STATE OF INDEPENDENCE? A POLITICAL ECONOMIC ANALYSIS QUESTIONING THE CONCEPTUALIZATION OF INDEPENDENT LABELS IN THE POPULAR MUSIC INDUSTRY, 1980-2000

by

JOSEPH LEIGH TERRY

(Under the Direction of James Hamilton)

ABSTRACT

This study questions the conceptualization of independent record labels in the popular music industry as providing a cultural and economic alternative to the major label distribution system. Using a political economic analysis based on trade-publication and popular music press accounts between 1980 and 2000, the study examines how the increasing capitalization of the popular music industry altered the relationship between independent and major labels through several developments such as distribution agreements, mergers and acquisitions, and the creation of new independent structures that emulated the major label system. The study concludes by arguing that these new developments, through fundamentally altering the relationship between major and independent labels, shattered the longstanding conceptualization of independent record labels, creating the current need for a more effective mapping of the popular music industry and a reconceptualization of independent record labels.

INDEX WORDS: Independent labels, Major labels, Record labels, Music industry, Recording industry, Popular music, Political economy, Cultural industries, Spatialization

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CHAPTER 1

INTRODUCTION

> I've recorded for major and independent labels, indies are just little capitalists that just want to get big, they're not any better than the major labels, they just have less money (Riley, 2003).
>
> - Boots Riley, rapper for hip hop group The Coup

This political economic analysis questions the conceptualization of independent labels in the popular music industry through examining the relationship between independent and major record labels from 1980 to 2000. To a certain extent, it has never been easier to start an independent label. Financial barriers to entry continue to decrease due to technological advances that have lowered the cost of recording and manufacturing recorded music. Additionally, the Internet allows for a wide array of alternative distribution options, from independent label-based retailers such as CD Baby to the near open-door policy of Amazon.com to provide a distribution outlet for independent labels. In the late 1990s, independent labels briefly gained the top spot in U.S. album sales, adding further fuel to the fire of the endless procession of prognosticators predicting the demise of major labels. Furthermore, Ani DiFranco's Righteous Babe Records serves as a shining star of the independent sector—a small, economically profitable label that has managed to succeed on its own terms, through independent distribution and production, while often challenging the status quo of the industry (Platt, 2003).

However, as this analysis will examine, the fundamental relationships between the majority of major and independent labels changed during the course of the 1980s and 1990s. A political economic analysis will examine these relationships by addressing issues of production, distribution, and consumption within a broader social and cultural context. For example, while there certainly remains a small percentage of independent labels in the industry that maintain the independence of the celebrated indies of the 1940s-1960s, the original conceptualization of an independent label as a cultural and economic antithesis to the major label system has largely been lost due to the increasing capitalization of the cultural industries. As a result, the use of the term “independent label” has loss most of its meaning and become outmoded.

This topic is important to the mass communication field because of the importance in properly considering the system in which popular music, as a central form of mass communication, is produced and distributed. As part of the mass communication industry, it is recognized that “recorded music readily pervades virtually every culture and every level of society” (Vogel, 1998, p. 132). Moreover, within a democratic society such as the United States, popular music is a vital medium for cultural and social exchange that has the possibility to transcend economics to provide a shared, cultural foundation. It is essential in analyzing the popular music industry to recognize that it operates within a broader, capitalistic, commercial market with an underlying goal of maximizing profits (Burnett, 1996, p. 35). Consequently, commercialism in the popular music industry and other cultural industries has a propensity to lead to the neglect of less powerful interests. McQuail (1986) puts it the following way: “more commercialism in mass communication inevitably intensifies competition for large audiences and, under conditions of channel ‘scarcity’, leads to a neglect of those minority interests and tastes, in both cultural and political spheres” (p. 152).

Independent labels have traditionally served the aforementioned “minority interests” by providing both additional outlets to musicians and cultural choices to consumers. Independent labels hold a special place in the history of American music through their assistance in the development of indispensable, regional sites of musical production in cities such as Memphis and New Orleans, whereas the major labels were limited to Los Angeles, Chicago, and New York (Kennedy & McNutt, 1999, p. x). Despite these early achievements though, most independent labels created prior to the 1970s no longer exist, either because they were bought by a major or went out of business (Kennedy & McNutt, 1999, p. 15).

In the last two decades the role and significance of independent labels has become convoluted due to a host of structural changes in the music industry. Addressing these structural changes, Kennedy and McNutt (1999) depict a dim picture for current independent labels: "Music company takeovers and the rise of international conglomerates in the past quarter-century make it nearly impossible for a tiny label to take a regional American music style and reach a broad audience" (p. x). Yet to simply dismiss the continued role of independent labels serves no purpose; the last two decades demonstrate independent labels still play a key role as part of the cultural industries, even if that role is a different one. A single steadfast element of the music industry that has continued since the 1980s has been the duality of major and independent labels, despite the consistent subordinate position of the independent (Vignolle, 1980, p. 84). Musician Ray Charles captures the convoluted relationship between independent labels, major labels, and economics:

> Music, you see, is an art and it has to always be treated that way. I'm talking about creativity, you can't talk about no fucking numbers—I'm sorry. The trouble with the record industry is that people are always saying "What did he do last? What's his sales?" Well shit! The big record companies, between you and I, put the little companies out of business. But the little companies developed people like me. The little companies could take an artist and grow with the artist and let him experiment—if it weren't for experiment, Ray Charles as we know him today wouldn't exist (Guralnick, 1986, p. 69).

Due to continuous consolidation, the major labels have been in a steady state of flux during the last two decades. The most significant recent changes among the major labels occurred in 1999 and 2000 when the number of majors decreased from six to five; Seagram's Universal Music purchased Polygram Records for $10.4 billion in 1999 and just a year later the newly-merged major label was bought by French water company Vivendi. The Universal/Polygram merger had a great impact on the recording industry—300 bands lost their contracts, over 500 employees were fired, thousands of positions were eventually eliminated, and one of the most celebrated early independent labels, 35-year old A&M Records, was closed (Hilburn & Boucher, 1999). Additional mergers and a proposed merger between BMG and Sony in 2003 will likely act to further consolidate the major recording companies during the first half of this decade.

The primary question this thesis addresses is: How have the changing relationships between major and independent labels within the American music recording industry between 1980 and 2000 impacted the conceptualization of independent labels? Beyond this introductory chapter, the thesis is organized into four additional chapters in order to address this question. The second chapter provides a literature review of previous work in mass communication and popular music studies that address the complexities in the relationship between independent and major labels. The third chapter provides the theoretical foundation and methodology for conducting research within the critical political economy of communication. Lastly, the concluding chapter summarizes the research findings, offers a critical assessment of the study due to perceived limitations, and discusses the direction of future research on this topic.

Despite an increase in the number of independent labels and their relative return to prominence in the music industry, this study will critique how the fundamental relationships between independent and majors have changed to such an extent as to call into question the common conceptualization of independent labels. This study does not question the existence of independent labels or their continued importance in the American music recording industry, but does question the way in which independent labels are conceptualized in their relative position and understanding.

CHAPTER 2

LITEERATURE REVIEW

The academic study of popular music, commonly referred to as popular music studies, has come of age over the last several decades to mature into an established interdisciplinary field of study. However, as a result of its acute interdisciplinary nature—spread throughout a landscape of musicology, ethnomusicology, sociology, media studies, cultural studies, and other disciplines—popular music studies scholarship often suffers from inadequate cross communication between its mottled constituents. There is no "common language" with which academics and others study and address popular music, although there is a growing movement to unify the field, especially the division between those trained in musicology and those from other disciplines (Buckley, 2002, p. 119). However, the advantage of such a diverse field of study is that there is a wide range of research to draw upon. As just one example, McRobbie (1999) asserts there are "four schools of thought" that comprise the study of popular music: 1) political economic analysis; 2) cultural studies; 3) the line of research developed from the work of Simon Frith, drawing particularly in the study of rock music from a sociological basis; and (4) textual analysis approaches (p. 114). Clearly, when the scope of analysis is broadened to other fields of inquiry and regions, there are a near endless number of divisions and connections across the various disciplines that compose popular music studies.

I will develop my analysis from a critical political economic theoretical foundation and methodology, which will be fully explained in the subsequent chapter. This literature review seeks to represent the voices that have explicitly and implicitly addressed the relationship between independent and major record labels in the popular music recording industry, particularly within a social, economic, and historical context. Whether the sources are necessarily political economic in their analyses will be secondary to the issues they address, and the concerns taken in addressing those issues. Moreover, this literature review will demonstrate a reverence for the importance of historically examining the music industry to best extrapolate meanings from changes, which aid in establishing the key parameters necessary for a critical political economic analysis.

Critical political economic research that has addressed issues within popular music studies has generally remained at the periphery of mainstream American mass communication studies due to the success and popularity of cultural studies; issues such as identity formation have become the primary focus of many mass communication researchers (Murdock, 2003, p. 15). As pointed out by Garnham (2000), the agency of cultural producers has often been overlooked in favor of consumer agency, notably with research addressing issues of resistance (p. 98). Furthermore, there is a lack of research concerning the distribution of cultural goods within both critical political economy (CPE) and the production of culture approach popularized by American sociologists (see Peterson and Berger, 1976; DiMaggio, 1977). Instead, the bulk of the research concerning the popular music industry has primarily addressed the complex issues involved with production. Toynbee (2000), specifically, has noted the lack of research concerning distribution: “It suggests a major weakness of the production of culture which, while recognizing the ‘bureaucratic’ and stable nature of distribution, fails to comprehend the power that a small number of large companies continue to exert, both over the market and over producers, through their control of the distribution function” (p. 17).

The discussion of literature here will first address historical analyses that doggedly demonstrate the complex relationship between independent and major labels in the popular music industry. Once an understanding of historical literature has been completed, the chapter will identify some of the varying degrees to which the issues of political economy are addressed in popular music research. Finally, the chapter will conclude with an analysis of work that methodically brings together different perspectives in their examinations. For the most part though, this literature review will bring to light the work addressing popular music through the lens of political economy, while also addressing the work in related disciplines that pose similar inquiries.

