent pledge by theater owners to do a better job checking ID's and enforcing the ratings.

Second, there are many films we released in the recent past which were R-rated, but that would be more than appropriate for

certain young film-goers to see with their parents. I am referring to thought-provoking stories like *In the Name of the Father*, *The Hurricane*, or *Schindler's List*, which derived their power from their intensity and still would be suitable viewing for certain mature children.

In balancing all of these complex issues, our responsibility to parents, to film enthusiasts, and to the community at large, we must also include our commitment to support the artistic freedom of writers, directors, actors, and all other people who collaborate in the process of making movies.

Before I close, I want to assure the Committee that upon returning to my office my colleagues and I will continue to invest time addressing the issues raised by the FTC and members of this Committee. Universal Studios creates entertainment for a global audience. We are very aware of filmmakers' broad range of tastes, interests, cultures, and beliefs. Our objectives are to continue making films that satisfy and inspire, and to support initiatives that ensure informed decisions about viewing choices.

Thank you.

[The prepared statement of Ms. Snider follows:]

PREPARED STATEMENT OF STACY SNIDER, CHAIRMAN, UNIVERSAL PICTURES

Good morning, Chairman McCain, Senator Hollings, members of the Senate Commerce Committee. My name is Stacey Snider and I am Chairman of Universal Pictures, a film company that has a rich and legendary history. We create films that entertain people around the world.

In a given year—and over the course of many years—our films run the gamut. Our library includes everything from *The Mummy* to *Schindler's List*—and all varieties and genres in between.

Our films make people laugh—they make people cry. They help people walk in other's shoes—and, in so doing, often shed light on important and difficult social issues.

This past year alone, Universal Pictures released *Erin Brockovich*, *U-571*, *The Nutty Professor II* and, this coming Thanksgiving, *Dr. Seuss' How the Grinch Stole Christmas*. This cross-section of films reflects the fact that we make our movies for a global audience that includes people of different ages and backgrounds.

At the outset, I want the Committee to understand that we take your views and those of the Federal Trade Commission seriously. The Report is comprehensive and important. It has already received our attention; and it will continue to receive ongoing study.

In fact, since the release of the Report, I have met several times with my colleagues at the motion picture group. Our discussions have been lively and provocative; many of the ideas that we discussed are on the list of industry initiatives presented to the Committee earlier today. They will be adopted by the team at Universal Pictures, and will be supplemented by other actions both to help parents and to refine the marketing of films.

When it comes to making appropriate choices for children, my colleagues and I must balance and weigh the same factors that are presented to all parents. I have two daughters myself—Katie and Natalie—and I have to review the same sources in order to make appropriate choices and decisions for them.

The MPAA rating is my first stop. Virtually every parent is familiar with the movie ratings system. We support the system and the many websites that have been created recently to bolster it. I can consult *parentalguide.com*, for example, to get descriptions of the movie, TV, videogame, and music ratings. *Filmratings.com* and *MPAA.org* also enable me to read specific explanations of ratings for specific films.

Next, I will consult the family filmgoer column of my local newspaper. These columns, which are carried throughout the country, provide useful descriptions, not only of objectionable scenes, but also of moral and social issues that my kids may or may not be prepared for.

I know as a film executive that these columns, like all movie reviews, have a tremendous impact on our audiences.

Finally, I can rely on other parents' word-of-mouth recommendations. These resources help parents in their role as judges of what their children should and should not see. And, at Universal, we support these resources, and others like the V-chip, which help parents fulfill their responsibilities.

Our commitment to the ratings system and to the industry's use of the V-chip means that some people who would otherwise see Universal movies and TV programs will be unable to do so. That means a loss of revenue for the studio. Nevertheless, we believe that these tools that support parents should be utilized fully.

I appreciate that parents may often feel overwhelmed by contemporary culture. However, everything from the local movie critic to ratings information on the Internet means that parents have more information than ever on which to base their decisions. When it comes to tools and information for parents, we are living in an age of abundance.

In a free society, however, it is impossible to completely restrict advertising to people 17 and older. No matter how carefully we target our advertising, some people under 17 will inevitably see ads for R-rated movies in specific media with broad demographic reach. In fact, their parents or adult guardians might choose to attend those movies with them.

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The CHAIRMAN. Thank you, Ms. Snider. I want to thank all the witnesses for coming this morning. I would just like to make a couple of comments, and then I have a question, and I would like to ask, with the indulgence—since we have so many witnesses—of my colleagues that we have a 5-minute rule, and then we will have a second round of questions, otherwise some Members may not be able to ask their questions.

First of all, I would like to mention why we are having this hearing, because a year ago, after Columbine, the President of the United States requested a study by the Federal Trade Commission about the marketing of violence and inappropriate material to children. That report was issued a few weeks ago, and this Committee has the oversight of the Federal Trade Commission.

There have been some allegations about it being an election year, or election time. It is our responsibility, as a Committee that over-

sees the Federal Trade Commission, to hold hearings on whatever they do and their reports to Congress as well as the President of the United States.

The second thing I would like to do, I would like to thank Warner Brothers, Disney, and Fox for their willingness to go even further than the recommendations by the MPAA that were issued yesterday. I would also like to thank the Directors Guild, who have called for a universal rating system. Mr. Iger, I appreciate you also doing that.

I knew that we would hear a lot today about, and it is understandable, *Schindler's List*, *Saving Private Ryan*, and others. That is not a great concern to this Committee, although we applaud the artistry there. What concerns this Committee and the FTC and, I think, most American parents, is what was on the front page of *The New York Times* this morning, and I will just briefly quote from it.

"Before the Hollywood Picture Unit of Disney released the R-rated Sylvester Stallone movie *Judge Dredd* about urban anarchy and street war the studio tested the film before a focus group that included more than 100 youths age 13 through 16. MGM United Artists tested commercials for *Disturbing Behavior*, an R-rated horror thriller about troublemaking teenagers transformed into upstanding citizens, before more than 400 12 to 20 years old. The survey reported that they felt the stand-out scene was one of a blonde bashing her head into a mirror. Columbia-Tri-Star's researchers interviewed 60 children aged 9 to 11 to evaluate concepts for the sequel to *I Know What You Did Last Summer*, a tale of a serial slasher who is equipped with an oversized ice hook."

That is the kind of thing that we and the FTC are concerned about, not the content. The content, at least as far as this Member is concerned, is a separate issue for which parents will make a decision. It is the marketing practices, which the chairman of the FTC said could be, as the tobacco company was accused of, fraudulent and deceptive practices.

But that is what this hearing is about. Which is the marketing practices. We can have spirited and interesting discussions about content and our objections or our approval of it. I think that leads us directly into discussion of censorship, which I do not believe is productive. So we are talking about marketing.

I would like to read item 3 from the list of new initiatives put forth by the industry. Item 3 says, each company will review its marketing and advertising practices in order to further the goal of not inappropriately specifically targeting children in its advertising of films rated R for violence.

My friends, we are in a town where we get into interesting discussions about what the definition of "is" is. I do not understand this language. I think it is filled with loopholes. Specifically, not inappropriately specifically targeting children. Inappropriateness is a judgment which is clearly subjective and not objective, so what I would ask the witnesses, why don't you just simply say that you will not market to children this kind of R-rated material, that you will not market it to children under 17, period? We will begin with you, Ms. Snider.

Ms. SNIDER. I recognize the sincerity—

The CHAIRMAN. You need to pull it closer, Ms. Snider. I apologize.

Ms. SNIDER. I recognize the sincerity and the deep conviction with which you put forth that question, and I have thought about the phraseology of this initiative for many days and for a good part of last night and while, in looking at this report, there are things in this report that shock me and dismay me, and that we can pledge to you sincerely will not happen going forward. We are not going to market R-for-violent films to 10 and 12-year-olds. These documents were eye-opening to me. I take them seriously, and you have gotten my attention.

At the same time, however, I am reminded of films, not merely films like *Schindler's List*, which I am very proud to be associated with, since it was released by Universal Pictures, but I am referring to the continuum of R-rated-for-violent films, some of which would be suitable for mature teenagers to see with their parents.

I am thinking, for example, of a film like *Boyz in the Hood*. If I were to pitch *Boyz in the Hood* to the Senators here, it might contain graphic violence, it might contain language, it would contain gunplay, and yet that is an example of a movie that personally was inspiring to me.

It would be a movie that I might choose to take a mature child to, provided I had the proper information of what was contained within that film, and so when I think about the language of not inappropriately, specifically targeting to children, I can tell you that we can apply this standard, subjective though it may be, and make appropriate decisions.

The CHAIRMAN. Well, I am sorry to hear your answer, because *Boyz in the Hood* did not have to be marketed to children, especially 10 and 11-year-olds, as has been some practice, and I believe that there is no way that you can objectively judge whether you are inappropriately specifically targeting children or not, but I would like to hear from the other witnesses. I am sorry, Ms. Snider, that we have different conclusions.

Mr. Parkes.

Mr. PARKES. Speaking for Dreamworks, I can be very clear we have not, we do not, and we will not target children in the marketing of movies that are rated R for violence.

The CHAIRMAN. Thank you. Mr. McGurk.

Mr. MCGURK. We pledge not to target the marketing of our R-rated films to children for whom they are inappropriate. We are going to continue to review every level of our marketing operations to assure we are in compliance with the actions presented here today.

We are not going to market R-rated movies in the type of locations and magazines that were identified in the FTC report. We are not going to market our films on TV programs that have a high concentration of audience less than 17. We plan to use the 35 percent cutoff that was adopted by Fox and Warner as a guideline but not as an absolute. We think we need to study it more, because we think that 35 percent cutoff may be too high or too low for certain movies, and I will give you two examples.

We have two films on the deck for next year which are both compelling World War II dramas based on historical events that we

think are going to get “R” ratings for violence and language. One is called *Wind Talkers*, to be directed by John Woo, and it is an epic World War II action movie based on the battle of Saipan, which centers on the relationship between a marine corporal and the Native American code talker that he is serving as a bodyguard for.

The other is *Hart’s War*, and it is based on a novel by John Katzenbach, and it chronicles the story of a law student who enlists in World War II, is captured, is thrown into a German POW camp, and is then assigned to defend an African American POW who is allegedly accused of murdering a fellow prisoner who was harassing him.

Like *Saving Private Ryan*, which I know is probably the most overused example that you have heard here, which I took my oldest son to at the age of 14, at MGM we believe both of these films are going to bear great social significance and could be very valuable to some teens, due to their historical context, and their themes of loyalty, duty, bravery, and sacrifice.

These movies could be suitable for viewing in the company of a parent.

The CHAIRMAN. Mr. Iger.

Mr. IGER. Chairman McCain, when we announced our guidelines 2 weeks ago we said that we were reaffirming our commitment to responsible marketing practices. We do not believe that targeting children under 17 in terms of our market practices of R-rated films would be responsible.

The CHAIRMAN. Thank you, Mr. Iger. Mr. Horn.

Mr. HORN. Mr. McCain, I believe the best response to your question is to simply read from the guidelines attached to my statement which I did not have a chance, or have time, to read before.

Warner Bros. Pictures will not market its R-rated films in print or television where a substantial portion of the audience is under the age of 17. For outlets that will not guarantee time slots designation, Warner Bros. will request that spots for R-rated movies be placed only in appropriate programs using the substantial audience definition, that as, 35 percent, as the perimeter for acceptable placement.

Warner Bros. will not market its R-rated films to youth organizations or venues where one can reasonably or accurately measure that a substantial part of the population is under the age of 17, for example, scouting groups, clubs, or schools.

We will not allow anyone under the age of 17 into research screenings or focus groups for R-rated films or those films which we think reasonably might be designated R, unless accompanied by a parent or adult guardian.

