War Puts Radio Giant on the Defensive

By JOHN SCHWARTZ and GERALDINE FABRIKANT

Clear Channel Communications has long been the company that the music industry loves to loathe, so aggressively dominant as the nation's biggest radio broadcaster that some critics refer to it as the Microsoft of music. Now, though, Clear Channel finds itself fending off a new set of accusations: that the company is using its considerable market power to drum up support for the war in Iraq, while muzzling musicians who oppose it.

The company's executives insist they have no political agenda, and even some of its most outspoken business antagonists say many of the latest accusations do not stand up to scrutiny. But the criticism has grown sufficiently loud that Clear Channel hired a crisis communications firm last week to help it handle the uproar.

One former Clear Channel executive said that the company's rapid rise — from 43 radio stations only eight years ago to more than 1,200 now — had not prepared it for the bruising life at the top of the industry. "They don't recognize the playing field they are playing on now," this person said.

The critics, whose views have been expressed in newspaper articles and columns, and on Salon.com and other Web sites, cite an unusual series of pro-military rallies drummed up by Glenn Beck, whose talk show is syndicated by Premiere Radio Networks, a Clear Channel subsidiary. He has convened the rallies in part to counter antiwar sentiment that critics say is also evident on Clear Channel radio station broadcasts.

Demosntrators in Savannah, Ga., some of them members of military families, rallying in favor of the American war role, a sentiment that critics say is also evident on Clear Channel radio station broadcasts.

A Nation at War
On Minot, N.D., Radio, a Single Corporate Voice
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rallies in part to counter antiwar comments by celebrities.

The company's critics also point out that some Clear Channel country music stations stopped playing the Dixie Chicks earlier this month after the group's lead singer, Natalie Maines, told fans during a London concert, "We're ashamed the president of the United States is from Texas."

Clear Channel's opponents either imply or say outright that Clear Channel has taken these steps to build support within the Bush administration at a time the Federal Communications Commission is considering regulations over how many radio stations a single company can own.

John Hogan, the president and chief executive of Clear Channel's radio division, dismissed the idea of a corporate political push as "laughable," saying, "I won't kid you and tell you that Clear Channel is above criticism, but the brush that is painting us as evil and mean-spirited, and with some sort of onerous political agenda is one that I have a hard time getting my arms around." Clear Channel, he said, is purely a company that builds audiences through entertainment so that advertisers can sell goods and services to them. "We're in the business of having the largest possible audience," Mr. Hogan said, not "the most politically unified audience."

Even some Clear Channel critics say they doubt there are Citizen Kane orders emanating from headquarters in San Antonio, where the publicly held company's founder and chairman, L. Lowry Mays, and two sons, Mark and Randall, preside. (The Mayses declined to be interviewed.)

"I don't believe that there's a conspiracy," said Jenny Toomey, the executive director of the Future of Music Coalition, which campaigns against the merger rush among media companies. She said that the political activities simply represented a conservative company's world view.

And yet, even if Clear Channel's political effect is nothing more than a cultural homogenization that leaves little room for boat-rocking and that gives little airplay to antiwar songs like current ones by Lenny Kravitz and Michael Stipe of R.E.M, Ms. Toomey is not ready to
concede that all is well in radioland.

"This is just enlightened self-interest in some ways," she said, "or darkened self-interest."

A reason so many detractors are willing to believe the worst about Clear Channel may be the company's sheer size and reach. Along with Mr. Beck, the company also syndicates the talk-radio fixtures Rush Limbaugh and Dr. Laura Schlessinger, as well as Carson Daly, the ubiquitous D.J., among others. The widely diversified company's $8.4 billion in annual revenue also flows from hundreds of thousands of billboards around the world, dozens of television stations and management of sports figures like Andre Agassi and Michael Jordan.

But it is Clear Channel's bare-knuckle dealings with the music industry, and the way the company can leverage its broadcasting power to the advantage of its concert-promotion business, SFX Entertainment, that may explain why, for the haters, all roads lead to Clear Channel.

Some Web sites, for example, reported last week that Clear Channel's concert promoters threatened to throw the activist singer Ani DiFranco off the stage of the New Jersey Performing Arts Center if she allowed representatives of antiwar groups to speak. Clear Channel did arrange the concert, held on March 19, but it was the managers of the arts center that tried to ban the activism, according to Jeffrey Norman, a spokesman for the center. In fact, the speeches — and the show — did go on.

As for the Dixie Chicks boycott, it turns out that Clear Channel stations were only sporadically involved.

More unified were the actions of Cumulus Media, which owns 262 stations, and has at least temporarily stopped all 42 of its country stations from playing the Dixie Chicks. The company's chief executive, Lewis W. Dickey Jr., denied the move was part of a political agenda. "We pulled the plug out of deference to our listeners," he said.

At one rally promoted by a Cumulus station in Shreveport, La., a bulldozer crushed Dixie Chicks CD's. Mr. Dickey described it as "an event that was precipitated by listener demand." He predicted that after a cooling-off period, the group's music would return to Cumulus stations.

A program director for another broadcaster, Cox Radio, also said that much of the political activity was bubbling...
also said that much of the political activity was bubbling up from the listening audience. "Country music is a very patriotic format," said Michael Cruise, program director for two Cox Radio stations in Houston, KKBQ-FM and KTHT-FM. "I didn't want to come out on the wrong side of the issue."