The definitive three volume book series *American Popular Music and its Business—The First Four Hundred Years* by Russell Sanjek is the most in-depth and enduring historical examination of the popular music industry in the United States. Published in 1988, the three volume series painstakingly covers from "the beginning" of the popular music business in the United States through 1984. David Sanjek, the son of Russell Sanjek, republished and updated the third volume in 1996 with the release of *Pennies from Heaven: The American Popular Music Business in the Twentieth Century*. Of particular importance to the current study is Chapter 38, titled "Anxious 'Indies' in an Aggressive Marketplace," which covers the increased corporate influence on the popular music industry after 1984. The chapter consists largely of a descriptive overview of the artists and music of the 1980s and the continued travails of the independents in the marketplace. However, Sanjek also alludes to something different afoot in the 1980s; while independent labels served a relatively small economic function they also started releasing a wealth of material with additional backing from the major labels. Sanjek (1996) remarks: "At the same time [despite numerous independent releases], members of the 'indie' community discerned a kind of homogenization reminiscent of the majors. A number of 'indies,' including the aforementioned Rhino, Enigma, and Twin/Tone, went so far as to sign distribution deals with the majors" (p. 666). Sanjek also cites the increasing tendency of major labels to purchase successful independent labels, pointing to the purchase of Island and A&M Records in 1989 by PolyGram and MCA's acquisition of Geffen Records in 1990. Sanjek questions what role such acquisitions serve musicians outside the mainstream while also making known his obvious concerns for an industry with an increasingly "bottom-line mentality" (p. 668).

Continuing the focus on historical representations of the music industry, Steve Chapple and Reebee Garafalo's *Rock 'N' Roll is Here to Pay: The History and the Politics of the Music Industry* examines industry practices since World War II, situating the industry in relation to social and political movements. Summing up its intentions, the authors comment "the book is meant to be a reasonably comprehensive history of the pop music industry in this country and at the same time a muckraking analysis of the way popular music is manhandled in a corporate society" (Chapple & Garafalo, 1977, p. xiv). The chapters focused on the 1950s and 1960s demonstrate the growth of major labels and the decline of independent labels. The authors argue that few important independent labels remained following the intense corporate consolidation of the 1960s, in which the music industry, reflecting the overall American economy, moved toward conglomerate control. These chapters demonstrate that much of the discussed consolidation of the 1980s began much earlier than many current critics claim (see Henley, 2004).

As already discussed, the recognition given Simon Frith in popular music studies is apparent, as McRobbie (1999) asserts he represents one of the four major schools of popular music study within British media and cultural studies (p. 114). One of his earliest books is *Sound Effects: Youth, Leisure, and the Politics of Rock 'N' Roll;* akin to Chapple and Garafalo's research, the book broadly examines the social and political nature of rock music. Frith's research, drawn from his work as a music journalist and trained sociologist, tends to primarily focus on the British music recording industry. In Chapter 6 titled "Making Money," Frith turns his attention toward the collision of popular music with economics. Heading topics include "publishing," "copyright," "the star system," "live performance," "big business," and "profitability." Frith points out that independent companies had to turn to majors due to the pressures of the industry to increase capitalization, often resulting in their eventual failure. Remarking on independent labels' increasing reliance on majors, Frith explains, "Independents in this situation are always vulnerable to changes in their majors' policies, changes which can bankrupt or squeeze them out of business almost instantaneously…" (p. 149). In fact, Frith argues that rising costs are one of the primary reasons why majors succeed and independents fail (p. 148). Furthermore, majors actively recognize that high costs protect their markets through the creation of barriers to entry that ultimately push independents toward pursuing distribution and related agreements.

Integrating the historical developments between major and independent labels while moving toward a political economic analysis of the music industry, Mark Fenster and Thomas Swiss argue for the importance in understanding "The Business" of popular music in their chapter of the same name in *Key Terms in Popular Music and Culture*. The authors state the most effective way to study the business of the music industry is through a political economic approach: "to examine the relevant social forces involved in the historical development of music as a cultural commodity, and to study how forces such as economics, technology, and government have shaped and constrained music recordings, performances, and consumption" (p. 229). The authors cite two key changes with major record labels over the last fifteen years: 1) they have acquired smaller labels and publishers in order to increase their market dominance and 2) the major labels have increasingly become part of even larger multinational conglomerates (Fenster & Swiss, 1997). Moreover, Fenster and Swiss demonstrate it is difficult for independent labels to survive and thrive without some sort of agreement with a major label to provide production assistance or distribution. While this article soundly raises awareness of many of the issues I will address in my research, it does not address them in-depth beyond stating that the relationship between majors and independents changed negatively overtime. Additionally, at times Fenster and Swiss make generalizations that cannot properly be supported and, in reality, appear clearly mistaken. The authors maintain popular music released by musicians outside of North America and Britain is marketed together as "world music" even though it might be easily discernable as rock or jazz. However, the genre categorization of music has as much to do with the musical attributes than the home country of the artist. There are plenty of bands classified as pop/rock and not as "world music" that come from Scandinavia, Central and Eastern Europe, Asia, and other international locations. For instance, the platinum selling band The Hives are Swedish and that fact has had little influence on how their music is marketed.

Complementing these historical surveys, CPE in communication is often divided into a North American approach and European cultural industries approach. Most of the work within the North American tradition has been concerned with the complex issues involved with production. The North American tradition has typically offered broad, sweeping critiques of the communication industries, lacking, however, the more detailed examinations of research working within the cultural industries approach.

A recent political economic examination of the music industry done by two American researchers, situated in the North American tradition, is a chapter focused on the music industry by Bettig and Hall (2003). They provide a range of recent figures to demonstrate that the major labels continue to dominate the distribution function of the music industry, accounting for 83.3 percent of all record sales in 2001, according to *Billboard* magazine (p. 60). Following a brief description of all the major record labels, the authors point to the control of the retail sector by chain music stores and mass merchants such as Wal-Mart and Best Buy (p. 63). The authors also highlight specific instances in which the autonomy of musicians has been destroyed by major retailers: "The monster retailer has been able to require record labels and bands to change album design covers and inserts, delete songs from their albums, electronically alter objectionable words, and even change lyrics" (p. 63). Bettig and Hall's section on the music industry ends with a discussion of the shift toward digital distribution on the Internet. While providing a cursory overview of media conglomeration in the music industry, Bettig and Hall do not delve deeply into the issues involved with production, distribution, online technologies, or independent musicians. For the most part, the authors attempt only to provide broad evidence that the conglomeration of the music industry in the hands of media behemoths at all levels of the process—production, distribution, publishing, and retailing—has resulted in negative consequences for artists attempting to attain autonomy in the capitalist marketplace. This work represents one of more focused chapters on the music industry from the North American tradition, yet it still does not examine some of the contested functions within the industry.

Surprisingly, work in the North American tradition focuses somewhat less on issues of distribution than the cultural industries approach, despite distribution playing a key mediating function between production and consumption, particularly in understanding the relationship between independent and major labels. In fact, distribution has traditionally served as the determining factor of whether a label is considered to be functioning as an independent or major. By contrast, in the cultural industries approach, distribution is recognized as one of the most important factors for analyzing the political economy of the music industry.

A fine example of this approach is the work of Keith Negus, which moves away from broadly conceived studies concerned with an overall critique of the music industry's structure. Negus has conducted some of the most in-depth work in the field of political economy by addressing specific issues in the music industry, and has written numerous books and articles examining the production of popular music, particularly British popular music. He is one of the few scholars well-recognized in popular music studies to primarily utilize political economic analysis.

The most recent major work by Negus (1999) is his book *Music Genres and Corporate Cultures* in which he studies three major genres—rap, country, and salsa—to explore the relationship between artist creativity, corporate cultures, and genres. Working from a more optimistic perspective, Negus states that popular music, despite being shaped by the corporate business culture, still maintains some autonomy from the control of large corporations. He continues that the boundaries of musical genres are articulated to a great extent by musicians themselves: "Musicians are notoriously individualistic, continually questing for 'autonomy' and 'independence' and desiring the 'freedom' to pursue their own whims. Yet at the same time musicians are continually contributing to solidarities in a way that dissolves any simple individual/collective dichotomy or pattern of us/them musical discrimination" (p. 183). Negus also considers the importance of distribution in his 1997 book, *Popular Music in Theory: An Introduction*, in which he outlines a broader, more theoretical understanding of distribution as a "*dynamic* and *consequence*" of mediating processes, in which mediators such as radio broadcasters and video programmers help to shape the mode of distribution (p. 96, original emphasis). Therefore, Negus helps to demonstrate that the distribution of music can entail a variety of both overlapping and exclusive features within the popular music industry: shipment of physical product to retailers, the creation of promotional plans for artists, and the allocation of music to radio and television stations.

Integrating his foundation in sociology and labor studies with political economy, Michael Roberts (2002) presents perhaps the most critical examination of the role of independent labels in the current popular music industry. In "Papa's Got a Brand-New Bag: Big Music's Post-Fordist Regime and the Role of Independent Music Labels," Roberts illustrates the commonly understood social position that independent labels carve out in popular music as purveyors of the anti-establishment (pp. 24-25). Not only do independent labels allow their musicians to criticize the orthodoxy of the mainstream capitalistic marketplace, there is the strong belief that independent musicians do it for the music—for its aesthetic character and ability to impart positive social and political change. Roberts weakens that attractive notion of autonomous independent labels by recalling their position within a post-Fordist structure dictated by the major labels—a structure that allows majors to lower labor costs through the decentralized production of music using partially-owned subsidiary labels not beholden to labor union contracts (p. 32). Through the acquisition of non-signatory labels with the American Federation of Musicians and an increasing domination of distribution, Roberts contends the control of conglomerates in the music industry actually becomes more powerful as they subcontract production (p. 32). The five most common types of agreements between major and independent labels that serve to lower labor costs and eliminate the influence of the labor union include: 1) majors forming subsidiary labels to distribute their product through independent and major distribution channels; 2) majors purchasing indies whole maintaining their independent distribution; 3) majors purchasing a portion of an independent label but shifting distribution to its distribution channels; 4) majors purchasing all or part of an independent distributor; and 5) majors launching a new distribution channel that simply operates as an independent (pp. 37-38). Summarizing the current structure of the music industry, Roberts concludes: "The music industry is therefore dominated by entities that control distribution and are less focused on production" (p. 38).