We will not enter into promotions or toy-driven product tie-ins targeted to children for R-rated films.

We will not license, manufacture, or allow to be manufactured merchandise aimed at children for R-rated films.

We will not attach trailers for R-rated films to “G” or PG-rated films.

Warner Bros. Pictures will advise theater owners not to show trailers for R-rated films in connection with its “G” or PG-rated films.

The CHAIRMAN. Then I will repeat the question, Mr. Horn. Will you or will you not market movies rated R to children under the age of 17?

Mr. HORN. We will not, sir.

The CHAIRMAN. Thank you very much, Mr. Horn.

Mr. Harris.

Mr. HARRIS. We subscribe to all of the 12 points that the assembled MPAA group developed over the past week.

You refer, sir, to the difficulty with working with words like inappropriately or specifically, or targeting children. One of the ways you could say it is, we will only appropriately specifically target children, which obviously is not the proper way to use that language, so we may have difficulty with a word like, inappropriate, but we borrowed it from what we saw in the FTC report, at least on our behalf.

We heard a recitation from Mr. Horn concerning Warner Brothers. A number of those items are amplifications of what we see in the report in terms of what we will do in our advertising, what we will do in our research screenings, and where we will apply the information for the parents in terms of those movies that are rated R for violence, and I think if the specifically targeting children in advertising for films is a difficult phrase, we obviously welcome dialog among our friends here and also among those of you and others who might offer other kinds of language that would help us to give you satisfaction on that point.

The CHAIRMAN. Thank you. I now ask the question again. Will you or will you not market movies rated R to children under the age of 17?

Mr. HARRIS. In that question, sir, I cannot answer and say that we will not have marketing materials that will be exposed to people under the age of 17. That would be impossible for me to say.

The CHAIRMAN. Mr. Gianopulos:

Mr. GIANOPULOS. Mr. Chairman, we can easily confirm that we have not targeted children in the marketing of our R-rated films in the past, and certainly have not engaged in any of the kind of conduct that you have indicated, but more importantly, in the future such conduct would be proscribed both by the MPAA agreement that we have reached, and in our own initiatives both for our parent company and 20th Century Fox.

The CHAIRMAN. I thank you. Mr. Friedman.

Mr. FRIEDMAN. Mr. Chairman, I, too, confirm my company has not focused its marketing efforts against inappropriate underage children for its R-rated films, and we will continue to monitor our advertising processes. We will, in fact, increase our diligence in that process to make sure that we do not inappropriately focus our advertising against young children for R-rated films.

The CHAIRMAN. Thank you, Mr. Friedman. I again want to thank all the witnesses for being here this morning. This is very helpful to the Committee and, I think, to the American people.

Senator Hollings.

Senator HOLLINGS. Well, Mr. Chairman, as a famous Hollywood character, Ronald Reagan, said, "Here we go again." It started 50 years ago with Kefauver, Senator Kefauver here in the Senate, oth-

erwise with the industry itself, the history of broadcasting. Here is an example of some marketing practices for television broadcasting.

The directors received the following instructions. Quote, "It has been found that we retain audience interest best when our story is concerned with murder. Therefore, although other crimes may be introduced, somebody must be murdered, preferably early, with the threat of more violence to come."

And again they (directors, producers and marketing executives) appear as loving parents taking the pledge not to swig again on violence barleycorn, to stay on the wagon, almost like Violence Anonymous, except this time they are not anonymous, thanks to the chairman.

I do not want to go down the side road of marketing. Mr. Harris, you answered absolutely accurately, and it is better stated by your president, and I read from this morning's New York Times, how on earth, Valenti asked, can you advertise anything that some kids won't be watching. Impossible, just as you said.

We cannot control advertising, unless it is false and deceptive, so if it is true and it is violent, and everything else like that, we cannot control advertising in that sense.

We cannot and would not control content. Producers can produce as many violent films as you wish.

But we can control airwaves. We have already determined constitutionally decency, indecency can be controlled for the children, and this Committee only last week has voted out already now, for the third time, a safe harbor. Like we found they experienced in Canada, Europe, down in Australia, they do not walk into schools and shoot them up.

I want to know whether you agree or not with the study that was conducted out there on the West Coast, the National Cable Television Association Study, and I quote, "violence on television has been shown in hundreds of studies to have an influence on aggressive behavior."

Over the past 20 years numerous respected academic and public health organizations and agencies, including the American Psychological Association, the American Medical Association, the U.S. Surgeon General, the National Institute of Mental Health, have reviewed the existing body of evidence in this area and have unanimously affirmed the validity of that conclusion. Does anyone disagree with that?

Mr. HARRIS. Sir, I would only refer to the FTC's report in terms of the body of that work—

Senator HOLLINGS. I am talking about this report here, that you had made. Have you ever heard of Belva Davis, the American Federation of Television and Radio Artists; Charles B. Fitzsimmons, the Producers Guild of America; Carl Gottlieb, the Writers Guild of America; Gene Reynolds, the Directors Guild of America; and Ann Marcus, the Caucus of Producers, Writers and Directors? Have you ever heard of any of those individuals?

Mr. HARRIS. Yes, sir.

Senator HOLLINGS. Right, and that is their conclusion. Now, do you agree or disagree?

Mr. HARRIS. I am sorry, sir, I thought you were referring to those items that were listed.

Senator HOLLINGS. No. I am referring to this particular report. I am not going down the side road of marketing. I agree with Mr. Valenti, you are going to advertise, and there is no way to control advertising. We know the V-chip does not work, the voluntary does not work, the antitrust immunity does not work, or anything else. What works in all of these other countries is the safe harbor.

Does anyone disagree with that conclusion, that violence in films propagates violent conduct on behalf of children?

Mr. HARRIS. Senator, I thank you for that question. My background includes three degrees in the field in which I have chosen to exercise my profession, including a Ph.D in mass communications, and I spent a lot of time studying these problems both professionally and academically over the years.

I am very familiar with the large body of work, not particular to the one that you referred to now, very familiar with the practices in other countries and the different political systems under which they operate that have those types of constraints on their media that they do.

But I am also very familiar with the difficulties that the researchers have in terms of translating their laboratory exercise into the real world, and having spent 40 years in this business, the observations that I make I try to embellish both the ones that I hear from research studies and also the observations that we have in our culture.

We speak of the Kefauver hearings, and I remember those, and I remember at that period of time that our screens were populated with the western myth, the man carrying the gun. There were something like 29 prime time programs on television at that time, only on three networks because that is all we had at that particular point, and on the film screens, and including the most popular one on television, said the only way to settle things is with the smell of gun smoke.

I have wondered over the years if, in the 25 years following those hearings, if the trade of the make-believe six-shooters with the fictitious cowboys on the screen for the real automatic weapons in the hands of children on the streets was a good cultural trade.

Senator HOLLINGS. Well, I take that as you could disagree. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Burns.

**STATEMENT OF HON. CONRAD BURNS,
U.S. SENATOR FROM MONTANA**

Senator BURNS. We all have to go through this thing of translating after we hear what we hear. I was struck by the number of folks who have all kinds of letters behind their names. I am not hinged with that. Behind my name is NDBA, no degree but boss anyway, and I have enjoyed that position for quite a while.

I am intrigued by the part of the movie industry, their approach of self-regulation rather than regulation by Government or any other entity, and I like that approach. I agree with that.

But given that the movie industry has continued to point to self-regulation rather than Government action, or any other group, outside group as a way to address the issue of marketing to children, I think what is in the minds of most of us, what is the penalty that

you are going to impose upon a colleague or your own industry should they knowingly violate the guidelines that you have proposed today?

What can you do in order to bring a colleague or another studio or another company into the fold, and what penalty do they pay, or what penalty do they pay for playing it loose with the guidelines that you have set for yourself today, and anybody can address that that wants to.

Mr. IGER. We fully intend to adhere to the guidelines throughout the company, and anyone at the company violating those guidelines would face potential termination, or likely termination, depending upon how egregious the violation was. We take these guidelines very seriously.

We do not believe that any one individual at the company should have the wanton right to put the company's reputation or its relationship with its consumers at risk, and therefore we intend to hold all of our executives who would in any way be responsible for administering or applying these guidelines responsible to see to it that they are administered and applied fully.

Senator BURNS. Does anyone else want to comment on that, because I have a followup question.

Mr. HORN. Senator, I would say that, as Mr. Valenti pointed out, the rating system that we have all adhered to has existed for some 32 years, and even in regard to that system we would not dream of going outside, violating it, going against a provision of the system once it was awarded by the MPAA.

As Mr. Valenti full knows, we are all dues-paying members of the MPAA, and we rely on him and his staff to help us monitor our activities, in addition to that which we will do within our own companies, and there is always the specter of public censorship, and then, of course, you folks, so I think that we will be watched very closely as we adhere to these guidelines.

Senator BURNS. Anyone else want to make a comment? I would say as a followup if I was running a house, and in your business, and you found me guilty of willfully violating the guidelines that you have set up and so you expel me from the group, does that put me out of business or exonerate me from some responsibility to the public?

Mr. HORN. Senator, it certainly does not exonerate, would not exonerate anyone with respect to a responsibility to the public, and I think it would be hard to conduct business in our surprisingly small industry in a way being excluded from the rules that the rest of the companies are abiding by. I think it would be impossible.

Senator BURNS. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Kerry.

**STATEMENT OF HON. JOHN F. KERRY,
U.S. SENATOR FROM MASSACHUSETTS**

Senator KERRY. Mr. Chairman, thank you very much. I want to thank all of the executives for taking time to be here today and contributing to this dialog, which is obviously important, and I respect and appreciate the constructive effort made here today to see how we can achieve a meeting of the minds.

I do not think that—while the focus is on marketing, Mr. Chairman, and I respect that, and that is our principal concern here today, I think in finding a balance we have to understand that it is not just the marketing that is at stake for this Committee in resolving the issues raised by this hearing, because a lot of kids go to these movies, or are exposed to some type of this violence, and they never act out. They do not behave in a way that promotes the kind of concerns, and parents make choices, and they seem to make it through.

I am particularly concerned about one aspect of the PG-13, and I want to ask that in a moment, but I want to make it clear to my colleagues the complexity of the relationships that are really at stake here, and the responsibility of those of us in Congress to see this holistically, not simply as one part, one component, one easy target.

The FBI has done a report in the last year in response to Columbine, and they have targeted four specific prongs for the identification of why a particular child might respond violently, or act out violently in their life and, indeed, one component of that might be fascination with violence-filled entertainment, and no limits or monitoring of TV or the Internet, but I share with my colleagues the other components.

In prong 1, there are personality traits for behavior. Low tolerance for frustration, poor coping skills, lack of resiliency, failed love relationship, alienation, anger management problems, racial or religious intolerance, and then, of course, the fascination with violence-filled entertainment.

Prong 2 are family dynamics, turbulent child relationship, parents' acceptance of pathological behavior, access to weapons, and I underscore that one for this Congress, lack of intimacy, child rules the roost at home, no limits or monitoring of TV and Internet, which is a component of what we discussed here today.

Prong 3, school dynamics. Student detached from school, school tolerance for disrespectful behavior, inequitable discipline, unsupervised computer access.

And finally, social dynamics, and there again there is a question of images of graphic violence in the media, but also change in behavior involving drugs and alcohol, copy-cat effect and so forth.

I would say to my colleagues here, respectfully, that this Congress has failed to date to deal with access to weapons, simple measures with respect to gun control like closing the gun show loophole, or dealing with trigger locks, or even ensuring that trigger locks that are sold meet minimum standards, recognizing that all the children killed by gunfire, nearly two-thirds are victims of homicide and one-third victims die by suicide.