At Clear Channel, Mr. Hogan said that the company issued no order that local stations take the Dixie Chicks off the air and that he did not know how many stations had made their own decisions to do so.

He does acknowledge, however, that the Clear Channel stations' carefully defined formats circumscribe the universe of songs that they might play. "The country programmer who would choose to play Lil' Kim," he said, referring to leather-clad hip-hop singer, "probably is not long for the world as a country programmer."

More difficult is explaining away the 18 "Rally for America!" events that had been held through last Friday at the urging of Mr. Beck and co-sponsored by one of his advertisers, Bills Khakis. Thirteen of those rallies were co-sponsored and promoted by local Clear Channel stations, including one held March 15 in Atlanta that was sponsored by Clear Channel's WGST and attended by an estimated 25,000 people. Further plans for rallies include events in Tampa; Lubbock, Tex.; and Dothan, Ala.

Such rallies are highly unusual, said a longtime radio executive at another company, who, citing Clear Channel's power, spoke on condition of anonymity. "It flies right in the face of the fact that the government has always said that radio stations should have a balanced view of what is going on, serve the public interest and not take sides," the executive said.

Clear Channel, which hired Brainerd Communicators, a financial communications and crisis-management firm, last week to help deal with the controversy, did not make Mr. Beck available for an interview. But in a draft op-ed article he circulated, Mr. Beck described the rallies as a grassroots response to his personal broadcast call to "Mr. and Mrs. America" to urge their local radio stations to hold rallies. "There is no corporate conspiracy, hidden agenda or grand design," he wrote. He derided criticism of his campaign as "a concerted media effort to marginalize the voices of patriotic Americans."

Clear Channel was a small collection of stations until 1996, when Congress largely deregulated the industry and "the four most profitable radio stations in America," he said, were "acquired."

http://www.nytimes.com/2003/03/31/business/me.../31RADI.html?pagewanted=all&position=to
lifted many of the longstanding restrictions on how many stations a single company could own. A review of those rules is now pending at the Federal Communications Commission.

With the help of the investment banker Thomas O. Hicks, who sits on the Clear Channel board and has close ties to President Bush, Mr. Mays went on a buying spree. The basic pattern was to buy stations and cut costs by sharing programming and other resources with other Clear Channel stations whenever possible — and then to sell ads across all of the company's media offerings, including radio, billboards and television. Clear Channel reported an operating profit of $2.19 billion for its most recent fiscal year, with nearly $1.6 billion of that coming from radio.

Clear Channel creates some of its image problems, said Paul Kedrosky, a former Wall Street analyst and adjunct professor at the University of California at San Diego. "Generally, when the company errs, it errs on the side of being ham-handed," he said.

One practice that galls record companies is Clear Channel's frequent demand that rising artists play at live concerts promoting individual Clear Channel stations. A seasoned recording executive said there was often an implication that a station would continue playing the group's music only if it appeared at the concert.

Record companies often resent such concerts because they must bear the group's expenses. And the musicians often grumble that such appearances dilute the audience for their own concerts.

Even Clear Channel's critics acknowledge that other radio companies use similar tactics, but they say the company's dominance makes it a magnet for resentment. Mr. Hogan, of Clear Channel, denied that the company links airplay of songs to musicians' willingness to appear at its concerts.

Professor Kedrosky said many of the arguments voiced within "that wonderful echo chamber that is the 'I hate Clear Channel' community" are a kind of liberal nostalgia. A lot seems to be "wouldn't it be wonderful if the future looked more like the past?" he said.

A nostalgic view of politically charged music and the history of radio might recall the way that in the 1960's and 70's, the diversity of broadcast ownership could allow
As a, the diversity of broadcast ownership could allow protest songs like Buffalo Springfield's "For What It's Worth" and Crosby, Stills, Nash & Young's cry of outrage about the Kent State shootings, "Ohio," to find their way onto Top 40 stations.

And yet, in the current era of the Internet and other new distribution technologies, broadcast radio is no longer the only way for recording artists to make themselves heard.

Professor Kedrosky, who is writing a book on deregulation and the media industry, said that dominance today by no means guarantees dominance tomorrow. Owning billions of dollars worth of radio stations could end up being a liability in the future, he said, because evolving technologies like in-car Internet links and satellite radio are making it possible to choose from an unlimited bounty of music from just about anywhere. "It may not be the kind of lock-in that you get from owning Microsoft Windows," he said.

Indeed, companies like Sirius Satellite Radio, are rethinking the notion that broadcasting has to be broad. Because the company offers 100 channels of basic programming, Sirius can offer something for every listener, said Jay Clark, the company's vice president for entertainment and information programming. Activist music is readily available on Sirius and its rival, XM Satellite Radio Holdings.

And the company has started two new channels for political commentary, "Sirius Right" and a "Sirius Left." "Whatever a customer wants to get into," Mr. Clark said, "it's available somewhere on the platform."

Some music industry executives say there are some performers who would not fit on mainstream radio, regardless of their views. Tracy Mann, a publicist for Ani DiFranco, said, "Ani is not played on commercial radio, anyway." She added, "It's not relevant to the work that she does."

Ms. DiFranco's fans seek her work out on the Internet or in concert, Ms. Mann said. "Her audience is going to be there whether she's on the radio or not."

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