Although not explicitly situated within political economy analysis, another important work drawing from sociology and specifically examining independent labels and their function in the music industry is Herman Gray's (1988) *Producing Jazz: The Experience of an Independent Record Company*. Gray's book-length case study remains the most thorough and illuminating examination of an independent record label and its location within a capitalist market. Gray conducted his case study of Theresa Records, an independent jazz label, over a period of fifteen months, making use of observational and interview data (p. 139). Gray became interested in conducting his research as a graduate student in sociology concerned with the organization of work, specifically within small independent and counter-cultural organizations. Gray's most significant conclusion, particularly with respect to issues of political economy, concerns distribution and the critical role it played in shaping the success or failure of Theresa Records. As Grey comments, "In spite of their ideological and aesthetic autonomy independent firms must constantly negotiate and manage a production and distribution system that limits and shapes their work" (p. 63). Gray also addresses the contradictory nature of distribution as it relates to issues of autonomy for independent labels:

> These organizational and financial problems were rooted in the structure of the independent distribution system. The built-in constraints of independent distribution are often passed on to small recording companies, which because of size, location, and type of music are least able to manage such constraints. Ultimately, passing along the structural contradictions of the system affects the creation of art and culture, especially the range of cultural choices available to the public. At the same time that Theresa's distribution system limited its autonomy, it made that autonomy possible (p. 64).

Following the lead of Gray, Stephen Lee also conducted a case study of an independent label in his article *Re-Examining the Concept of the 'Independent' Record Company: The Case of Wax Trax! Records,* which emerged from ethnographic fieldwork with Wax Trax! Records in Chicago from 1990-1993 (Lee, 1995, p. 14). Working within the production of culture approach, the goal of Lee's research was to establish what constitutes an independent record label within the commercial constraints of the contemporary music industry (p. 14). Lee explores further how an independent label defined as such by its manufacturing and distribution system is becoming increasingly difficult to identify in the marketplace, due to the continued influence of major labels through various agreements concerning distribution and manufacturing. Additionally, Lee asserts that the interaction between independent and major labels is dynamic and complex, and is not simply a matter of the major label obliterating the independent label, even though Wax Trax! Records did slowly dissolve into a major label (p. 22).

One of the finest examples of popular music research to synthesize the North American approach with the European cultural industries approach to CPE is provided by John Lovering (1998) in his article *The Global Music Industry: Contradictions in the Commodification of the Sublime*. Lovering steps out of the contrasting approaches within political economy to advocate what role the political economy of music must serve: "not mere 'background' (or base) to which the aesthetic character of music is 'foreground' (or superstructure). Rather, it is implicated and indicated not only in the social context, but also in the sonic vocabulary and structures of contemporary musics. At the same time, the social significance of music cannot be reduced to an act of passive 'consumption' (p. 31)." Distilled further, Lovering argues that, "the ways in which music is practiced (both while making it and while listening to it) are intimately bound up with the ways in which the industry is organized" (p. 32). Lovering rightfully situates political economic analysis as one of the core elements to popular music studies and advocates its role in shifting the study of popular music toward a uniform examination of its economic and aesthetic constraints. Lovering concludes his research by probing the economics of music through separately examining supply and demand, as delimited in spatial issues.

Lastly, I want to focus on a recent book by Kruse (2003) titled *Site and Sound: Understanding Independent Scenes*. Her examination of local scenes in the independent and college music of the 1980s and 1990s represents the most in-depth research conducted on independent record companies and more specifically, the scenes associated with the "indie" and "alternative" buzzwords of the music industry. Culled from personal interviews dating back to 1990 and a wealth of additional research, Kruse straddles the divide between cultural studies and political economy while aiming "to address the complicated nature of the web of personal, social, historical, geographical, cultural, and economic relations and identifications involved in the processes of production and consumption" in indie pop/rock (p. 145). The most relevant chapter to the current study is Chapter 3, titled "Producing Independent Music." Kruse asserts more than any other point in this chapter that independent labels during the 1980s and 1990s were linked to already existing structures of the music industry—creating tension between local independent scenes and the centers of the music industry in New York and Los Angeles (p. 29).

Highlighting the partnerships between independent and major labels through the 1980s and 1990s, Kruse provides a detailed picture of the musical artists of the time and how the consumption of their music was perceived in relation to its production. Kruse's chapter provides the most relevant entry point into my examination of the popular music industry, which will aim to shift more of the focus toward independent labels as economic actors in the capitalist marketplace and the financial position they serve in that marketplace in relation to the major labels.

It is apparent in researching the popular music industry that research located within popular music studies is varied, diverse, and disjointed. While efforts are underway to unite its researchers under a more overarching umbrella, the interdisciplinary field benefits from its unique foundation across a range of academic disciplines. Moreover, while political economy has typically remained on the outside of the majority of research, this subordinate position has been quickly changing during the last several years. The divide between cultural studies and political economy within the study of music, articulated repeatedly by scholars such as Lawrence Grossberg, is slowly dissolving, as the fine work of Kruse and Negus demonstrates. Scholars are increasingly recognizing that the consumption of popular music by the audience cannot simply be separated from its production and distribution. While the production and distribution of music within a capitalist market does not ultimately determine popular music, it visibly places constraints on its creation, which the authors I have cited have clearly argued. Furthermore, not only is political economy research finding a wider audience, the traditional divisions between the North American approach and the European cultural industries approach are beginning to deteriorate as well. Kruse comfortably draws from North American scholars such as Robert McChesney, while also stressing the importance of Bernard Miège, a key figure in the European cultural industries approach. Much like the recent work concerning the political economy of the music industry, the current study will strive to tear down these past divisions and move toward a broader understanding of the way in which popular music, positioned within a capitalist market, is produced *and* distributed to reach its targeted market.

CHAPTER 3

THEORY, PRACTICE, METHODOLOGY: THE CRITICAL POLITICAL ECONOMY OF COMMUNICNICATION AND CULTURE

> On the argument of this book, political economy is both heart and hinge to its progress. In is the heart because unless we know how the colossal resources of the media and information industry are allocated and who controls this busy movement, we cannot understand why its forms and contents are as they are. Even as one-to-one a communication as a novel, in which the meeting between writer and reader looks as direct as possible, is itself produced by the relevant corner of the vast publishing industry, with its editors, booksellers, reviewers, advertisers, printers, binders, distributors and warehousemen. Political economy is the hinge of this book because its intellectual framework shifts us with a jerk from the analysis of consumption to that of production. (Inglis, 1990, pp. 110-111).

This chapter will illuminate the theoretical framework of critical political economy (CPE) and demonstrate why it has been chosen in this analysis to examine the conceptualization of independent labels through the relationship of independent and major labels between 1980 and 2000. Once the underpinnings of CPE have been set out, this chapter will extend that foundation to explain the methodology used in analyzing the relationship and understanding between major and independent record labels. A primary rationale is to identify the framework and ensuing goals of my political economic analysis—based upon my grounding in the discipline. Moreover, it is recognized that there remains much misunderstanding regarding critical political economic work, notably in the United States from mass communication scholars working from a postpositivist perspective, and this chapter will locate the position from which I approach and situate my research. In discussing the framework of CPE, there are multiple and varied places to start, but I will first historically situate political economy as a broad discipline and locate it within a critical paradigm of mass communication research.

What is Political Economy?

The broad field of political economy is most easily understood as being the abandoned father of modern mainstream economics, which, operating from within a neoclassical paradigm, has removed the fuzzy "political" in a drive to create, what Mosco (1996) calls a "science of society modelled after developments in physical and biological sciences" (p. 22). Political economy gave birth to mainstream economics through the work of Adam Smith, David Ricardo, and John Stuart Mill. Political economic analysis distinguishes itself from the neoclassical paradigm by recognizing the inexact nature surrounding the innumerable forces that impact economies and political units, while still maintaining the similar concerns of mainstream economics—the analysis of the production, distribution, and consumption of goods and services. Put another way, political economic work shifts the focus of analysis dependent on the utilitarian principles inherent in modern mainstream economics in its constant pursuit of the equilibrium, to recognize the social impact of economic decisions and, thus, the need for a stronger social basis in making those decisions. However, such shifting of focus does not mean that all work in political economy is necessarily critical of utilitarian economic principles. As some political economists would argue, society benefits the most through modern utilitarian principles that go further than current economic systems.

Gandy (1992) notes four different approaches that fall under the rubric of political economy: 1) the Austrian approach allied with Ludwig von Mises; 2) the Institutionalist school allied with Thorstein Veblen; 3) contemporary or modern Marxist approaches, and 4) the modern utilitarianism of the Public Choice school (p. 23). All of these varied political economic approaches share a focus of examining the broader social totality, compared to mainstream economics (Mosco, 1996, pp. 29-31). Therefore, despite there being multiple approaches from a far-ranging political landscape, the majority of political economic work, in some for or another, is aimed at "critiquing the mainstream orthodoxy" (Gandy, 1992, p. 23).

CPE, the discipline in which I broadly situate my own research, is loosely positioned under the umbrella of contemporary or modern Marxist approaches, although not all critical political economists would consider their work Marxian. Golding and Murdock (2000) assert that CPE contrasts itself with mainstream economics in four respects: 1) it is holistic; 2) it is historical; 3) it is primarily concerned with the balance between private, capitalist activity and public action; and 4) "it goes beyond technical issues of efficiency to engage with basic moral questions of justice, equity and the public good" (p.73). CPE is holistic because it studies economics expressly in their interaction and influence on political, social, and cultural life (Golding and Murdock, 2000, p. 73). Addressing the historical importance in studying cultural production, Miège asserts (1989), "a communication model, artistic production, cultural forms or communication strategies cannot be analyzed outside their historical conditions of production or reception" (p. 18). Moreover, CPE follows Marx in shifting focus away from purely the domain of exchange toward property and production (Golding and Murdock, 2000, p. 73).