In addition, inadequate after-school programs. Congress has not reauthorized the Elementary and Secondary Education Act for the first time since the legislation was enacted in 1965, so we do not— notwithstanding that we know that violent youth act out, the crime that peaks is between the hours of 3 and 7, we have done very little for after-school programs to keep kids safe and out of trouble.

We have failed to fund early childhood development programs, or to deal with the question of inadequate child care, and all of these

are components that help provide tools to parents to be able to make wise choices.

Now, I say that because I want to emphasize the complexity of how you deal with this holistically, and it is simply wrong for us to pretend it is just marketing.

That said, and I emphasize, that said, marketing remains an issue. This has to be achieved cooperatively, with all of us working together, and I would ask the executives here, in the context of marketing, today's *New York Times* points out the PG-13 issue, that a great many kids, that the studios marketed PG-13 films to children under age 11 45 percent of the time, and there was an effort, apparently, by Columbia Pictures to market a PG-13 movie, *The Fifth Element*, to children under 12 on the Nickelodeon Network.

Nickelodeon refused to air the ad because it thought that violence and sexual situations were inappropriate for their audience, and they ought to be complimented for using that discretion.

There was another report at Universal promoting *The Mummy* on television shows like *Pokemon* and *Power Rangers* and *Spider Man*, all of which appeal to only the youngest audiences, not even to 13-year-olds.

So the question is, in the context of sort of that niche of marketing where there could be a contributing effort to the holistic approach, do the studios perhaps plan to try to limit placement of ads for even PG-13 rated movies where they know that they may be going to audiences that are not primarily the ones that ought to be seeing the film, and I wonder if we could sort of run the line and see who might respond to that particular component of the issue.

Mr. FRIEDMAN. Senator, I would remind the Committee that PG-13 is not a restrictive rating. It is a parental warning suggesting parents should pay closer attention, and we fully believe in that and support it completely.

That being said, I would also indicate that from our perspective we are going to review the appropriateness of all of the advertising we place for all of our movies.

Senator KERRY. As the others answer, let me just say that I recognize the parental component of this. We are all dealing with the difficulty of parents who seem not to do it, or do not know how to do it, or are not even—and obviously we have got a lot of kids in this country who do not have parents who are paying attention, and there are not parents around in many cases.

So the question is sort of, just exercising a kind of responsibility, is there some responsible way, without unfairly curtailing your rights and needs, to try to perhaps hone the PG-13 rating somehow further, or to exercise the kind of discretion that we just have had articulated with respect to the advertising that I mentioned?

Mr. FRIEDMAN. I think we could also take heart in the fact that the FTC report indicates that 98 percent of the parents are aware of the selection process that their children make and 90 percent of them are restricting the films they attend.

We also are, in addition to monitoring exactly where we place our advertising for all of our films, going to include the reasons for the rating language in all of our print advertising for all of our movies as well.

Mr. GIANOPULOS. I think, Senator, the notion of restraint and inappropriateness in marketing applies to all the rating categories and all of our activities, including PG-13, and I think we would act accordingly.

Mr. HARRIS. Senator, thank you for asking this question, because you mentioned one item that was listed in the Columbia Pictures documents provided to the FTC, and I think it is appropriate that I answer that question directly on that one.

I looked at that incidence of The Fifth Element advertising on Nickelodeon in 1997, and my first reaction was, the system worked, and I was very pleased to think the fact that, as has been mentioned here today, that this needs to be a cooperative effort among both ourselves, the media with which we operate, our vendors, such as advertising agencies, our research organizations, all of whom we hire, but we have got to be very diligent in making sure that all of our wishes and desires are properly translated into day-to-day activity.

When I looked at that Fifth Element issue and we saw the exchange of letters between Nickelodeon, which previously had carried advertising for PG-13 in all day parts, in some cases, and they provided information saying they would allow this advertising after 8:30, when the preponderance of their audience was over age 17, but our advertising agency buyer, whom I do not know by name, pushed against that, that was a judgment lapse, and that is the kind of thing that I am trusting that our setting up a set of guidelines that operates across the MPAA, plus our internal compliance groups and Committees and officers, is going to give us a set here.

We have been very good about following the MPAA rating code for the last 32 years. If I am led to understand, we have only had a handful—and when I say a handful, only maybe less than half-a-dozen noncompliances from the MPAA members out of about 18,000 films, that suggests to me that when we come together, agree and say we will do something, we will.

And I welcome the opportunity to further clarify the issue on the Nickelodeon advertising and tell you that I do consider that to have been a lapse in judgment, and it is something we have to be sure we are in better control of in the future.

Mr. HORN. Senator Kerry, as I mentioned in my statement, I have a 12-year-old and 11-year-old at home, so it feels like when I am home I spend half my life talking about PG-13 movies, and I have come to the feeling over time that what is appropriate for a 12-year-old, by the way, is not at all appropriate for a 6-year-old or a 5-year-old, so the PG-13 rating is rather broad in itself.

All I can say is that we at Warner Bros. take special care to advertise for the appropriate audience, to not target, certainly, 4 or 5 or 6 or 7-year-old children. Not only would it be inappropriate, it is also stupid, because we do not want or expect to get a big audience among the very youngest children for PG-13 movies, which would be an inefficient use of our advertising dollars. It would be foolish.

We will monitor it even more closely.

Mr. IGER. I applaud your position on this subject and, recognizing that causes are violence are complex issues, fingers should not be pointed in one direction.

As it relates to PG-13 movies, as I said earlier, we believe we need to act responsibly in marketing all of our pictures, even though our guidelines cover just R-rated movies. I should point out, all R-rated movies, not just movies that are rated R because they have violent content.

I also believe we ought to exercise the responsibility across the board to all ratings. We own the ABC Television Network, which I used to run, and we regularly rejected ABC ads for PG-13 movies in programs that we do not deem appropriate for those ads to run in because we think those programs would probably attract a significant audience of kids under 17.

So I think this is something that needs to be constantly monitored and I think, as I said earlier, and we said in our guidelines, this is something that in my opinion is likely to change as we move forward, because I think we will and should discover ways to continue to behave more responsibly as we move forward.

We also need to recognize that the world has, indeed, changed, and even though I do not think it is appropriate for us to behave as parent, we are well aware that children are exposed to our product in substantially different ways than we were exposed to product when we were children.

There is a literal avalanche of information and entertainment that comes their way, and oftentimes, as you cited, they are consuming this product without the benefit of a parent nearby to act as a filter, or censor, and I think we need to recognize that, that our product is being consumed in a thoroughly different manner today and behave accordingly.

Mr. MCGURK. Senator, at MGM and United Artists we also intend to critically review our marketing procedures for PG-13 films, and we will take the appropriate action steps for improvement if necessary.

Mr. PARKES. Mr. Kerry, I absolutely feel the criteria of common sense and common decency should apply to the marketing of all movies, regardless of their ratings. We had an interesting example of this a few years ago with Dreamworks. We made a movie called *Small Soldiers*. The picture was intended to be a PG, but through issues of, well, creative community, and the way the picture turned out, it turned out to be PG-13.

We had already entered into a large tie-in program with Burger King which would have, in fact, brought this PG-13 movie to young children. At the time, we went back to Burger King and we reworked our campaign with them and provided very specific and very clear language to parents about the nature of the film. I actually brought one of them.

So in getting the toy for a Happy Meal we included the language, Kids meal toys are suitable for children of all ages. *Small Soldiers* may contain material that is inappropriate for younger children. Parents should consult movie rating. An alternative toy is available upon request.

So sometimes, as in an "R" rating, you have to go beyond what the rating does to provide information to the consumer and to the parent, so that they can make an informed choice.

Ms. SNIDER. I concur with the eloquent statements of my colleagues, and we absolutely commit that PG-13, marketing PG-13 films merits our careful and diligent review.

We recognize that there are some young kids that it is just absolutely inappropriate for them to see these ads, and for some older kids, 9, 10, and 11, that it might be suitable, and we are going to take it very seriously.

Senator KERRY. Mr. Chairman, thank you very much. I know I went over time, but I appreciate it, and I appreciate the answers enormously. I might just point out that the MPAA guidelines in front of us at this point do not embrace the comments that you just set forth, so perhaps that is something that might be an addendum, or contained therein as we go down the road, but I do appreciate it very much.

The CHAIRMAN. Senator Brownback.

**STATEMENT OF HON. SAM BROWNBACK,
U.S. SENATOR FROM KANSAS**

Senator BROWNBACK. Thank you, Mr. Chairman, and thank you all for being here today.

I want to followup on the chairman's question about whether or not you will market R-rated films to children. I appreciate the answers of a number of you, although I note that Universal and Sony is not willing to say at this point that they will not market R-rated films to children.

I want to go into some specific questions on the FTC's findings. Please just go down the line with this when you answer. Will you stop advertising R-rated movies on teen Internet sites? And by teen sites, I mean those sites where 35 percent or more of the audience on that site is a teenage audience.

Ms. SNIDER. I want to first make very clear that our commitment to appropriate behavior is sincere, and the examples that I am concerned by, and I do not want to appear disingenuous, but are examples, for example, like Erin Brockovich, which is rated R.

That is a movie that our company made, and I was very proud of that film, and in that situation I would sit down with our marketing executives and go through each and every decision and say, is this something that could appear in *Seventeen Magazine*, might that be appropriate.

And in the same way, there could be a movie that is rated R with much rougher content that would absolutely be prohibited, and so it is not in an effort to obfuscate, but in an effort to actually find instances where we are actually more restrictive, that this language permits us that. There may be situations where we absolutely will not be on any of the teen sites.

Additionally, I want to add that on all of our sites right now we have taken the steps right away to add ratings information on every single one of our web sites, and those web sites are already directly linked up—

Senator BROWNBACK. I have a very short period of time here, and a series of questions, so really just yes or no, if you could, on the teen Internet sites. Will you stop marketing R-rated films to teens on teen internet sites?

Ms. SNIDER. No. There may be some R-rated films—

Senator BROWNBACk. That you would take to a teen site?

Ms. SNIDER. That we would take to a teen site.

Senator BROWNBACk. I am sorry to hear that. Mr. Parkes.

Mr. PARKES. Absolutely, we do not intend to bring R-rated movies to teen sites. What I am not comfortable with is an arbitrary numerical cutoff as to how to define a teen site.

I think you can actually sometimes have a false sense of security with these things. There could be, as Stacy said, films that are very hard “R” in their rating that should not be on a teen site, a site that only has 15 percent teen audience.

The spirit and the sense of what you are asking I agree with completely. We should try to limit the exposure of these sorts of films to teenage audiences, whether it is on a web site or a network, but I am not comfortable with the numerical definition.

Mr. MCGURK. We are not going to market our R-rated movies on teen Internet sites, and I think the 35-percent cutoff is a good guideline, but maybe not an absolute, because there may be instances where that 35 percent is either too high or too low, but any exceptions will be subject to the critical review of our Compliance Committee.

Senator BROWNBACk. Thank you.

Mr. IGER. We are not applying a 35-percent threshold because we think at times, not in any way to criticize the positions taken by my colleagues, but there are times when that could be confusing, so I am not responding to the issue of 35 percent or not. Our intention is not to market our R-rated films in vehicles that are teen-oriented, such as magazines, web sites, and any other vehicle that we believe is consumed predominantly by teenagers, or is designed to attract teenagers.

Senator BROWNBACk. If I could then get a clear answer on that, if it is above a 35-percent teen audience, you will not market R-rated films on that site?

Mr. IGER. We are not really using 35 percent. The reason that could be misleading is, there are many instances where we would not market on vehicles that had far less than 35 percent because we felt it just was not appropriate.