The Critical Political Economy of Communication and Culture

> The degree to which the media constitute, define, or otherwise influence what we take to be the realm of the "cultural" in the modern world is certainly a matter for dispute. What is indisputable is that no conception of culture in the modern world is complete if it fails to account for the space occupied by "the media"—the institutional and technological means of communication and information. (Calabrese, 2004, p. 3)

The CPE of communication and culture aims similarly to address issues of production, distribution, and consumption within a broader social aggregate, specifically turning its attention to issues of media, information, and public cultural expression. Gandy (1992) explains that critical political economists working in communication base their critiques "on what they see as flaws in theory and method principally demonstrated through comparisons of the ideal with the reality" (p. 23). Additionally, critiques aim to question the outcome of placing competition and profit maximization at the forefront of decision-making, typically through an assumption of individualistic hedonism (Gandy, 1992, p. 24).

The process of placing the study of media and information within a broader social lens must be clarified due to the need of avoiding essentialism—the "inclination to reduce reality to the discipline's central constituents…[and] to avoid reducing social reality to political economy by seeing the latter as one among several forces constituting social life" (Mosco, 1996, p. 70). Indictments that political economy is essentialist or reductionist represent the primary criticisms against it as a field of inquiry. These complaints though are unjustified with regard to the principal goals of political economy as a multi-disciplinary field of inquiry. In fact, by placing its subject within a wider social totality CPE extensively aims to avoid essentialism and to recognize the economic and social complexities of media and communication (Mosco, 1996, p. 71). Another point of clarification regarding essentialism is to understand the way in which economic determinism should be thought of in critical political economic analysis. The manner to look at determinism is provided by Hall (1996), who argued for determinacy to be understood as defining the constraints or limitations, instead of resulting in the absolute inevitability of outcomes (p. 45). In terms of CPE and in particular the means in which my analysis is conducted, determinacy is understood as being "without guaranteed closures" (Hall, 1996, p. 45).

Therefore, in framing media and information within a wider social landscape that is ever more dominated by mainstream economics, it is significant to recognize that even though economics might serve as a constraint that limits and defines boundaries, it does not prefigure with certainty.

Another factor essential to consider in placing communication and culture within a wider social framework are issues of democratic communication. Making a similar argument, Mosco (1996), cites an interview with Raymond Williams, "who aimed to secure a place for popular culture as democratic, resistant, and alternative, as opposed to the market-driven effort to align popular with mass consumption" (p. 104). As Keane (1991) points out, communication markets restrict freedom of communication by establishing economic barriers to entry and through commodification. (p. 89). Therefore, issues of democratizing communication and culture need to be more often pursued within the CPE of mass communication. Hesmondhalgh (2000) introduces the term "*alternative media activism*" (p. 108, original emphasis) to describe the early democratic theories of Brecht and Benjamin in discussing how the media might be changed for the better, to function in a more democratic manner, and less as a function of the liberal market economy

Despite its clear foundation as part of the political economic tradition, the CPE of communication has developed and matured primarily within media studies, and outside the confines of traditional political economy. Similarly, other disciplines utilizing a modern or contemporary Marxist political economy have typically not addressed the key issues raised by the growth and development of mass communication industries. In fact, Smythe (1977), called the mass media a "blindspot in Marxist theory" in North America and Europe because of the conspicuous lack of attention paid to it (p. 1). As a result, the next section of this chapter will turn its attention specifically to the primary, distinct approaches within the CPE of mass communication. In doing so, the early growth of media studies in Britain and the United States will briefly be discussed to demonstrate its relationship to the expansion of CPE.

Distinguishing the Critical Political Economy of Communication

Before distinguishing between the two primary approaches to the CPE of communication, I will briefly highlight a key difference between the foundations of media studies in the United States and Great Britain, which reveal historical divergences in scholarship and assist in explaining the present dissimilarities of the two fundamental approaches to be discussed within the CPE of communication. Media studies in Great Britain grew out of a literary studies tradition, and was notably influenced by the work of F.R. Leavis in the 1920s. Leavis's work questioned the impact of capitalism on popular and elite cultural forms and subsequently helped to develop a more critical posture in British media studies research (Garnham, 1983, p. 317). By contrast, the now-dominant strain of media studies in the United States developed out of sociology and the empiricism of Paul Lazarsfeld and Carl Hovland, whose research focused on the effectiveness of media and propelled the study in persuasive communications, but did not address issues of capitalism and culture. Consequently, the foundation of British media studies, in which capitalism and its impact on society and culture because a subject of significance, provided a more fertile climate for CPE and allowed for less tension between its development and relationship to other fields of media studies. As a result, British and European CPE of mass communication is often more difficult in distinguishing from British critical and cultural studies because it has not had to explain, and thus separate itself, for its study of capitalism and its parallels to other paradigms.

Due to the divergent historical foundations of American and British media studies, the predominant strains of the CPE of communication have consequently developed also along two different paths. Working from Mosco (1996), Hesmondhalgh (2002) makes note of two contrasting approaches of CPE in mass communication research: the North American "tradition" and the European "cultural industries approach" (p. 33). The North American tradition includes the work of American scholars such as Herbert Schiller, Noam Chomsky, Edward Herman, and Robert McChesney. On the other hand, the cultural industries approach is rooted in the work of Bernard Miège and Nicolas Garnham. While this division is useful because much of the research still remains isolated from one another and the approaches and research topics are different, it can also be precarious to rely on the division too rigidly. For example, Herbert Schiller, universally considered a founding figure of the North American tradition, used the term "cultural industries" in 1989, the same year as Miège. Schiller (1989) commented: "the production of goods and services in the cultural sphere has indeed been industrialized. It is in this respect that the term 'cultural industries' assumes its meaning" (p. 32). Therefore, despite the term largely being credited to Miège's work in 1989, Schiller made reasonably similar remarks using the same phraseology during the same year. Both authors were clearly tipping their hats to Adorno and Horkheimer's singular term "Cultural Industry" (Horkheimer & Adorno, 1972). The switch to the plural form is intended to allow for greater contestation and complexity in the study of the capitalization of cultural production while moving away from the monolithic structure of the Frankfurt School (Hesmondhalgh, 2002, p. 33). This division between North American and European approaches continues to erode, particularly as new generations of scholars integrate aspects of both traditions. However, it is still necessary to identify both strands, if for no other reason than to demonstrate each of their traditional research focuses.

The North American tradition has historically excelled at addressing issues pertaining to information media and market structure, through examining strategic issues of power (Hesmondhalgh, 2002, pp. 32-35; Mosco, 1996, pp. 82-97). While European work is more disjointed than North American research (Mosco, 1996, p. 97), the cultural industries approach is more interested in both information and entertainment media, often through looking at the work of cultural workers because of the greater European emphasis on issues of labor (Hesmondhalgh, 2002, pp. 34-35). The cultural industries approach also makes more of a point of distinguishing distribution from the production process. For example, in addressing the importance of distribution within the cultural industries, due to the inherent uncertainty of economic markets, Garnham (1990) states, "*It is cultural distribution, not cultural production, that is the key locus of power and profit*" (pp. 161-162, original emphasis). Garnham (1990) continues, "It is access to distribution which is the key to cultural plurality. The cultural process is as much, if not more, about creating audiences or publics as it is about producing cultural artifacts and performances" (p. 162). Lastly, it can be summed up that North American work is typically more macro in its analyses, while European research has often consisted of smaller-framed, micro analyses.

My theoretical foundation, while integrating aspects of both traditions, relies more heavily on the work of European scholars associated with the cultural industries approach, along with the sweeping, and less easily labeled, work of Peter Golding, Graham Murdock, and Vincent Mosco. For example, independent labels are defined in the industry as independent due to their particular distribution system, and as a result the cultural industries approach provides a more suitable framework because of its increased attention to distribution. However, that is not to say I do not also rely on the work of Oscar Gandy, Ronald Bettig, and other North American scholars. Moreover, the cultural industries approach, according to Garnham (1990), "sees culture, defined as the production and circulation of symbolic meaning, as a material process of production and exchange, part of, and in significant ways determined by, the wider economics processes of society with which it shares many common features" (p. 155). Hesmondhalgh (2002) makes a distinction separating the cultural industries into core and peripheral divisions; the core cultural industries "deal with the industrial production and circulation of texts" (p. 12) while the peripheral division is distinguishable by semi-industrial or non-industrial methods of reproduction, i.e. theatre and art (p. 12). The core cultural industries include adverting and marketing, broadcasting, film, Internet, music, print and electronic publication, and video/computer games (Hesmondhalgh, 2002, p. 12).

From Theory to Practice

Thus far, I have primarily addressed the theoretical foundations of CPE by examining its historical underpinnings, key theoretical hinges, establishment within mass communication research, and its subsequent division into two acknowledged approaches. Additionally, in explaining the theory of political economy I have not overtly addressed political economic issues concerning the popular music recording industry. I will now progress toward pointing out some key analytical points that serve as prerequisites to properly follow my analysis and take it from theory to applied analysis. I will also connect these issues to the popular music industry in supporting the choice of CPE.

Golding and Murdock (2000) identify three core areas of applied analysis within the CPE of communications: 1) the production of cultural goods, particularly through the position of cultural production as a limiting agent with regard to the range of cultural consumption; 2) the analysis of texts to determine the extent of influence upon media products due to their production and consumption; and 3) issues of cultural consumption to examine various degrees of material and cultural inequality (p. 77). In studying these core areas of political economic analysis, it is beneficial to set theoretical parameters to the study of CPE. Mosco (1996) defines three such parameters as commodification, spatialization, and structuration. Commodification is the process that describes the way in which capital is amassed or value realized through changing use values into exchange values (Mosco, 1996, p. 140). The popular music recording industry commodifies the performance and related labor of producing music into the sale of CDs—labor is transferred into a purchased good where value is realized. Spatialization simply refers to the extension of capitalism into the communication industry and its ability to limit the traditional restrictions of space and time in social life, through market factors such as the rise of conglomerates, horizontal integration, vertical integration, and interlocking corporate boards (Mosco, 1996, 173-175). Structuration deals with the idea that structures, typically business and governmental institutions, are themselves made up of and allow for agency, social relations, and related social factors (Mosco, 1996, p. 212-214). Therefore, Mosco (1996) concludes that social life consists of the mutual constitution of structure and agency (p. 212). Each of these parameters suggests ways in which the analysis of independent and major record labels can be located in relation to each other and under a system of capitalism. For example, commodification addresses labor costs and agreements in the recording industry; spatialization focuses on the close relationship between major and independent labels; and structuration recognizes the agency of independent labels and their owners within a medium that mutually extends out from larger institutional structures.

The parameters of spatialization, structuration, and, to a lesser extent, commodification will continue to be elaborated on throughout my analysis because they allow for a theoretical framework in which my analysis can best be conducted. The usefulness of these parameters can be seen in the work of Lovering (1998), who concludes the following, which can be seen to closely resemble the parameters set forth by Mosco (1996):

> The ways in which music is practiced (both while making it and while listening to it) are intimately bound up with the ways in which the industry is organized. The development of music at the end of the 20th century is profoundly influenced by the fact that it is now a commodity flowing through a small group of giant companies with 'global reach' (p. 32).

Methodology

> This is a demanding perspective posing difficult methodological problems which are not made easier by the way the university institution functions, as it is to a large extent founded on compartmentalization and individual work. (Miège, 1989, p. 18)

Miège's quotation is not meant as a disclaimer but an admission—my analysis cannot and will not touch all sides of the political economy of communication. This study is meant more than anything to expose and bring forward vital issues in the popular music recording industry that have not been examined adequately in academic research. In fact, these issues have only been tangentially touched by critical political economists. As already indicated, my analysis is situated within the critical political economic paradigm, and most specifically will utilize the cultural industries approach. In following the parameters set forth by Mosco (1996) of critical political economic work, my analysis will be framed around spatialization and structuration. Commodification is assumed to be a recognized characteristic of the popular music industry, but my analysis will only touch upon commodification as a formal parameter. My analysis will also follow the key attributes of CPE—conducting holistic, historical analysis with a concern for the balance between private, capitalist activity and public action (Golding and Murdock, 2000, p.

73). It will also engage with fundamental social and moral questions that go beyond the mainstream orthodoxy of economic efficiency.

My critical political economic analysis will be based upon an epistemology that takes a non-essentialist approach and accepts that there are multiple, dynamic factors that impact and shape our reality. As stated earlier, it is understood that economic determinism is a set of constraints and conditions that might limit and shape, but does not produce outcomes with any certainty. It is understood ontologically, as evident in the use of political economy to situate factors in a broad social totality, that social change is in a constant state of flux, in which economic, social, and cultural factors can dramatically influence future changes. As a result, it is important to understand the processes involved and to go beyond the institutional structures of capitalism.

My analysis of the popular music recording industry will highlight its institutional practices, specifically the complex relationships between independent and major labels in questioning the conceptualization of independent labels. A key aspect of political economic methodology is interpretation based on the contextualization of empirical data (Bettig, 1996, p. 6). For example, rather than purely presenting abstracted empirical data and offering limited interpretation through contextualization, a significant requirement of political economy is in interpreting the linkages between structure and practice. Addressing these linkages involves examining how major labels attempt to assert their institutional, corporate control through the capitalization and changing milieu of its structural relationships with independent labels. As the structures of the music industry change and evolve due to the dynamic relationship of independent and major labels, their practices correspondingly react.

Through interpreting the connection between structure and practice, this analysis will address the following research questions: (1) How have the changing relationships between major and independent labels within the American music recording industry between 1980 and 2000 impacted the conceptualization of independent labels?; (2) In what ways and through which means have the relationships between independent and major labels changed during the last two decades?; and (3) What practices specifically question or affirm the historical and continuing conceptual understanding of independent labels?

To address the changing relationships and linkages between structures and practices, empirical data will be drawn and interpreted from the trade press, scholarly research, popular media, trade organizations, and non-profit organizations, focusing on the 1980s and 1990s. Specifically, I will draw my research from the trade publications *Radio & Records* (1980-1984) and *Billboard (1980-2000),* which together provide a detailed record of the changing practices between independent and major labels, including distribution and production agreements, co-marketing agreements, and other issues of spatialization and structuration. Popular media will specifically feature important sources such as *Option* magazine, a leading magazine covering the independent sector during the 80s and 90s, and the independent special issues haphazardly released by *Pulse!* magazine and *MBI: Music Business International* during the 80s and 90s. Other sources will include a wide range of daily newspapers and magazines. Additionally, other trade publications and materials to be utilized include those published by such groups as the Association for Independent Music, the professional trade organization of the independent sector which published the trade magazine *Indie Music World* in the late 1990s.

Conclusion

This chapter established its theoretical foundation by illuminating the broad historical tradition of political economy and then clarifying the current distinctions between the CPE of communication in the United States and Great Britain. In establishing the theoretical framework for this analysis, it has been stressed that CPE contrasts itself with mainstream economics by recognizing the social and cultural impact of economic decisions. The work of Mosco (1996), Golding & Murdock (2000), and Gandy (1992) were used extensively to move from the historical foundation of political economy as a discipline to the current work in the CPE of communication.

In specifically addressing the CPE of communication and culture, it was stressed that critiques of essentialism against political economic work are incompatible with the actual purpose of political economy to place its subject within a wider social totality, in which the economic and social intricacies in studying media and communication are revealed (Mosco, 1996, p. 71). Expanding on the concern of essentialism, the work of Hall (1996) is used to argue that the determinacy of economics is merely in their ability to place constraints on possible outcomes, not to determine outcomes (p. 45). Such a concept of economic determinism reflects that contestation always occurs between economic, social, and cultural factors in shaping media and communication.

Due to its ability to address contestation and the importance in analyzing both distribution and production, it was argued that this analysis will rely primarily on the cultural industries approach to political economy, reflected through the work of Garnham and primarily other British scholars. Transitioning from a theoretical approach to a suitable framework of analysis, Mosco's application of spatialization and structuration as parameters of analysis were presented as valuable tools to frame an analysis concerning the primary research question of this study: How have the changing relationships between major and independent labels within the American music recording industry between 1980 and 2000 impacted the conceptualization of independent labels.

Lastly, following the discussion of moving from theory to practice in conducting critical political economic analysis, the specific methodology of this analysis was discussed. The methodology stresses the contextualization of empirical data through the analysis of trade publications *Billboard* and *Radio & Records*, while also drawing important research from popular music magazines such as *Option, Pulse!, MBI*, and *High Fidelity*. Information is also drawn from publications of the Association for Independent Music, the self-declared "Voice of the Independent Music Industry." This chapter carefully serves to transition from theory of political economy, to implementing a theoretical framework for analysis, and then specifying the specific methodological means to conduct the study.

CHAPTER 4

DIRECTION REACTION CREATION: THE CONCEPTUALIZATION OF INDEPENDENT LABELS

> Conglomerates must draw on their depth to carry the load and independents can supply much of the creative impulse (Hennessey, 1980, p. 6).
>
> - Bob Summer, President of RCA Records U.S.

This chapter borrows the "Direction Reaction Creation" portion of its title from the name of The Jam's 1997 boxset release because it accurately captures the order of analysis utilized in examining the conceptualization of independent labels in the 1980s and 1990s through focusing on their changing relationships with major record labels. The first section of the chapter, "Direction through History: Introducing Independent Labels" addresses the history of independent labels and the direction the modern U.S. recording industry had taken prior to the 1980s. The second section of the chapter, "Reaction through Amalgamation: Spatialization in the Music Industry" introduces the use of spatialization as a method of analysis in the critical political economy of communication, to show how the major labels reacted to slumping sales in the early 1980s and increasing costs to expand their institutional, corporate power into almost all sectors of the music industry. The last subheading of the chapter, "Creation through Emulation: Structuration in the Independent Sector" utilizes the concept of structuration in the critical political economy of communication to demonstrate the social agency that owners of independent labels exerted in an effort to reshape their future, through the creation of structures and practices that emulated the successful elements of the major label system.

Each of these sections uniformly demonstrates the concerns in conceptualizing and understanding independent labels. Recognizing independent labels solely through their choice of distribution is no longer a meaningful conceptualization in an industry in which structures and practices have blurred the lines between all aspects of the traditional major-independent relationship. Larger, successful independent labels are no longer positioned as a clear alternative to the corporate major labels, but are instead equally implemented in the industrial, profit-driven motives of the major labels.

Direction through History: Introducing Independent Labels

During its midyear meeting in 1999, the Board of Trustees for the Association for Independent Music (AFIM) was forced to readdress its definition of an independent record label for the purpose of establishing its membership guidelines ("Just," 1999, p. 6). As the professional trade organization of the independent music industry that is responsible for representing the many diverse segments of the industry, the fact that the nearly 30-year-old AFIM needed to devote its attention to such fundamental, definitional questions involving its membership reflected the continuing struggle of the music industry to make sense of the shifting economic relationships between independent and major labels. Not only had the relationship become blurred between major and independent labels, but the designations of "major" and "independent" themselves had become less meaningful. While the AFIM decided not to make substantial changes to its membership guidelines in 1999, the ambiguity of how to differentiate an independent label in the marketplace had reached an apex.

The currently recognized distinction between an independent and major label, according to the AFIM, is that an independent is "any label which does not exclusively use major branch distribution (defined as distribution through WEA, Sony, BMG, UMVD, and EMD)" ("Just," 1999, p. 6). Except for Sony, the major branch distributors are recognized in the industry through these shorthand acronyms: WEA stands for Warner/Elektra/Atlantic, UMVD is Universal Music and Video Distribution, BMG is Bertelsmann Music Group, and EMD is EMI Music Distribution. The major branch distributors are all divisions of the five major labels in the music industry: Vivendi-Universal (UMVD), Sony, Warner Music (WEA), EMI Group (EMI), and Bertelsmann (BMG). As divisions of these major record companies, major branch distributors excel in the industry by distributing recorded music within 24 hours to major retail outlets; one-stops that handle smaller, regional accounts, and rack jobbers that stock large discount stores such as Wal-Mart and Target.