I could use an example. We have a program on television called *Millionaire*, which the audience composition of kids under 17 is somewhere in the neighborhood of 10 percent, yet it attracts many more children under 17 than many other programs that have an audience composition above 35 percent, so we would not believe it would be appropriate for instance, when *Millionaire* is in an 8 o'clock time slot.

Senator BROWNBACk. I am giving you an easy target here.

Mr. IGER. We believe there are shades of gray there that we intend to examine very carefully and make decisions accordingly.

Senator BROWNBACk. Mr. Horn.

Mr. HORN. Senator Brownback, we will use the 35-percent criterion and not market in venues where we think the percentage of folks under 17 will exceed that.

I would like to point out that 35 percent is almost, by definition, arbitrary, but we will observe it.

I would also like to point out, in response to a comment Mr. McCain made earlier, we do not market—when we say market, we

are using that definition of 35 percent as our criterion. It is impossible to avoid some spillover in the marketing of our product, since it is exposed very, very widely, but we will observe the 35 percent.

Senator BROWNBACk. Thank you. Mr. Harris.

Mr. HARRIS. Senator, thank you for the question. I would please put back on the record that our earlier response to the question from the chairman having to do with marketing was that we could not ensure that there would not be exposure to youngsters under 17 years of age to some of our marketing materials for pictures rated R. That was the only designation we stand firmly behind, not specifically targeting children in the advertising of R-rated pictures. I simply put that back on the record.

In reference to your opening remarks, in terms of the teen sites on the Internet, we are suggesting in our internal compliance guidelines that we will not use teenage sites for any advertising and/or marketing, because that includes the publicity about the films as well on teenage sites.

Senator BROWNBACk. Thank you. Mr. Gianopulos.

Mr. GIANOPULOS. Senator, as you know, we have adhered and submitted the 35-percent guideline in the media that we indicated, and we did that because we wanted to set a line of demarkation in that media that we could stick to in a very subjective area.

When it comes to the Internet sites, I think—and all our marketing is always subject to the sense of propriety that we bring to the subject generally. In that context, I do not think we would use Internet sites for teenagers, particularly young children, for R-rated movies.

There is, however, the concept that has been mentioned by other members of the panel that there are some films that for the older ages of teens, say, 15 and older, may be appropriate for them to see, or understand what films are about in a sanitized advertising, by which I mean advertising that is intended and rated for all audiences.

Next month, we are releasing a film called *Men of Honor*. It is the story of Carl Brashears, the first African American master diver. It is not a subject which young people might be easily—the film is rated R, and it is rated R solely because of the use of language which in context, which the characters in the Navy utilize. Other than that, it is a brilliant and inspiring and very emotional film, and a film that I plan to take my 11-year-old daughter to see.

We may want younger kids and older teenagers to know about that film. We may want them to ask their parents to take them to that film, and there may be web sites we would use for that purpose, but that is the context in which we would use it, and I think always subject to that sense of propriety in what is right and what seems appropriate.

Senator BROWNBACk. Mr. Friedman.

Mr. FRIEDMAN. Senator, we believe that it is important that we monitor on a film-by-film basis each and every avenue we use to reach the public as it relates to the marketing of our movies. We do not believe in an arbitrary level in which there should be a break point. We think everything is very specific and needs to be looked at on a very specific basis.

As it relates to Internet materials, we only put out materials that are approved for all audiences by the MPAA, so there is nothing that would be contained on any site that would not be approved by the MPAA for all audiences.

Senator BROWNBACk. So will you or will you not advertise R-rated films on teen sites?

Mr. FRIEDMAN. It is possible some R-rated films, if appropriate, could appear on teen sites.

Senator BROWNBACk. Mr. Chairman, I have used my time. I do have a series of questions that are specific on marketing that I would like to submit to the members of this panel to answer within a set period of time, if I could.

The CHAIRMAN. Absolutely.

[The prepared statement of Senator Brownback follows:]

PREPARED STATEMENT OF HON. SAM BROWNBACk, U.S. SENATOR FROM KANSAS

Mr. Chairman, I appreciate your holding this hearing today, and for ensuring that we can have this "full and frank" exchange of views with those in the movie industry. Up to this point, it has been hard to do so.

I assume that just about everyone here is now familiar with the FTC's report. In looking at the movie industry, the FTC found that the practice of marketing hyper-violent movies to underage audiences is, in their words, "pervasive and aggressive." It shows that entertainment companies are literally making a killing off of marketing violence to kids.

Each of the witnesses here today represents an enormously powerful studio. You head up the companies that shape how Americans think, and what they think about—far more so than we do here in the halls of Congress. Movies have the power to edify, uplift, and inspire. But all too often, that power is used to exploit. I've seen some movies that are basically two-hour long commercials for the misuse of guns.

There are many R-rated movies that are not only marketed to children, they appear to be tailor-made for children. So-called "teen slasher" films, which are set in a high school, and have a cast of teen stars, cannot be said to appeal to adults. Many of them glamorize violence and trivialize its consequences. They target kids with messages that are destructive, debasing, and immoral.

The target-marketing of violent, R-rated movies to kids is not subtle—it is aggressive, relentless, and widespread. Some studios have had children as young as ten in focus group meetings. Advertisements for these films have run in teen magazines, been posted on teen-oriented web sites, and aired on TV shows that are the most popular with teenagers. Walk into any toy store in America, and you are likely to find toys, dolls, Halloween costumes and action figures based on characters in R-rated movies.

I have in my hand, Mr. Chairman, an eye-opening study conducted by the Parents Television Council, which tracked how many R-rated movies were advertised on network television during the *Family Hour* over the last three weeks. What they found was that of the 54 movie ads that aired during the family hour, 45, or 83%, were for R-rated films. I'd like to enter this study into the record. And that's just in the last 3 weeks.

Yet each time we have heard from any representative of the motion picture industry, they have insisted that it is totally up to parents to police what their children watch. Of course parents have primary responsibility for protecting their kids from harmful, violent entertainment. But that doesn't mean that entertainment companies bear no responsibility at all. Indeed, the whole point of target-marketing to kids is to go around the parents and straight to the kids—to leave parents out of the loop. It is disingenuous at best for movie executives to insist that parents must shoulder all the responsibility and then make it ever more difficult for them to get information on violent content.

Marketing violent entertainment to kids is not just distasteful, it is destructive. Common sense tells us that exposing children to entertainment which glorifies brutality and trivializes cruelty, which glamorizes the abuse of women, and which depicts torture as titillating, cannot be healthy for children. We cannot expect that the hours spent in school will mold and shape a child's mind, but that the hours spent in front of a screen won't. We cannot hope that children who are entertained by violence will love peace.

But this is not only common sense, but a public health consensus. In late July, I convened a summit of the most prominent public health organizations in the country. They all signed on to a joint statement which says, and I quote: "Well over 1000 studies . . . point overwhelmingly to a causal connection between media violence and aggressive behavior in some children. The conclusion of the public health community, based on 30 years of research, is that viewing entertainment violence can lead to increases in aggressive attitudes, values, and behaviors, particularly in children."

There is not longer a question as to whether exposing children to violent entertainment is a public health risk. It is. The question is: what are we going to do about it?

That is why I want to appeal to each of you individually—appeal to your sense of conscience and corporate responsibility. Many of you have children. You know that exposing kids to violent entertainment can be a public health risk. And so I ask you: Why not just stop? Stop marketing movies which glamorize violence to kids. Stop making these hyper-violent "teen slasher" movies. Stop putting your formidable resources and brigades of lawyers and lobbyists into finding ways around the few existing guardrails. Just stop it.

I don't believe in government regulation; I support industry self-regulation. But for self-regulation to work, it has to be meaningful, and it has to be widely practiced. From what the FTC report shows us, the movie industry have has a long way to go. And judging from this inadequate response, they show little inclination to get moving.

I find it amazing that the industry won't simply pledge to stop marketing violent, R-rated movies to kids. But so far, they haven't. It means very little to say that you'll look into it . . . That you'll appoint some staff member to review it . . . Or that you'll encourage retailers to do it. Please don't think you're fooling anyone. If you were serious, you would say that you will stop marketing violence to kids on TV, on trailers, in teen magazines, on teen internet sites, in teen-oriented street promotions, and through toys, dolls, costumes and action figures. I hope that you can give us an assurance that you will do this before the end of the hearing today.

It may be naive of me, but I would hope that this report would start a movement within your industry to start a race to the top, instead of a race to the bottom. That you will start looking at films with an eye as to whether they are worthy of the support of a responsible company—rather than focusing on what you can get away with, or how much money you can make off of an exploitive and irresponsible film. You can make a difference. And for the sake of our children, I hope you will.

Senator Breaux.

**STATEMENT OF HON. JOHN B. BREAUX,
U.S. SENATOR FROM LOUISIANA**

Senator BREAUX. Thank you, Mr. Chairman, and as all of our Members have, I thank the witnesses for being with us today.

I would like to commend the witnesses for coming forward with a 12-point plan. We can debate whether it is sufficient, or whether it is enough, or whether it is strong enough, but I think it is difficult to get an agreement from a very highly competitive industry to agree on 12 points about anything. It is kind of like the old saying of trying to get a herd of cats to march in the same direction. It is very difficult to do.

I commend particularly Jack Valenti, who is in the audience, for helping bring these cats together and make a unified recommendation. We can debate on whether it is sufficient or not, but I think at least having this as a starting point gives us something to work with, and I am glad that it is there.

I think one of the things that disturbs me on all the ratings, we rated cigarettes and tell people that they are going to die if they smoke cigarettes, and people become very blase about the warning labels and do not pay much attention to them, and now we have tried to change that industry with regard to their marketing, and I think it has been fairly effective.

I think the bad news is that there is much more violence teenagers and children are exposed to in our society. The good news is that violent crime among teenagers is actually down substantially in this country. It is something I think everyone can be very proud of. It is the lowest it has been since 1987, and statistics show that it is down 30 percent since 1994. That is real progress.

I think that any violence is too much. Two children in New Orleans shot each other in middle school yesterday, and one of those incidents is too much, but progress is being made.

I happen to think that when it comes to violence, that the video game is one that I think is a huge problem, these video games, and Sam and I were talking about that yesterday, are best summarized as show and shoot. I mean, every video game is blood and guts all over the place, and the audience there is pretty clearly teenagers.

You do not see a lot of senior citizens in video game parlors, or adults playing video games where everybody gets blown up. It is mostly targeted, clearly, to teenagers, and I think that is particularly a very serious problem, and as in all of our areas there is no one-size-fits all. There is no one solution to this problem that is going to solve the problem for everyone.

Theater owners have to be involved. How many theater owners look the other way when a teenager comes into an "R" or an NC-17 movie and just looks the other way and takes the money and shows them the film? How many parents do not ever ask a 13, 14, 15-year-old child which movie they are going to see with the group that they leave the house with, and what is the rating on that movie?

There are some very diligent parents, but there is an awful lot of them that never ask where their children are going, and do not know where their children are going and what they are seeing. That is a problem area as well.

We, in this Committee adopted the V-chip for television—that was going to be the solution—and said, all right, you can take care of your children by blocking out movies coming into your house that you do not want your children to see, and yet we find out today that 97 percent of families with teenage children in the home do not have TV's with V-chips, and the ones that do, only about a third of them bother to even use it, which means that the total adult population using the V-chip is about 3 percent.

I mean, how do we get parents to be more diligent in using the tools that we have given them? The ratings, the V-chips—I am not sure how we solve that problem. We are trying here, and I happen to think that some children who are teenagers should see R-rated movies, especially when accompanied by an adult.

I want my 16-year-old son to see *The Patriot*, absolutely, *Saving Private Ryan*, of course, *Schindler's List*, absolutely. Should he be aware that these movies are out there? Absolutely. I think there is nothing wrong with that. Those things are quality products. There are others that I would not want them to see.