Such a definition raises several concerns about the viability of conceptually locating independent labels, due to the complexities of the current relationships and practices in the industry. On one hand, a music label that distributes just a fraction of its releases through independent distribution is nevertheless considered an independent label, even if the label operates as a wholly-owned subsidiary of a major recording company. On the other hand, independently owned and operated labels that secure distribution through major branch distribution are not considered independent, despite the possibility that the label has total control over the product it decides to release. For example, before Virgin Records was sold to EMI in 1992, it was not considered an independent because its distribution was handled by WEA through its Atlantic imprint, despite Virgin Records being owned through most of its history principally by Richard Branson's independently-controlled Virgin Music Group. One label that walks a fine line is Rounder Records which is typically cited as a leading, almost prototypical independent label by the mass media, yet is distributed nearly exclusively by UMVD. Despite the many exceptions, the exclusivity of a record label to major branch distribution is supposed to be the determining factor in establishing whether a record label is an independent—size of the label, annual number of releases, financial backing of the label, and a host of other factors are not considered significant in determining conceptualization as an independent label. Simply put, determining the independence of a label based on its avenue of distribution remains the industry standard and represents the core conceptual understanding of an independent label.

This distinction concerning distribution between independent and major labels can be traced back in some form all the way to the beginning of recorded music. The first record company, and an independent of sorts, was formed when Thomas Edison started the Edison Speaking Phonograph Co. in April 1878. More than ten years later, as Edison sold and later reacquired what became the North American Phonograph Company, the first majors were being created: the Victor Talking Machine Co. formed in 1901, eventually becoming better known as RCA Victor. The chief rival of RCA Victor, Columbia Records, commenced operations in 1902.

From these humble beginnings, the music industry would only continue to grow during the remainder of the 20th century, especially following WWII. Following Edison's lead, independent labels began to play a significant role in the cultural history of popular music, helping to expand regional musical participation and innovation. Due to their small size and their street-level associations with musicians, independent labels have historically embodied the vanguard of the industry, spurring the development of new genres. Between the 1920s and 1960s, independents contributed to distinctive new forms of American popular music, including jazz, blues, gospel, country, rhythm & blues, and rock 'n' rock (Kennedy & McNutt, 1999, p. ix). Independent labels such as Aladdin, Chess/Checker, King, and Mercury thrived after WWII due to the growth of independent distributors in American cities. Prior to the development of independent distributors, recorded music had been distributed through the same networks that distributed televisions and other consumer goods (Griffith, 1990, p. 23). Eventually, however, cities would frequently have 10-20 independent distributors often specializing in “race music,” and in due course these distributors expanded their catalogs to other genres (Griffith, 1990, p. 23). Independent labels that relied on independent distribution included A&M, Reprise, Elektra, Epic, and Motown.

Rock ‘n’ roll’s beginning in the mid 40s and early 50s played an additional role in the renaissance of independent labels. One such rock ‘n’ roll label was Sun Records, which became the arguable home to the birth of rock ‘n’ roll due to the success of Elvis Presley (see Escott & Hawkins, 1991). Beyond Sun Records and rock ‘n’ roll, Stax Records became synonymous with the dawn of soul music and its early innovators such as Issac Hayes, Booker T. and the MGs, and Otis Redding. Thus, independent labels were not only started to earn money, but to reach an entirely new audience of consumers that were able to more culturally identify with the music.

The significance of understanding the history of independent labels before the 1980s is in its ability to help better contextualize an understanding between independent and major labels in the 1980s and 1990s, their impact on the industry, and the corresponding landscape of the industry during the period. Additionally, it will be necessary at multiple points in this analysis to reference some particulars prior to the 1980s because of their relevance to the current relationship between independents and majors. For example, the commonly perpetuated notion in the mainstream and popular music press that conglomerates established themselves in the industry during the 1980s, aided by the deregulation and laissez-faire policies of the Reagan administration, is incorrect. Conglomerates were in fact well established before the 1980s. In a front page cover story in 1969, the *Saturday Review* turned its attention to the tightening composition of the music industry by pointing out that a recent issue of *The Bulletin of the American Guild of Authors & Composers* had published an article devoted to the organization of the music recording industry, and specifically to who owned the publishing rights to songs. In attempting to scrutinize a diagrammatic layout depicting the structure of the music industry in 1969 produced by the Guild, the *Saturday Review* commented: "the insert showed the solidly framed trunks of twelve American industrial giants and, branching out from them, a web of 119 music publishers, 59 recording companies, and a number of incidental, music oriented enterprises, such as tape cartridge companies, record distributors, and rack jobbers" (Heinsheimer, 1969, p. 61). Therefore, in 1969, following an age of unprecedented consolidation across the entire American economy during the 1960s, conglomerates had taken root. Music had been singled out in the 1960s as a unique commodity; a commodity that could stretch itself by riding the triumph of the analogous communication revolution in radio, television, and electronic information. The popular and commercial successes of the next thirty years—beginning with the disco boom of the 1970s to the mainstream, commercial crossover success of hip hop in the 1990s—would occur under the watchful eye of conglomerates.

The industry itself also recognized the growth of conglomerates during the 1960s and the need to address the mounting concerns such a precipitous expansion raised. In 1969, Billboard Publications hosted the First International Music Conference (IMIC-1), in which leading figures from the industry gathered to discuss the business of music (Nasatir, 1969, p. v). Jac Holzman, the founder of independent label Elektra Records in 1950, presented a conference paper titled "The Role of the Independent in an Industry Dominated by Bigness" as part of a broader discussion topic addressing "Mergers and Amalgamations." The industry undoubtedly recognized the entry of conglomerates during the 1960s, and acknowledged the corresponding concerns such a development heaved on the doorsteps of small, independent labels, and specifically the future of their roles in the industry. Holzman (1969) addressed a variety of topics relevant to this concern in his address, including the collision of capitalist business practices with the music industry: "It is the nature of successful business to grow bigger, for emerging industries to be controlled by fewer people with great financial resources. Today's music industry is still young and yet the merger trend reflects the inevitable law of industrial growth which has been going on for over a century" (p. 99). This argument relates the structural changes in the music industry to the inevitable nature of the U.S. economic system and does so in a much too common manner—capitalism is essentially naturalized. As another industry executive commented: "I see nothing wrong with a label getting bigger—it's the nature of the world, the nature of life, the nature of America" (Farrace, 1987, p. 30). By contrast, Holzman (1969) cautioned that applying strictly business principles to music would result in failure, despite the ability of conglomerates in the industry to be safeguarded financially through multiple revenue streams (p. 99). Holzman concluded his discussion by addressing the democratic nature of independent labels that are often able to serve a role in separating the artistry of music from the commerce of the industry.

> If, in the future, independent music firms can preserve the resilience and flexibility which have characterized them in the past, can encourage talented young people to express themselves freely and honestly, then the independents will continue to achieve a success, measured not only in profits but, as importantly, in terms of personal satisfaction and vital music (p. 103).

By examining the history of major and independent labels, it is evident that by the 1980s, conglomerates had finally become well established in the industry and were beginning to alter the economic realities of the market through their ability to infuse cash into the marketplace and stress the profit maximization of individual industry segments. For example, in 1980 the

Cambridge Research Institute prepared a study for the Recording Industry Association of America (RIAA) titled "An Economic Study of the Recording Industry". The research findings reflect the alarming increase of costs compulsory to making a profit: while 61,000 units sold represented the average break-even point for an album in 1972, by 1979 that figure had climbed to approximately 140,500 units sold—resulting in a much higher failure rate (84 percent) of albums not breaking even and turning a profit ("RIAA Survey," 1980, p. 10). Conversely, the same report indicated that the profits for the recording industry between 1974 and 1979 had more than doubled, from $85.7 million to $208.7 million ("RIAA Survey," 1980, p. 10).

While the overall findings of this study were used to assert the higher risks collectively faced by the industry, the findings actually reflect that the increase of capital into the industry had resulted in driving up the corresponding need for higher sales, creating what has been referred to as a "risk-averse system" in which innovation is stifled in favor of safer choices more likely to be profitable, essentially making music nothing more than a commodity ("Money for Nothing," n.d., Key points to introduction). Even the popular music press has lamented the increasing capitalization and ensuing competition for every last consumer dollar: "Ironically, the competition also threatens to make music more of a commodity and dilute its aesthetic importance at a time when creativity and performance are at increasingly outstanding levels" (Rappaport, 2001, p. 19). For profits to nearly triple during a 5 year period, it is apparent that costs were not haphazardly spiraling out of control, but that the entry of conglomerates had raised the ante due to their ability to draw from varied sources of capital.

By contrast, independent labels were faced with increasing pressure from the entry of conglomerates and forced to make difficult decisions concerning their future direction. Independent labels had always benefited from their reputation of not stressing profits over musical direction, because of the more intimate relationship between independent label owner and artist: “You’ll find there are more music lovers and fewer bookkeepers in the independent business than you’ll find in the major labels” (Farrace, 1987, p. 46).

It was becoming more recognized throughout the industry that there were extensive costs to starting and maintaining an independent label, evident by an advertisement placed in an issue of *Radio & Records* from 1980 for a board game called “The Record Game,” in which the players could try their hand at starting an independent label. The advertisement stated that players begin the game with $4 million and can “test all those years of expertise you’ve accumulated without having to convince an Arab prince of your acute entertainment business acumen”—an apparent reference to the gasoline/energy crisis during the same time that focused attention on Middle East oil riches (“Record Game,” 1980, p.12).

> As an industry, we have the independents to thank for what has so far been a decade marked by the emergence of exciting new musical forces. The indies will continue to be an essential source of new hitmakers on whom the long-term health of the industry depends…Majors want independents to thrive…(Buziak, 1988, p. 9)

Independent labels reemerged in various forms during the 1980s and 1990s as a vital factor in the production and distribution of American popular music. The 1980s marked a turning point, in which independent labels returned to the spotlight following a decade of obsoleteness in the 1970s, in which music known glibly as “corporate rock” along with disco were the chart toppers. The different types of independent labels to reemerge stretched a wide gambit, despite their continued conceptualization as having to be distributed independently. Media coverage of independent labels returned in both the general and popular music press, nearly returning to the prominence of previous decades—labels such as I.R.S. (R.E.M., Bangles, XTC), Profile (RUN-DMC), Enigma (Smithereens, Poison), Sub Pop, Tommy Boy, and others became well known names to music fans. By 1997, as stated earlier, for the first time in the modern music industry independent labels and distributors earned the top market share for total U.S. album sales, collectively capturing 21.2 percent of the market (Christman, 1997, p. 60.). A look underneath that fuzzy, feel-good statistic (cited regularly by ardent indie supporters) reveals a less rosy picture—a large percentage of those sales were due to traditional strengths in the classical and rap music sectors (Christman, 1997, 60). Catalog sales also played a paramount role, as it was actually WEA that led in market share for current, new releases. Moreover, alternative rock, one of the genres most linked with the ascent of independent labels, was now equally contributing to the sales figures of major labels. Still, there was something to be said for such a rise in sales figures since the 1980s. In the early to mid 1980s, at the heyday of independent successes such as R.E.M. and Run-DMC, most observers estimated the independent market made up between five and ten percent of total music sales. Examining the convoluted and evolving relationships between independent and major labels provides an explanation for the perceived sales increases that the independent sector finally witnessed toward the late 1990s.

Reaction through Amalgamation: Spatialization in the Popular Music Industry

Critical political economy attends to the concept of spatialization through multiple analytical approaches, but the most appropriate in examining the changing relationships between independent and major labels is in terms of the ability of major labels to expand their institutional, corporate power into almost all sectors of the music industry, especially that of independent labels. Specifically, in the 1980s and 1990s the majors were able to transform the industry, its processes and practices, by their ability to alter spatial relationships through capital.

In doing such, the conceptual understanding of an independent label as based upon its distribution became dramatically less useful for making distinctions in the market, and essentially such an understanding of an independent label lost its meaning. Before examining the methods utilized by majors in eliminating the constraints of time and space through altering their relationships with independent labels, a review of the sales successes of the 1970s will demonstrate the growth of the industry and its increasing capitalization requirements.

In the mid to late 1970s the sales volume of the U.S. recording industry exploded, based on RIAA sales data. Sales had been relatively stagnant between 1967 and 1972, increasing from \$1.051 billion to just \$1.383 billion—an unremarkable 31 percent sales increase over five years, representing an average annual sales increase of just 6.2 percent. But sales increased 10.8 percent alone in 1973, and by 1978 sales had reached \$4.131 billion—an astounding 187 percent increase in five years, thanks in large part to sales derived from the boom in disco. All of sudden though, sales dropped considerably—11 percent in 1979—the largest decrease in yearly sales since 1948. The reasons for the 1979 drop in sales were multiple, but the foremost reason was the decline of the American economy. Gasoline prices were soaring and the economy was tanking, edging closer toward the recession of the early 1980s. History has consistently shown that when the economy falters, so do the cultural industries, and particularly the music industry.

To counteract the decrease in sales, the major recording companies began to explore ways to shore up revenues. During the 1980s and 1990s there were two main periods of heavy transformation in the industry, and both were following recessions—the early 1980s and the early 1990s. While there were other factors involved, such as the success of Nirvana in the early 1990s in launching a new stable of bands, the recession played a key role in destabilizing the industry. These periods represented times in which independent labels were also struggling due to decreased sales, but also because of their shifting position in the continually transforming recording industry.

The first step taken by the majors in altering their relationship with independent labels was to secure the distribution of their albums. Technically, such a move would eliminate the "independence" of an independent label. Recognition as an independent label carries with it social and cultural value that is recognized on the street with artists and consumers. Furthermore, the distribution of independent labels by major branch distributors clearly calls into question the autonomy of the independent labels because it allows for the possibility of the major branch distributor to place additional requirements on albums to be distributed, specifically financial requirements. Financially, distribution is arguably the most lucrative segment of the music industry, which makes it particularly popular for majors that can possibly piggyback on the street credibility, responsiveness, and grassroots marketing capabilities of an independent label. These various concerns, notably the concern with whether an independent would maintain their so-called independence under such an agreement with a major, have slowly become less a topic of discussion in the industry because of their high incidence.

For the independent label, major branch distribution provides more stability due to the financial strength of major distributors and the better distribution provided to major retail outlets and one-stops. Additionally, branch distributors can exercise more power in a market in which the competition for retail space is fierce, e.g., during the 2001 calendar year there were 27,000 music titles released, yet the average retailer can only house less than 3,500 titles, the majority of which are made up of catalog albums (Brae, 2002, p. 9). Furthermore, getting new releases into visible racks as majors can is crucial because impulse purchases on sight make up the majority of recorded music purchases, particularly at large discount retailers such as number one music retailer Wal-Mart.

Between 1979 and 1983, all of the major, hitmaking independent labels in the U.S. recording industry switched from independent distribution to major branch distribution. All of these deals took important albums away from independent distributors and shifted profits to the major branch distributors, further hurting independent labels in the long run. An article title from a 1979 issue of *High Fidelity* captured the state of the industry: “Record Distribution: The Big 6 Take Over” (Mayer, 1979, p. 132). The “Big 6” record distributors were RCA, CBS, PolyGram, WCI (Warner Communication), MCA, and Capital-EMI. A&M Records, home to artists Carole King and Peter Frampton, earned $100 million annually in 1978 while distributing its albums through Alpha Distributors in New York, Record Merchandising in Los Angeles, and a dozen other regional distributors, but due to cash-flow problems it signed a branch distribution agreement with RCA in 1979 (Mayer, 1979, p. 132). RCA had also recently signed a manufacturing and distribution deal with Elton John’s Rocket Records and 20th Century Fox Records, an influential R&B label. Additionally, Handshake Records signed a long-anticipated distribution deal with CBS in 1980 and two years later were joined at CBS by British label Chrysalis Records. Legendary label Motown Records left independent distribution to move to MCA distribution in 1983. Arista Records became a distributed label of RCA in 1983, at the same time that RCA bought a percentage of Arista. Independent distribution had fallen in to ruin from losing these marquee labels in just a few years. Despite the fact that distribution remained less expensive through independent, regional distributors, the financial stability of major branch distribution was difficult for most independent labels to turn down.

Throughout the 1980s and 1990s this basic organizational structure of the industry continued for a large portion of noteworthy independent labels. The majors continued to exercise their institutional might, while throwing the conceptualization of independent labels into further disarray—for the majority of leading independent labels were not even using independent distribution. Enigma Records is representative of this new type of label, a label that "falls into an ill-defined gray area between major and indie" (Unterberger, 1988, p. 11). Enigma Records, formed in the early 1980s, quickly moved its distribution to Capital/EMI, where it operated for most of the 1980s while being considered a major by some and an independent by others. Enigma also distributed for smaller independent labels, such as Mute, Bar/None, Fever, and Blast First, through its major branch distribution agreement (Unterberger, 1991, p. 15)

Another practice of major labels in expanding their corporate power over the industry often followed the distribution agreements with independent labels. This next step involved either purchasing the label completely or purchasing a 50 percent stake in the label. Two of the reasons that the major labels purchase a 50 percent stake in an independent label is to increase market share and develop new artists, while holding on to the personnel talent at the independent label and their relationships with artists (Jeffrey, 1989, p. 6). Leaving creative control to the original individuals that built the label is one of the primary recognized advantages to a total buyout. Furthermore, these ownership partnerships allow for the major label to gain ownership rights to recordings for the purposes of distribution, manufacturing, and international licensing. Independent labels, often facing a hostile competitive market, are often forced to agree to the deals to increase capital and better compete against majors.

Obviously, the financial backing provided by the additional capital provides a level of stability unattainable through the majority of independent labels that go it alone. The list of such fifty percent acquisitions is long, with most occurring in the late 80s and throughout the 90s. They have become a common practice of the major labels in spreading their profit streams and in spreading their influence. Tommy Boy Records, a pioneering independent rap and dance label in the 1980s and 1990s, was founded in 1981 and later sold entirely to Warner Music over the course of two separate deals in 1986 and 1989. The label struggled somewhat once Warner took total control, so a 50 percent stake was sold back to its founder, Tom Silverman, in 1996. Tommy Boy maintained its independent distribution throughout its ownership changes, thus maintaining its independent status.

EMI label affiliates were also heavy believers in making ownership deals with independent labels, as evident by Thorn-EMI's 50 percent acquisition of Chrysalis Records in 1989 and Capital-EMI acquiring 50 percent of Enigma Records, a leading indie rock label. Other labels were purchased entirely by major labels, typically when sales were down for the label. For example, Sire Records, an established independent label founded in 1966 by Seymour Stein, was purchased completely by Warner Communications in 1980, just three years after it had begun distributing releases for Sire ("Warner Acquires," 1980, p. 3). Sire brought to Warner several successful acts to help boost sales, most notably Talking Heads.

Following the success of independent label acquisitions, the majors realized some of the key benefits of running smaller labels and distributing through independent channels. For example, grassroots marketing is typically not provided through major branch distribution, which usually deals directly with major retailers. Grassroots marketing is hugely important for rap and hip hop labels, in which singles often break through word of mouth and not through mainstream radio. Therefore, major labels began forming boutique labels that would typically send their product through independent channels. Majors also began acquiring independent distribution channels themselves to distribute the product—essentially creating an entire network of production and distribution that mimicked an independent label.

Creation through Emulation: Structuration in the Independent Sector

> More and more independent companies are becoming increasingly similar to the 'major' labels in their methods and scales of operation, at times even competing on a major label level in the actual quantity of "units" sold. At the same time, there are more independent releases than ever before, many of which are uninspired or even no less crassly commercial than typical major label product; the indie release is no longer the preserve of the weird and the wonderful (Unterberger, 1988, p. 11).

Structuration, as Mosco (1996) implements from the work of Anthony Giddens (1964), addresses the social agency of independent labels in purposely reshaping the structure of the independent sector. While this analysis does not explicitly address agency on an individual level, it is intended to demonstrate that owners of independent labels collectively made changes to the structure of the independent sector to best compete alongside the major label system that increasingly necessitated strong capital requirements. While the actions of these independent labels in altering their practices to more closely resemble the major labels have caused additional confusion in distinguishing the relationship between independent and major labels, their actions have also had long-lasting effects on the independent sector, e.g., independent distribution by the end of the 1990s mirrored major branch distribution with its ability to distribute product nationally within 24 hours, and some independent distributors such as Koch Entertainment Distribution attained the wherewithal to compete toe-to-toe with major branch distributors, e.g., Koch's revenues increased from $76 million in 1997 to $300 million in 2000.