How we solve this is very, very difficult, so I think we have made some progress here. I think that—I mean, we had the cigarette executives. Everybody in this Committee remembers them. What we tried to do is say, all right, we cannot tell you not to sell the product. You have got all these labels that tell people it is going to kill

you. But we can stop the advertising that is targeted to children. I think that is what's happening.

I think we can do a better job here, because I think there has been a disconnect from your industry and your marketing practices. I mean, your industry executives put the rating on the movie, and the marketing people have sort of ignored it and tried to market to people, in fact, that your own ratings say are not suitable, or it is a warning at least.

So I think what you said today, I think moves in the direction of helping to address the basic problem we are talking about, and thank you for your statements.

The CHAIRMAN. Senator Hutchison.

**STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. Mr. Chairman and members of the panel, for other industries, we pass laws. And we say it will be against the law to have an unsafe workplace. We delegate the regulatory authority to an agency to make the specific regulations about what is an unsafe workplace.

We could pass a law that says that no person under 17 would be able to attend a movie or be sold a video game that was R-rated. The law would not prohibit the creation and distribution of any kind of movie you want to make. And then we could delegate to an agency the authority to determine what is an "R" rating and set penalties for violation of marketing or selling tickets to people under age.

I would like to ask you what you think that would mean to your industry and if you think that would violate your First Amendment rights to create whatever you want to create? And you can start, Mr. Friedman.

Mr. FRIEDMAN. Senator, I am probably one of the few people in the room who is not an attorney, and I feel that it would be improper of me to try and discuss First Amendment law. On the surface, it does not sound to me like it fits in with my personal definition of freedom of speech.

Senator HUTCHISON. Mr. Gianopoulos.

Mr. GIANOPULOS. I think, Senator, it would be extremely difficult for the government to undertake that role. And I think in all the discussion, both in the FTC report and from the hearings, the past one and this one, I think there has been an acknowledgment that the rating system as it exists works. That to the extent that there have been areas of concern and areas that need to be addressed in the future, it has to do with the way marketing has taken place or the constraints that we need to apply to that marketing.

But the definition of what is a film that is appropriate to each rating category has been in place for some time. And I think everyone has quoted the statistics and we all know them. Parents understand this rating system. They understand when you tell them a PG-13 and what that rating really means.

Now, they may want to know more about why it is a PG-13. They may want to know more about whether it is appropriate to a given child at a given age, and similarly with the "R" system.

But I think it would be difficult for legislation or a government to replace something that is already governed by parents, by concerned citizens and more importantly has worked so long.

Senator HUTCHISON. M.r. Harris.

Mr. HARRIS. Senator, thank you for posing the question in the fashion that you did. Because it is something that I have wrestled with for a lot of years in terms of how the older generations wished to control in as many possible ways as they can the culture that the next generation creates for themselves.

I remember the time when this country had its biggest scare from youth violence which was during the 1960's, particularly in the late 1960's. And a lot of it was credited to the underground music, to the underground newspapers, to the exposure to motion pictures and to the Smothers Brothers on television among other kinds of things.

And we had young people, teenagers, who were expressing through their new culture a lot of things that we did not like at that time. And I remember getting off the airplane from my tour in Vietnam, going back to campus to finish up my education. And the campus was occupied by armed troops dispersing teenagers who wanted to peacefully gather with tear gas.

And that image has never left my mind since that time. So I am always very protective of a younger generation's ability to state their purposes. And I may be over dramatizing this in the moment. But I am making the point because it is personal for me. And it also is I think professionally appropriate. Because if we start dictating what our young people think, we will turn them into things I do not think we, in our country, would like them probably to be. But thank you for the question.

Senator HUTCHISON. Mr. Horn.

Mr. HORN. Senator, I also am not a lawyer. But my gut reaction to what you have suggested is that it would be inappropriate and wrong for the government to involve itself in these issues of content and marketing of our movies. These are very subjective issues. And I find that I am on the—even on weekends, I am out on the soccer field with my oldest daughter who is a goalkeeper. And I have talked to parents on the side about the movie business. And most of them have no idea what I do, do not know I am involved with Warner Bros. They are just parents watching their kids.

And I find that there is an amazing disparity between what concerns one parent and what concerns another parent. Some just abhor violence and just cannot stand the fact that lots of motion pictures have violent content, but do not care about sex and do not care about language.

Others care a great deal about sex and do not care about the violence. They feel, well, it is not an issue for them. But they just do not like seeing that sexual expression on screen.

Others seem OK with both of those, but they hate the use of the F word and other words. They just cannot stand that. And I find that there is no unanimity, no homogeneity among these people. And I think that trying to regulate it, especially by the government, would be a mistake. I feel that is my job. And I do it to the best of my ability every day. You wrestle with these issues every day. And I think that is where it should stay. Thank you.

Senator HUTCHISON. Mr. Iger.

Mr. IGER. I think Mr. Horn articulated my position almost to a T. I would say or add that as a parent I would object vehemently if the government stepped in and determined what was appropriate or inappropriate for my children to watch. That is a decision I would like to make with them. I also think, as Mr. Horn stated, that such laws would completely and totally ignore issues like context and content which are so subjective as he stated. And therefore, I would oppose them both from a personal standpoint and a professional standpoint.

Senator HUTCHISON. Mr. McGurk.

Mr. MCGURK. Senator, I believe in the First Amendment. I believe the current film rating system that we have in place now works quite well. I believe the steps that we at MGM and United Artists and the other studios are undertaking that we described today will improve that system and make it work even better. And they will help better inform our parents and better protect our children. And I believe no additional steps are necessary at this time.

Senator HUTCHISON. Mr. Parkes.

Mr. PARKES. Yes, I concur with my colleagues completely, beyond any discussion of the First Amendment. There are objective criteria regarding say safety in other industries which simply do not apply to the movie business. It is not an objective issue.

Senator HUTCHISON. Ms. Snider.

Ms. SNIDER. I would just add to my colleague's comments, and to respond to your direct question can we legislate this decision, I would say to you that we do not need to. That we have adhered to this rating system for 32 years voluntarily. And our goal today is to give more information to parents everywhere that they could possibly want it. You know, on the advertisements, on the web sites, on the video cassette boxes. We want to provide ubiquitous information to parents everywhere so that they can make these informed decisions. And what I would say to you is that the same dedication that we have followed the MPAA regulations for 32 years as it relates to marking the product, we will follow these initiatives with the same dedication.

Senator HUTCHISON. Mr. Chairman, I just want to make the point that many of us have been looking for ways to have some control over what our children are seeing in our culture. And we do not want to violate the First Amendment. But the question I raised is a legitimate one. And I am not satisfied that 46 percent of children under 17 are able to buy tickets to violent R-rated movies under a rating system that you all have said is working, I do not think it is working. And we are looking for ways to make it work. And I am sending a signal that if you do not try to make this really work, that you are going to see some kind of legislation. Because parents are throwing up their hands in frustration. Thank you, Mr. Chairman.

Senator MCCAIN. Senator Dorgan.

**STATEMENT OF HON. BYRON L. DORGAN,
U.S. SENATOR FROM NORTH DAKOTA**

Senator DORGAN. Mr. Chairman, thank you very much. Let me indicate, as you said when you started the hearings, this is not

about censorship. It is not about content. It is not about the thought police. It is about an FTC report that says that there have been marketing practices that are inappropriate. Marketing movies that are R-rated, for example, to young children. And that report is fairly alarming.

And I want to make just a comment and then ask a question. We should be able to entertain adults in this country without injuring children. Some of the art that is produced is so moving and so breath taking, the language for it has not yet been uttered. And some is disgusting and trash in my judgment. And you probably agree that both sides are produced in this country. And people have a right to produce both.

But I, like you have children. I have a 13 year old and an 11 year old. And you have no idea how often the subject of movie ratings comes up on a Friday evening in our home. And we are very strict about this. And yet, movies are marketed all the time to my 13 year old son over the television and other various things. And so he is coming to us with all of these movie requests and the ratings are not appropriate for him. And he does not see them.

But a second grade teacher in Bismark, North Dakota told me 1 day that a third of her class—she did a survey of her second grade class—a third of those children are able to watch PG-13 movies. And a smaller percentage are able to watch “R” movies. Second graders. And she said there is a real parenting issue. And she said, those kids go to those movies that are inappropriate. They bring all that language to school. They bring the aggression to school.

So parenting is one side of this equation and all of us should understand that. But it is increasingly difficult to be a good parent in today’s pop culture when you have these kinds of things, inappropriate movies and so on, marketed at children, violence on television and movies.

And I want to try to understand how all of this happened. I am talking about that which is described in the FTC report and whether steps have been taken to prevent it. First of all, let me say I appreciate the announcement today that some of you, most of you, are taking steps to deal with it. But the report talks about the research that is done. The National Research Group, which apparently many of your corporations employ. Now, they have been gathering 9, 10, 11, 12, 13 year old kids for research exercises to market test movies and so and so forth. That is wholly inappropriate. I mean, aside from the fact that the FTC says internal documents suggest that the companies have actually been strategizing that we are marketing this “R” movie to under age kids is wholly inappropriate.

But let me ask about the research. You are talking about discontinuing those marketing strategies. Have all of your companies discontinued the research strategies using national market research—National Research Group from Los Angeles. Have all of you discontinued now the use of 9 year olds, 10 year olds, 13, 15 year olds?

Because Mr. Farrell said, well, gee. I did not know that was going on. His company was doing it. He said, whatever we were doing, we were doing at the direction of the movie company.

So, the question is has all of this stopped immediately? Or is it still happening?

Ms. SNIDER. I can answer that. I mean, it has stopped absolutely for Universal.

Senator DORGAN. When did it stop?

Ms. SNIDER. In fact, the day that the report was issued and I read the report and I saw some of that information, I was appalled by it. And I knew that that week we had a movie that was being tested that had not yet been rated. And so often times what happens in these research preview screenings is that they are not yet rated. But it was a film that was intended to be an R. We knew it was going to be an R. And I called the marketing department right away. And I said, listen. Everybody has got to be carded. And they were carded. And it showed up on the Internet. They were surprised that that happened. But it is an absolute policy at Universal. And I cannot speak for my colleagues.

Senator DORGAN. Others—has the policy changed? I mean, the policy existed apparently to allow this national marketing group and others, National Research Group, to bring young kids in, 9 year olds, 10 year olds, 11 year olds, one group of 100 of them, to market test or do research on what parts of an “R” movie excite them or create passion. Has all of that stopped? Mr. Parkes.

Mr. PARKES. Well, speaking for DreamWorks, we have never included children in the test marketing of R-rated movies for violence and we never will.

Senator DORGAN. Have you employed National Research Group of Los Angeles?

Mr. PARKES. Yes.

Senator DORGAN. So you have employed them with specific instructions not to include these kids?

Mr. PARKES. Correct.

Senator DORGAN. And they have not?

Mr. PARKES. Yes.

Senator DORGAN. Thank you. Mr. McGurk.

Mr. MCGURK. As I described in my remarks, at the beginning of this year, we unilaterally stopped that practice that you described.

Senator DORGAN. Mr. Iger.

Mr. IGER. We have been applying our new guidelines vigorously since they were announced and are in full compliance with them in the regard that you asked or inquired.

Senator DORGAN. With respect to the rest of you, are any of you still using children or having a research group that uses children to evaluate “R” movies? Or have all of you taken these steps?

Mr. HORN. Senator, I would like to first say we have not employed that practice, even though we do employ National Research Group. It is we who decide who attends our research screenings. But now in our guidelines, we are specifically stipulating that we will not allow anyone into the research screening under the age of 17 unless accompanied by a parent. In which case, we will.

Mr. FRIEDMAN. Senator, I would also like to indicate that Paramount Pictures is not using that 9, 10, 11, 12 range in any of our market research screenings. That would be totally inappropriate. And we will not allow young people under the age of 17 into our market research screenings without a parent or guardian.

Mr. GIANOPULOS. And I can represent the same on behalf of 20th Century Fox, Senator.

Mr. HARRIS. Senator, I have waited until my other colleagues had responded because I know the particular item that was in the New York Times this morning addressed a Columbia Pictures' document that was—turned in to the FTC for its report. And I think it would be only appropriate that I give a little background on that.

That was a research study that was not commissioned or paid for by our company. However, it was commissioned and paid for by an independent film producer for whom we were going to produce—I mean, deliver, distribute the film and market it. So we did not have it removed from our files because it was part of the record.

The questions that you posed earlier and that have been posed by other Senators today concerning parents is one that we may have much dialog about. My colleague Mr. Horn just mentioned seeing the variety of things that happened.

In the *New York Times* article there, you will take note—which means I do not have to explain in full—that in this particular instance, the first film in a pair of films was attended by young people under the age of 12. The film producer was surprised by that. The research organization said we can find out about that. And the parents of those individuals who saw that first film were asked if they would let those children be interviewed on the film that they had seen some months or some time before. Those parents all said yes and the research was conducted by telephone. I believe the FTC summary refers to it as having been a focus group. But the actual physical method was by telephone.

Now, the parents who authorized the children to go the first time, who authorized the interviews to take place, one may have much dialog about what parenting is about today, but I totally defend their choice.

Having said that about something that took place a couple of years ago, we totally subscribe to what we have placed with the MPAA members, that we will not, as Alan Horn just described—have any research groups where any recruited viewer under the age of 17 will not be accompanied by a parent or guardian.

Senator DORGAN. Mr. Chairman, most parents if they were able to have access today to these microphones would say to this industry don't target kids. Help us be good parents. I mean, it is tough enough to be a good parent in today's pop culture. They need your help as well. The Chairman has called this hearing for which I am very grateful. And many of our colleagues have provided some leadership on this issue.

But we must see action. Your discussions today are a step in that direction. None of us, however, should have been surprised by what the FTC said. Every parent out there knows if they have got 10, 12 or 14 year old kids, that this sort of thing has been targeted to kids time and time and time again. And it is not right. And every parent would say that. And so you create good art for which, you know, I commend you and I say I want to be proud of the art you produce. But if you are going to produce entertainment for adults, help us protect children. It is inappropriate for children.

Senator MCCAIN. Thank you, Senator Dorgan. I would like to thank you all for being here. I know that all of you have very heavy

responsibilities. And I want to thank you for taking the time to be here before the Committee. We are going to ask the FTC to continue to monitor—I would like to turn to Senator Hollings first. Senator.

Senator HOLLINGS. You refer, Mr. Iger, to the Walt Disney Company announcement of its policies for marketing its motion pictures, paragraph two. The ABC television network will not accept advertisements for R-rated films in prime time entertainment programming prior to 9 p.m. Why?

Mr. IGER. We looked at the audience makeup of programs prior to 9 p.m. and felt that more children under 17 were consuming our programs in the earlier evening time period and decided to establish 9 o'clock as the cutoff for that reason. That does not mean that we are not open to considering banning certain ads for R-rated films in certain programs after 9 p.m. as well and we will continue to monitor that.

Senator HOLLINGS. But prior to 9 p.m., what does that prime time entertainment program include?

Mr. IGER. It does not include news or sports.

Senator HOLLINGS. That includes ESPN, Lifetime also?

Mr. IGER. That is talking about the ABC television network in those guidelines.

Senator HOLLINGS. How about ESPN and Lifetime?

Mr. IGER. Well, in ESPN's case, we consider it sports. And it does not include ESPN. However, there are certain programs that air on ESPN at varying times of the day that are consumed by more people under 17. And in those cases, we will refrain from airing commercials for R-rated films in those programs. For instance, they cover the little league world series. Even though it is a sports program and our guidelines do not include sports programs, we feel it would be inappropriate to put ads for R-rated films within the body of that program.

It does not include Lifetime. Lifetime is a cable entity that we own 50 percent of that is governed by a set of rules that allows the management of Lifetime a level of autonomy reporting to the board which is made up of 50 percent of executives of the Walt Disney Company. They have not subscribed to our guidelines.

Senator HOLLINGS. Prime time, is that just an hour, 8 to 9 p.m.? Or when does it commence up to 9 p.m.? I agree with you on the after 9 p.m.

Mr. IGER. Prime time is 22—in the case of the ABC television network is a 22 hour block between 8 and 11 p.m. on Monday to Saturday and 7 to 11 p.m. on Sunday. That is prime time.

Senator HOLLINGS. That is prime time. Now, as I understand it then, you do not think it is good policy to advertise violence during prime time. Accepting that principle for advertising, how about the showing of the film itself?

Mr. IGER. Well, when the film runs on ABC, it is heavily edited. It began its life as an R-rated film and in terms of motion picture distribution. But once it runs on the ABC television network or on other commercial broadcast networks, not just ours, it is no longer an R-rated film. It was branded an R-rated film when it was first distributed. But a substantial portion of the content within that film that caused it to get an R-rated rating was excised.

Senator HOLLINGS. You cannot tell me that the advertisement would have violence, but the film itself would not? Is that right? That is false and misleading advertisement.

Mr. IGER. I am not sure I understand your question. When the film itself runs on the ABC television network, it is heavily edited. Therefore, in the form that it actually runs on ABC, it would not qualify as an R-rated film. When the movie is distributed to motion picture screens across the country as an R-rated film, then our guidelines suggest that we will restrict the advertising and marketing of that film in certain prime time hours on ABC.

Senator HOLLINGS. But I am making progress. I see that you agree with the safe harbor during prime time up until 9 o'clock.

Mr. IGER. No—

Senator HOLLINGS. The advertising of violence. Is that not what your section two says?

Mr. IGER. No, I do not agree with your safe harbor bill.

Senator HOLLINGS. Well, what does that prescribe? You just said the ABC television network will not accept advertising for R-rated films in prime time entertainment programming prior to 9 p.m.

Mr. IGER. That is correct. That is advertising for R-rated films that did not air on—

Senator HOLLINGS. Well, that is a safe harbor for advertising, is it not?

Mr. IGER. Well, my understanding is that your safe harbor initiative stretches well beyond advertising to include the programs themselves.

Senator HOLLINGS. Oh, yeah. It does. You are exactly right. That is what I am trying to get to. Since you agree it applies to advertising, why not to the film itself? That was my question. It is a wonderful principle. And I am glad to see at least you making progress.

Mr. IGER. If you are asking me whether we would run an R-rated film in the prime time period—

Senator HOLLINGS. I am asking you about the principle that you have adopted here in paragraph two that you do not think that Walt Disney should accept advertising violence during prime time up until 9 o'clock. Now, that is what it says as I am reading it.

Mr. IGER. Advertising. That is correct.

Senator HOLLINGS. And that is correct. So if you do not want to accept the advertising for that violence, why not adopt that principle for the film itself?

Mr. IGER. Well, that is advertising for R-rated films.

Senator HOLLINGS. That's right.

Mr. IGER. We do not air R-rated films on the ABC television network.

Senator HOLLINGS. You do not.

Mr. IGER. That's correct.

Senator HOLLINGS. Well, excuse me, that is my—

Mr. IGER. What we air on the ABC television network, they would no longer qualify as an R-rated film.

Senator HOLLINGS. Then that is what Mr. Patton, the Executive Vice President, is getting to when he sent me this and he said, "We are honestly trying to do the right thing for the right reasons on violence. Michael Eisner worked hard within our organization to

get agreement on our new marketing guidelines for R-rated films. The other networks though are not following our lead and instead are accusing us of unworthy motives." And he asked me any help that you can give would be greatly appreciated.

I love your comment. You are a good man. All of you all are good. But I can see our Senator friends here talking about families and how we have got to get your help and everything else like that. Violence pays. There is not any question about it. Over the 50 year period, there is no question. And we do have the First amendment so we cannot control content. It is absolutely futile to think that families are going to run around and set V-chips around. They do not do it. In other areas, like in Europe, and down in New Zealand, Australia and Canada, we had one witness at the last hearing who said, wait a minute. It is a cultural difference. In Detroit, they have all this violence. But if they cross over the river to Windsor, Canada, they do not. Well, Canada has got the safe harbor. What is the objection to the safe harbor?

Mr. IGER. I believe decisions in terms of what programs air on the ABC television network should be made by ABC and the Walt Disney Company. And that it is not, in my opinion, appropriate for the government to start making program decisions for us. And that is my objection to the safe harbor. I stand completely behind the program practices of the ABC television network. I believe we exercise our responsibilities to the highest degree. I have no reason to in any way become overly defensive about the quality of the programming that airs on ABC prior to 9 o'clock. I believe we are doing our job in that regard. And I do not believe we need government intervention to in any way govern the programs that we are making available to the American public.

Senator HOLLINGS. We cannot govern the programs you make available. We can govern the free airwaves coming into the homes of America. We found out constitutionally that the FCC with respect to that eliminates obscenity. And the question is can we extend that now to violence? But I do appreciate it, Mr. Iger, that you do believe in a safe harbor for advertising. Thank you very, very, much.

Senator MCCAIN. You are welcome.

Senator BROWNBACK. Mr. Chairman.

Senator MCCAIN. Senator Brownback.

Senator BROWNBACK. I wonder too if I could enter two documents into the record and actually applaud Mr. Iger on their statement that you will not advertise R-rated films during the family hour. Is that a correct statement of your new policy, Mr. Iger?

Mr. IGER. We will not advertise R-rated films prior to 9 o'clock. Using the term family hour is yours.

Senator BROWNBACK. It is even further—

Mr. IGER.—But I do not mean to become argument over your choice of words.

Senator BROWNBACK. You have expanded the definition there. I appreciate that. I want to enter into the record if I could a Parents' Television Council finding. Of the 54 movies advertised that aired during the family hour, 45 or 83 percent were for R-rated films. The family hour is 8 to 9 o'clock. You have said before 9 p.m., you will not advertise any R-rated movies. I hope that the rest of the

companies would follow your lead and not advertise R-rated films prior to 9 p.m.

A second document I want to enter into the record is a joint statement on the impact of entertainment violence on children. This is a document signed by six of the major public health organizations saying that exposing children to violent entertainment is causing increased aggressive behavior among some children. I am sure this is a cause of great concern for each of you that this is taking place and signed by American Psychiatric Association, American Academy of Pediatricians, American Medical Association amongst others. And I will provide a copy to each of you.

I want to follow up on Mr. Horn's statement. You said you would go beyond the MPAA's guidelines. And you said you would not advertise R-rated films during both "G" and "PG" movies. Mr. Horn and I applaud you for doing that. Will the rest of you follow suit on that as well and not advertise R-rated films as trailers in a "PG" film? Can I get agreement that if somebody is not willing to do that, would you speak now?

Mr. FRIEDMAN. Senator, I would say to you that our guidelines are again to review each film individually with specific attention given to who is an appropriate audience. Because a film is rated "PG" does not necessarily mean it is a family oriented picture. It can very likely be an adult oriented picture, and we have had experience with that. So we might choose on an adult oriented "PG" film to attach certain R-rated trailers. Now, understand that those trailers are approved by the MPAA for all audience viewing.

Senator BROWNBAC. So you are going to continue to do it. Are others of you willing to say you will not?

Mr. GIANOPULOS. Senator, we made that commitment on behalf of 20th Century Fox yesterday.

Senator BROWNBAC. Thank you, very much.