However, at times, such an emulation of the structure of the major label system has hurt independent labels in terms of their historical strengths and agenda. No longer do a large extent of independent labels represent a clear alternative to the major labels in terms of their size and ability to work with musicians on a more direct level. The direct relationship made possible between independent label owners and the artists they were often personally involved in signing is what historically allowed for a shared emphasis to be placed on the musical development of the artist and their bottom line potential.

One of the first developments demonstrating the formation of a new independent sector created to emulate the major label system came with the rise of integrated labels/distributors, eventually to become known as “mini-majors.” By the early 1990s, Rough Trade and Important/Relativity had integrated production and distribution under a common corporate umbrella and established promotion and distribution (P&D) agreements with a stable of independent labels. Previously, P&D agreements had been the province of major labels almost exclusively to distribute and promote independent releases. In 1990, Rough Trade had P&D agreements with over ten independent labels, in addition to their own Rough trade label. In effect, Rough Trade had refashioned itself into a major label structure. Important/Relativity operated in much the same way until it moved further into the major domain when CBS Records (a unit of Sony) purchased a 50% stake in the distributor/label in 1990. Future independent distributors continued the integration of production and distribution as the independent sector became an increasing game of high stakes—with national distribution becoming the new, bare minimum standard.

The clearest example of independents crafting themselves into the structures of the major label system is through the development and subsequent improvement of national independent distributors throughout the 1990s, and especially toward the late 90s. Such distributors include Koch Entertainment Distribution, Bayside Entertainment Distribution, RED (subsidiary of

Sony), ADA (subsidiary of Warner) and Navarre. While serving a worthwhile role in improving distribution and payment to independent labels, these independent distributors have also further divided the independent label market between the larger independents, which often have ties with major labels, and smaller, purely independent labels. Many of the largest independent distributors are actually owned by major labels or distributors. For example, ADA stands for Alternative Distribution Alliance, yet the distributor is a full subsidiary of Warner Music. While such distribution has undoubtedly helped larger independent labels, there is little chance that a small independent label will be able to make use of such distribution unless there is a particular reason they can guarantee high sales.

Conclusion

This chapter illustrates through the motif of *Direction Reaction Creation* that the shifting relationships between major and independent labels during the 1980s and 1990s rendered the conceptualization of independent labels hollow. By 2000, the concept of independent distribution was no longer adequate to conceptually define an independent label in a marketplace in which the lines between majors and independents had greatly blurred. The altered relationship between major and independent labels requires that the concept of an independent label be reconceptualized in order to make the term meaningful once again. While such a reconeptualization of independent labels is beyond the scope and purpose of this research, future research should continue to move forward toward providing a mapping of the music industry that reflects the new structures and practices of independent labels.

Through first examining the *direction* of the industry in the 1960s and 1970s, this analysis revealed that the capitalization of the music industry, following the entry of conglomerates during the 1960s, substantially increased the average break-even sales point for albums—pushing labels toward safer choices that would almost guarantee at least minimal profits. As the music industry continued to struggle into the early 1980s due to the corresponding economic recession, the major labels' *reaction* was an attempt to boost sales by expanding their institutional, corporate control into other sectors of the music industry through mergers, acquisitions, and additional agreements between independent and major labels. Originally, the majority of these agreements centered on major labels acquiring distribution of independent labels, enabling the major labels to profit through the distribution of successful independent labels, such as A&M, Arista, Chrysalis, and 20th Century Fox Records. By the mid to late 80s, once the majority of leading independents were distributing their albums through major branch distributors, the majors sought to extend their control through 50 percent acquisitions and whole purchases of independents. As the autonomy and financial livelihood of independent labels came under fire from the tactics of the major labels, the independents exerted their collective agency through the *creation* of structures that emulated those of the major labels. These structures included integrated production and distribution capabilities often coupled with national independent distribution, modeled after major branch distribution. Many of these new structures would eventually come under major label ownership, such as the case with Sony's RED and Warner Music's ADA. Thus, the *Direction Reaction Creation* motif reflects the continuing changes in relationships between major and independent labels and the ensuing complexity of conceptualizing independent labels.

CHAPTER 5

CONCLUSION

> The wellspring of independent creativity comes from the street. The roots of the musical ideas come in off the streets from people who have ideas spontaneously, and go to the trouble of recording them. Independent record-making is almost a matter of historical record, of documenting art (Solomon, 1987, p. 9).
>
> - Russ Solomon, Founder, President, and Chairman of Tower Records

In providing a conclusion to this critical political economic analysis, perhaps it is of no coincidence to the changing relationships of the music industry since Russ Soloman made his above observation, that Tower Records, the leading retailer of independent labels founded by Soloman, filed for bankruptcy in early 2004. While the company emerged from bankruptcy proceedings in a mere 35 days, Soloman and his family were only able to retain a fifteen percent ownership stake under the terms of the restructuring (Kasler, 2004, ¶ 7). This analysis has explicitly shown that the changing relationships between independent and majors have made the conceptualization of independent labels nearly meaningless due to the blurring between major and independent labels. Not only have majors taken control of the distribution of independent labels and acquired independent labels, but the independent labels themselves have often fashioned themselves into new structures that purposely function similarly to the major label system. Not only did independent labels and distributors make changes in response to the shifting practices occurring in the popular music industry, the *entire* independent music sector, all the way down to retailers such as Tower Records, were impacted. Conducting business as an independent became increasingly difficult due to the capitalization pressures exerted by conglomerates that were able to shift the processes and practices of the industry through their ability to alter spatial relationships with capital.

In arguing that the conceptualization of independent labels has become meaningless through an analysis of the changing relationships between independent and major labels, this study has proceeded through three chapters of analysis—a literature review focused on research examining independent and major labels, a chapter focused on the theoretical foundation and application of critical political economy, and the primary research chapter that analyzes the altered relationships between independent and major labels during the 1980s and 1990s. Briefly, I will review these three key chapters and discuss their primary concerns.

The literature review of Chapter 2 outlined the scholarly research on the popular music industry that has focused on the relationship between independent and major labels. The study of popular music includes a wide array of academic disciplines that address music, including sociology, geography, labor studies, musicology, and mass communication studies. Within communication studies, the boundaries between cultural studies and political economy are weakening as scholars realize the importance in studying the production, distribution, and consumption of media. The work of Kruse (2003) and Negus (1997) serve as the prime examples of scholars attempting to address traditional concerns of political economy and cultural studies in a unifying analysis, which recognizes that the production and distribution of popular music in a capitalist market inevitably shapes expression. Just as Kruse and Negus have been able to integrate aspects of cultural studies with political economy; the divisions between the North American approach and cultural industries approach to the political economy of communication are slowly beginning to deteriorate. Future research must draw on multiple perspectives throughout the range of political economy and continue toward developing the study of the political economy of communication *and culture*.

In Chapter 3, "Theory, Practice, Methodology: The Critical Political Economy of Communication and Culture," the theoretical foundation of political economy is expounded to demonstrate its choice as a framework in conducting this analysis. Political economy, positioned in opposition to mainstream neoclassical economics, approaches the discussion of economics with an corresponding aim at incorporating the social and cultural consequences into economic decision-making. This chapter also defends political economy against its critics that claim it is reductionist, by pointing out that the very nature of political economy is to demonstrate that decisions are made within a wider social and economic totality in which no single element can be essentialized. Contrasting the North American approach to political economy with the cultural industries approach, this chapter argues that the cultural industries approach provides the best method for analyzing distribution and production. Moving toward the implementation of political economy, the concepts of spatialization and structuration are presented to provide the parameters for addressing the primary research question of this research thesis: How have the changing relationships between major and independent labels within the American music recording industry between 1980 and 2000 impacted the conceptualization of independent labels? The last section of this chapter addresses methodology, and explains that the research will primarily utilize trade publications and popular media between 1980 and 2000 to analyze the changing relationships between independent and major labels.

Chapter 4 demonstrates through the motif of *Direction Reaction Creation* that the relationships between major and independent labels during the 1980s and 1990s shattered the conceptualization of independent labels. This chapter first examined the *direction* of the industry during the 1960s and 1970s, indicating how the rising costs were making profitable albums much less common. In *reaction*, during the 1980s, the major labels began to move into the prior domain of independent labels through distribution agreements and acquisitions. Major labels were also attempting to increase sales in the early 1980s because of the overall industry slump, which corresponded to the slumping American economy. As the economic limitations of independent labels continued to be exposed, independent labels exerted their collective agency through the *creation* of structures and practices that emulated the major label system, such as national networks of distribution that raised distribution standards, forcing independent musicians to search for smaller independent labels that were being further pushed to the margins.

While this study provided important understanding regarding the inadequacies of properly conceptualizing independent labels, it also opened the door to a variety of additional studies that could be explored. The clear next step in the research is to conceptualize what is a proper understanding of independent labels in the current popular music industry. Beyond that additional mapping of the industry, there are international issues with independent labels that could also be explored. For example, the Canadian government actually offers support to its independent labels through FACTOR, the Foundation to Assist Canadian Talent. The fund primarily supports musicians on independent Canadian labels, which the government has argued stand at a disadvantage compared to labels that function as part of the major label system. A study analyzing such government support to independent labels could demonstrate not only their importance musically, but their possibly significant influence on national culture. The limitations of this particular study were that it did not allow for a thorough cultural or social analysis, because of its aim at demonstrating through a political economic analysis that the conceptualization of independent labels has not evolved to match the shifting structures and practices of independent labels.

Lastly, it is fundamental to recognize this research study and its conclusions are not meant to generalize into the current decade or serve as a predictor for the future of the music industry. Just as the early success of independents in the 1980s positioned the decade in stark contrast to the commercial rock, strongly corporate-controlled 1970s, it is possible that this decade will also prove itself as a turning point because of the technological innovations shaping the music industry. Digital distribution, online retailing, retail consolidation, new hardware technology, and a host of still unknown factors will continue to reshape the future economics of the industry and help to determine its dominant players. These factors will further change the relationships and might further serve to weaken the dynamic and changing structures that often benefit the major labels. While the music industry will continue to evolve at a rapid pace, just one thing is certain: the only way an accurate conceptualization of independent labels will once again mean that independent labels stand as an economic alternative to major labels, will be if the labels recognize their original intent—as outlets for the uniquely wonderful future creations of popular music, in which the bottom-line is not the primary consideration.

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