Ms. SNIDER. I just wanted to concur that Universal is prepared to make that commitment.

Senator BROWNBAC. Very good.

Mr. PARKES. The same with Dream Works, yes.

Senator BROWNBAC. Thank you, Mr. Parks.

Mr. MCGURK. MGM and United Artists are also making that commitment.

Senator BROWNBAC. Thank you.

Mr. IGER. As is the Walt Disney Company.

Senator BROWNBAC. Thank you.

Mr. HARRIS. As part of our continuing review on trailer placement, we will also be applying those same criteria to "PG" films.

Senator BROWNBAC. Okay. So you will not be advertising "R" films during "PG" movies.

Mr. HARRIS. As trailer attachments to them. That's correct.

Senator BROWNBAC. Thank you, very much. Well, we got quite a ways on that. Now, let me press for the family hour advertising of R-rated films. The family hour is that time between 8 and 9 p.m., network television. Will you agree not to advertise R-rated movies during the family hour as the Walt Disney Company has agreed not to?

Ms. SNIDER. Nothing would make me happier than to be able to agree to it in a blanket way and absolutely. I would want to know

what the shows and the demographics of those shows are on at 8 o'clock to know if whether or not there might be instances of movies like saving *Private Ryan* or *Erin Brokovich* or *Almost Famous* that might be suitable. And if it did not fit that criterion, we would avoid that family hour.

Senator BROWNBACk. I am just asking if you would follow along the lines of what Disney has agreed to do.

Mr. PARKES. I am not prepared to categorically make that a policy of our company.

Senator BROWNBACk. Mr. McGurk.

Mr. MCGURK. At MGM and UA, we think it is a very interesting proposal, but we think we need to study it further before we decide whether we are going to adopt it or not.

Senator BROWNBACk. Mr. Horn.

Mr. HORN. Senator, we are not prepared to do that. We are prepared to adhere to our guidelines, which is the 35 percent criterion. We are not willing to designate it by hour, sorry.

Senator BROWNBACk. Mr. Harris.

Mr. HARRIS. Senator, thank you for the question. I think one of the things that you are finding here—

Senator MCCAIN. Mr. Harris, could you answer the question?

Senator BROWNBACk. Yes or no will do just fine. Yes would be the best.

Mr. HARRIS. Since we have two networks at this table who have announced that they do not plan to accept advertising for R-rated films or violence before 9 p.m. in their prime time programing, we will obviously adhere to those two networks as they now exist. On the other networks who have not yet established such policies, we will also have it under study.

Mr. GIANOPULOS. Senator, yesterday, our parent company, News Corporation, announced on behalf of the Fox Broadcasting Company that they will not accept advertising for R-rated films in any family programming or in any program in which 35 percent of the audience or more is anticipated to be under 17. In addition, the Fox Family channel will produce and air a 1-hour special aimed at helping parents be better informed and make better informed decisions about films, music and video games.

Senator BROWNBACk. Let me go to the next person if you could just because my time is very short.

Mr. FRIEDMAN. Senator, I would just call your attention to the fact that not all 8 p.m. shows in fact have high family viewing indices, that some 8 p.m. shows actually have a lower child rating than shows after 9 o'clock. And Paramount will take it on a case-by-case basis.

Senator BROWNBACk. Mr. Chairman, you have been kind to let me have a second round of questions. I agree with what Mr. Dorgan has said. And as a parent, we have constant discussions in our family about this. And the problem is that you make it more difficult for parents to keep on top of what is going on when you target market this to children. You have said that it is a parent's responsibility to decide—so why not target—market to parents, instead of kids. What you're doing now is targeting the child to try to force the parent to take the child to the movie. You are blaming

parents for not making wise decisions, and then circumventing them to get at their kids. It needs to stop.

And I think we have made some progress here today. I think we have got a long ways to go. And I do not support censorship. I think it would be absolutely the wrong way. It is unconstitutional and un-American. But you have really got to help us out. Because parents are really struggling out there to try to raise their children.

So many of them come up to me anymore and say thank goodness I have got my kids raised. The pressure parents face is so intense. And you are part of the solution and part of the problem. Because you can produce beautiful stories. I love a number of your movies. You can also really, really mess with kids' minds. And it really troubles parents. And it troubles the kids. And it hurts us as a country.

Senator MCCAIN. Senator Breaux.

Senator BREAUX. Thank you, Mr. Chairman, for the second round. I am a big believer in the fact that the government does not raise children. Parents raise children. And that is where the first line of responsibility should be. And I think that we should give parents all the tools that they can possibly have in order to make sure they make the right decisions in selecting what their children are exposed to as they attempt to raise them in a very difficult society. But we cannot make those decisions as a government. Those are parental decisions. And parents raise children, not government.

It seems to me that one of the areas where there is a breakdown is in the actual theaters themselves that sell the tickets and admit children and everyone else into their theaters to see the products that you produce. If you go into a convenience store, it is replete with signs saying we card everyone. We card anyone under 25 before we sell them cigarettes or before we sell them alcohol or products that cannot be sold to minors. It seems to me—and I have seen it happen time and again, and I am sure everybody here in the audience has seen, those prohibitions in effect and working.

I do not see that in theaters. It seems to me that most of the people I see selling tickets in the theaters many times themselves are teenagers and part-time jobs in the evening. They may be 18 and they're not really, I think, enforcing the NC-17 rating that says you cannot come in or an "R" rating that says you cannot come in without a parent or an accompanying adult.

And then sometimes when they get in the larger theaters, they may have a "PG" movie and they may have an "R" movie and an NC-17. And too many times the kids just duck out of the "PG" movie into the "R" movie or into the NC-17 movie. There is nobody watching who is going into what particular theater in the complex.

You all provide those films to those theaters. They cannot exist without you. Sometimes you own some of the chains. What can be done, if anything, to ensure that after the ratings—which I think are pretty effective are in place on a movie that you send to a theater—what can be done to assure that the theaters do what I guess they are supposed to do in the absence of a parent doing it before? What can you all say to the theaters who run your movies about making sure that they do not admit children to NC-17s and to "R"

movies without an accompanying adult? I do not think it is working at that stage very well at all. Any suggestions?

Mr. FRIEDMAN. Senator, as part of the 12 point initiatives that we have agreed upon, we have talked about discussing with our exhibition partners their diligence in, as you say, carding the attendees of our films, especially R-rated films, to try to help in preventing inappropriate attendance to our films. In addition to that, we are suggesting that they increase the exposure to our ratings information through their telephone banks and through displays within theaters, lobbies, etc.

Senator BREAUX. Would it be possible for you—because these theaters do not exist without you. I mean, that is clear. The movie theaters by and large do not make pictures. Would it be permissible or appropriate or could you in fact say that we will supply no theaters our pictures who do not have an enforcement procedure that they have developed to ensure that children who are not rated as suitable for the movie can still get in? I mean, you can do that. I mean, if you do not supply them films, folks, they are out of business. And if they do not—under this concept, if they do not present a plan about how they are going to enforce the ratings, you are not going to give them any movies. You know how fast they would come up with a plan? Before the day is over. Can you do that? Would you do that? Is it a good idea? Any comments? Ms. Snider.

Ms. SNIDER. I think it is a very interesting idea. And the only caveat and challenge to the idea is that many of our partners in exhibition or the companies that are involved in exhibition are already if not out of business very much struggling. And so in the past when we have mentioned the idea of hiring more ushers, it has been an idea that has been discussed, but to which there has not been an adequate response. And I think what these meetings that we will put forth will encourage are other ways to require enforcement. There may be a ten cent solution to a ten dollar problem. It may be requiring carding. It could be changing the colors of certain tickets. It could be requiring stamps. And I think that in addition to providing information in theaters that would help inform parents of when not to even come at all when they should exercise their judgment, we can also work with our friends in exhibition to provide a meaningful response to this.

Senator BREAUX. My time is practically up and it is up now. The point I am trying to make is that it seems to me that that is one of the break downs in this chain. I mean, I remember when I was a youngster trying to get into the movies, I was always trying to buy the children's ticket. And I was a little taller than some of my 12 year olds. And they kept carding me to make sure I was not 13. I was trying to get in on a cheap ticket and they wanted me to buy an adult ticket and I was not there yet. And it was pretty effective with regard to the price. But no one has ever asked me, probably my children either, about their age, being eligible to see the actual movie. And it seems to me that someone of responsibility at the ticket counter when they sell the ticket could ask for a card just like they ask for an ID to purchase cigarettes or to purchase alcohol. And if it is an NC-17, are you 17? Or are you 15? And if you do not show proof, you do not get in. And if it is an R-rated movie, they can say who is accompanying you. And if you do not have

someone, well, then you cannot buy the ticket. I mean, it would seem to me that would be something that would be effective. And I just throw it out as a suggestion. Thank you, all.

Senator MCCAIN. Thank you, Senator Breaux. And, Senator Breaux, along with what you are talking about, according to this FTC report, and I quote, "In a June, 1999 public announcement with President Clinton, the National Association of Theater Owners promise stricter enforcement of the MPAA guidelines. Specifically, NATO announced that all its member theaters would require, at the box office, photo identification of unaccompanied young patrons seeking admission to R-rated films." And yet, after that announcement was made, there was a survey, part of the survey done by the FTC, where the enforcement is—well, it is about half. And I think that we ought to have some dialog with the theater owners.

Senator BREAUX. Senator, if I could just make a quick comment on one thing. You know, if a liquor dealer sells to minors one, two, three times and they are caught, they lose their license to sell. And with their power of supplying the theater owners, theater owners cannot exist without these people. And if it is a hard and fast rule that a certain percentage of violations loses your right to show movies, I guarantee you, they are going to jump as quickly as they can to enforce it. Otherwise, they are out of business.

Senator MCCAIN. I thank the witnesses. And I want to thank you for your patience. And I would like to make a couple of comments. First of all, I still am concerned about the language in some of the initiatives.

In number 2, it says no company will knowingly include persons under the age of 17 in research screenings for films rated R for violence or in research—what is this knowingly about? I mean, if you commission the report, you are responsible for it. If anyone in a position of responsibility, something happens on their watch, whether they knowingly or unknowingly know about it, then they are responsible. I hope you could remove the word no company will knowingly include persons in research screenings. Because if you are responsible for the screenings, then you should know about it.

I think the second issue I would like to just mention again, this language that each company will review its marketing advertising. But in order to further the goal of not inappropriately specifically targeting children, my friends, that language is not good enough. Because it leaves a subjective decision in your hands. And clearly, some very bad subjective decisions were made in the past as far as marketing this material to young children.

And I want to applaud again Warner Bros., Disney, Fox and clearly Dream Works from their testimony. They have not worried about inappropriately specifically. They just said they won't do it. I hope that the rest of the industry would follow their lead.

And by the way, on the issue of advertising, we know that advertising has an effect. Already we have seen an effect when they have banned some forms of alcohol advertising. And, we have seen an effect in some states where they have devoted—as every state should—a lot of the money that they got from the tobacco settlement to anti youth tobacco use advertising. It has worked in California. It has worked some in my state. And it is clear that advertising does work. And sending messages to children which is being,

again, done in some states, about the effects of the use of tobacco, has worked and has reduced the use of tobacco on the part of children in places where they have had active programming. That is I think something that is important here.

Finally, when I tune into HBO and before the movie starts, there is a list of what is contained in that movie. It is very clear to me and it is very clear to parents. And we hear violence, graphic sexual language, et. cetera, et. cetera. There are about four or five categories. I am sure you are as familiar with it as I am.

One of the complaints that we hear all the time is parents say they do not understand the present rating system. Perhaps they should, but they do not. And I hope that we could work out a rating system, as the Director's Guild has called for, that is clearly understandable by parents, by children, by everybody who is going to make a decision as to whether to view a film or not. Or to buy a CD or buy a video game.

And I think it would be very helpful if we had this universal rating system. And I hope all of you would seriously consider that. It does not matter to me if the present rating system has been in for 32 years or 300 years. We still hear from parents and families and parental organizations and family advocacy organizations that there is a lack of understanding about the present rating system.

So I also agree with Senator Brownback, and I think we made significant progress. I think some segments of the industry have made more progress than others. I hope that we could have everyone make the same progress at Warner Bros., Disney, Fox, and Dream Works have done.

And so we are not going to pass legislation that requires you to have a universal rating system. I am not sure how we do that. But I think that the FTC will continue to be involved in monitoring what goes on. And we will be working with the FTC.

And I want to finally end up again, there are many who oppose this hearing and what we are trying to achieve here and channeling it off into the argument about censorship. This hearing, as far as this member is concerned, was not about censorship. It was all about an FTC report which was given to this Committee as is our responsibility, not our privilege, but our responsibility, as the Committee that oversees the Federal Trade Commission. And then we obviously need information and consider various courses of action. Really the future of your business lies in your hands.

But I also would remind you when many families read this story that is on the front page of the *New York Times* this morning—and I think you have some work to do. And I think you have done some work. And I appreciate what you have done. But I would argue that you perhaps should work a little more assiduously so that parents again can have the kind of trust and confidence in you that they deserve and frankly is a result of the quality product that you have produced for many generations.

So I thank you for being here. I look forward to working with you, both collectively and individually. And we appreciate your patience in this very long hearing. Thank you. This hearing is adjourned.

[Whereupon, at 12 p.m., the hearing was adjourned.]

Appendix

PARENTS TELEVISION COUNCIL

On Wednesday, September 27th, the U. S. Senate Commerce Committee will hold hearings with the major movie studios regarding the Federal Trade Commission's report on the marketing of violent entertainment to children.

The Parents Television Council looked at how many advertisements for R-rated films aired during the family hour on the broadcast networks from September 1 to September 20, 2000. The study covers only movies playing in theatres, not video-cassette releases.

Of the 54 movie advertisements that aired during the family hour, 45, or 83%, were for R-rated films.

Network breakdown: Number of advertisements for R-rated films on each network during the family hour.

- CBS: 3, or 7% of family-hour advertisements for R-rated movies.
- NBC: 4, or 8%.
- ABC: 5, or 11%.
- WB: 9, or 20%.
- UPN: 11, or 24%.
- **FOX: 13, or 29%**

Movie studios: Number of advertisements for R-rated movies placed on the networks during the family hour.

- Artisan: 5, or 11% of family-hour advertisements for R-rated movies.
- Time Warner (New Line Cinema, Warner Bros.): 5, or 11%.
- Sony (TriStar, Columbia): 6, or 13%.
- DreamWorks: 7, or 16%.
- Seagram (Universal, USA Films): 9, or 20%.
- **Disney (Disney, Buena Vista, Touchstone, Hollywood, Miramax, Dimension) 13, or 29%.**

Show	Rating	Movie Company
Mysterious Ways-NBC Bait	R	Warner Brothers
Moesha-UPN Urban Legends	R	Columbia Pictures
Dharma and Greg-ABC Nurse Betty Almost Famous	R R	USA Films DreamWorks
That 70s Show-Fox The Watcher Duets The Way of the Gun	R R R	Universal Hollywood Artisan
Titus-Fox The Way of the Gun The Watcher Nurse Betty	R R R	Artisan Universal USA Films
Buffy the Vampire Slayer-WB The Way of the Gun	R	Artisan

Show	Rating	Movie Company
Family Guy-Fox Bait	R	Warner Brothers
Seven Days- UPN The Way of the Gun The Watcher The Cell	R R R	Artisan Universal New Line Cinema
Dawson's Creek-WB Urban Legends	R	Columbia Pictures
Friends-NBC The Watcher Duets	R R	Universal Hollywood Films
Smackdown!- UPN Urban Legends Bring It On The Way of the Gun Get Carter Boy Meets World-ABC Bring It On	R PG-13 R R R PG-13	Columbia Pictures Universal Artisan WB Universal
Secret Agent Man-UPN Scary Movie	R	Dimension
ABC Special-Emmy's Remember the Titans Almost Famous	PG R	Disney DreamWorks
Touched By an Angel-CBS Remember the Titans	PG	Disney
The PJ's- WB Scary Movie	R	Dimension
Moesha-UPN Remember the Titans	PG	Disney
Dharma and Greg-ABC Almost Famous Duets	R R	DreamWorks Hollywood Pictures
That 70's Show-Fox Almost Famous Urban Legends Duets	R R R	DreamWorks Columbia Pictures Hollywood Pictures
Titus-Fox Nurse Betty	R	USA Films
3rd Rock from the Sun-NBC Almost Famous	R	DreamWorks
Grown Ups-UPN Scary Movie	R	Dimension Films
Buffy the Vampire Slayer-WB The Watcher Scary Movie	R R	Universal Dimension
Dawson's Creek-WB Scary Movie The Watcher	R R	Dimension Universal
Smackdown-UPN Urban Legends	R	Columbia Pictures
Charmed-WB Scary Movie Scary Movie Beautiful	R R PG-13	Dimension Films Dimension Films Destination
Survivor-CBS Get Carter Almost Famous	R R	WB DreamWorks

Show	Rating	Movie Company
Duets	R	Hollywood
Fox Special		
Almost Famous	R	DreamWorks
Scary Movie	R	Dimension
The Parkers-UPN		
Remember the Titans	PG	Disney
The PJ's-WB		
Pay It Forward	PG-13	Warner Brothers
Moesha-UPN		
Urban Legends	R	Columbia Pictures
Seventh Heaven-WB		
Remember the Titans	PG	Disney

JOINT PREPARED STATEMENT OF DONALD E. COOK, M.D., PRESIDENT, AMERICAN ACADEMY OF PEDIATRICS, CLARICE KESTENBAUM, M.D., PRESIDENT, AMERICAN ACADEMY OF CHILD & ADOLESCENT PSYCHIATRY, L. MICHAEL HONAKER, PH.D., DEPUTY CHIEF, EXECUTIVE OFFICER, AMERICAN PSYCHOLOGICAL ASSOCIATION, DR. E. RATCLIFFE ANDERSON, JR. M.D., EXECUTIVE VICE PRESIDENT, AMERICAN MEDICAL ASSOCIATION, BRUCE BAGLY, M.D., PRESIDENT, AMERICAN ACADEMY OF FAMILY PHYSICIANS, AND DANIEL B. BORNSTEIN, M.D., PRESIDENT, AMERICAN PSYCHIATRIC ASSOCIATION

We, the undersigned, represent the public health community. As with any community, there exists a diversity of viewpoints—but with many matters, there is also consensus. Although a wide variety of viewpoints on the import and impact of entertainment violence on children may exist outside the public health community, within it, there is a strong consensus on many of the effects on children's health, well-being and development.

Television, movies, music, and interactive games are powerful learning tools, and highly influential media. The average American child spends as much as 28 hours a week watching television, and typically at least an hour a day playing video games or surfing the Internet. Several more hours each week are spent watching movies and videos, and listening to music. These media can, and often are, used to instruct, encourage, and even inspire. But when these entertainment media showcase violence—and particularly in a context which glamorizes or trivializes it—the lessons learned can be destructive.

There are some in the entertainment industry who maintain that 1) violent programming is harmless because no studies exist that prove a connection between violent entertainment and aggressive behavior in children, and 2) young people know that television, movies, and video games are simply fantasy. Unfortunately, they are wrong on both counts.

At this time, well over 1000 studies—including reports from the Surgeon General's office, the National Institute of Mental Health, and numerous studies conducted by leading figures within our medical and public health organizations—our own members—point overwhelmingly to a causal connection between media violence and aggressive behavior in some children. The conclusion of the public health community, based on over 30 years of research, is that viewing entertainment violence can lead to increases in aggressive attitudes, values and behavior, particularly in children.

Its effects are measurable and long-lasting. Moreover, prolonged viewing of media violence can lead to emotional desensitization toward violence in real life.

The effect of entertainment violence on children is complex and variable. Some children will be affected more than others. But while duration, intensity, and extent of the impact may vary, there are several measurable negative effects of children's exposure to violent entertainment. These effects take several forms.

- Children who see a lot of violence are more likely to view violence as an effective way of settling conflicts. Children exposed to violence are more likely to assume that acts of violence are acceptable behavior.
- Viewing violence can lead to emotional desensitization towards violence in real life. It can decrease the likelihood that one will take action on behalf of a victim when violence occurs.

- Entertainment violence feeds a perception that the world is a violent and mean place. Viewing violence increases fear of becoming a victim of violence, with a resultant increase in self-protective behaviors and a mistrust of others.
- Viewing violence may lead to real life violence. Children exposed to violent programming at a young age have a higher tendency for violent and aggressive behavior later in life than children who are not so exposed.

Although less research has been done on the impact of violent interactive entertainment (video games and other interactive media) on young people, preliminary studies indicate that the negative impact may be significantly more severe than that wrought by television, movies, or music. More study is needed in this area, and we urge that resources and attention be directed to this field,

We in no way mean to imply that entertainment violence is the sole, or even necessarily the most important factor contributing to youth aggression, anti-social attitudes, and violence. Family breakdown, peer influences, the availability of weapons, and numerous other factors may all contribute to these problems. Nor are we advocating restrictions on creative activity. The purpose of this document is descriptive, not prescriptive: we seek to lay out a clear picture of the pathological effects of entertainment violence. But we do hope that by articulating and releasing the consensus of the public health community, we may encourage greater public and parental awareness of the harms of violent entertainment, and encourage a more honest dialogue about what can be done to enhance the health and well-being of America's children.

PREPARED STATEMENT OF HON. MAX CLELAND,
U.S. SENATOR FROM GEORGIA

Mr. Chairman, thank you for gathering these representatives from the movie industry to testify today. The motion picture ratings system, established in 1968, is the oldest such system and the best known of all the entertainment ratings systems. However, popularity does not excuse the actions revealed in the FTC report. I am talking about using children as young as 10 in focus groups reviewing R-rated movies. I am talking about attempts to market a film showing devastating bomb blasts and using strong language and sexual innuendo to children 6–11 on Nickelodeon. I am talking about one studio's internal marketing report which states, and I quote:

“Our goal was to find the elusive teen target audience . . . To do so, we went beyond the media partners by enlisting young, hip “Teen Street Teams” to distribute items at strategic teen “hangouts” such as malls, teen clothing stores, sporting events, Driver's Ed classes, arcades and numerous other locations.”

This type of behavior is inappropriate if not ethically questionable. The marketing areas over which this industry has control, it should control.

Although there is a role for parents in this mix, the industry can act as well. I am encouraged by the early decision by Disney not to show trailers for R-rated films on its ABC network before 9 p.m. I am also encouraged by the 12 initiatives the MPAA announced yesterday in response to the FTC report. These initiatives seek to provide more information to parents about the degree of violence in movies and to provide more studio oversight over internal marketing and advertising practices. They include efforts to encourage their vendors—theater owners and video retailers—to better enforce the rating system, and to include on video cassettes and DVDs of new releases not just the movie's rating, but also the reasons for the rating.

Last week, I offered an amendment that this Committee supported to allow the FTC to re-visit the issue of marketing violence to children in 18 months. This amendment offers the industry opportunities to show through action your support for vigorous and vigilant self-regulation. In closing let me repeat what I said earlier: I sincerely believe that the industry can make money and still offer a socially responsible product to our children. Mr. Chairman, I look forward to hearing from our witnesses.