

THE POLITICAL ECONOMY OF
FINANCIALLY SUCCESSFUL INDEPENDENT HIP HOP ARTISTS

by

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A THESIS

Presented to the School of Journalism and Communication
and the Graduate School of the University of Oregon
in partial fulfillment of the requirements
for the degree of
Master of Arts

June 2012

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Title: The Political Economy of Financially Successful Independent Hip Hop Artists

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Degree awarded June 2012



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THESIS ABSTRACT

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Master of Arts

School of Journalism and Communication

June 2012

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From 2000 to 2010, America's music industry's annual revenue went from \$4 billion to \$2 billion. Much of this is attributed to the internet's ability to provide consumers with easy access to free music, and hip hop has been especially impacted by this trend.

Utilizing document analysis and personal interviews, this study found that the success of independent artists has influenced the business strategies of major record companies. In response to a dramatic decrease in record sales, major labels have made more of an effort to sign their artists to 360 deals, which allow the labels to profit from every aspect of an artist's brand or identity.

While some independent artists are the main beneficiary of the profits generated from their music and personal brand, they also reify the commodity-form capitalist system by attempting to turn their music and brand into a fetishized commodity and by turning their audience into a fetishized commodity.

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PUBLICATIONS:

Ostrove, G. (2012) Hip hop's holy GURU: Evidence of spirituality in Keith Elam's rhetoric. In M. Fowler, J. Martin, and J. Hochheimer (Eds.), *Spirituality: Theory, Praxis and Pedagogy* (pp. 293- 303). Inter-Disciplinary Press: Oxford, England.

ACKNOWLEDGMENTS

I have to first thank Dr. Andre Sirois, aka DJ Food Stamp. His personal library was one of my main resources for acquiring pertinent literature for this study. He also gave me direction as to what theories were important to understand, what aspects of hip hop's history were important to highlight, and who I should interview. He supplied me with the contact information to set up interviews with people with whom I would have otherwise not been able to speak. I am extremely appreciative to have had his guidance on this project.

Dr. Peter Laufer was instrumental in making sure that I clearly communicated the story that I wanted to tell with this thesis. He also helped me recognize how my conclusions on the music industry apply to other media and entertainment industries experiencing similar economic trends. I also want to thank Dr. Rocio Zambrana for helping me understand the critical philosophical concepts that were important to include in my study.

I have to send a special "thank you" to everyone who I interviewed for this project. I got to speak with some of my favorite artists, such as Del and 9th Wonder, and I learned a tremendous amount from everyone I interviewed. A special thanks to Eamon Mulligan, the manager of the Living Legends, and Kevin Beacham, the marketing director for Rhymesayers Entertainment, for being so helpful.

Finally, I want to acknowledge Dr. Janet Wasko's contribution to my understanding of political economy. I developed my idea for this project in her classes, where I first gained an understanding of the critical political economy approach. I am extremely grateful for all of her support.

This study is dedicated to all of my favorite artists.

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CHAPTER I

INTRODUCTION

The Political Economy of Financially Successful Independent Hip Hop Artists

The internet has become the world's greatest tool for consumption. Many acts of consumption that previously occurred in a physical, face-to-face, human-to-human setting now take place within the internet's digital hyperreality. In response, the music industry must adjust its business strategies to keep up with an increasingly digital world and consumer behavior. This study will explore the ways in which financially successful independent hip hop artists are able to maintain consistent income, and in what ways their business strategies have influenced the actions of major record labels.

Traditionally, most artists would need to receive cash advances from major record labels in order to be able to fund the recording and production of their music. After receiving the cash advance, however, the artist would no longer control the music. The label that issued the cash advance would then sell the artist's sound recordings and be the main financial beneficiary. Known as working "for hire," this was the traditional way in which artists were able to make a living and record companies were able to turn a profit.

Nowadays, instead of simply making money by selling an artist's recorded music, record companies that issue cash advances to artists demand to control more than just the sound recordings. Most major labels which issue cash advances to an artist now control all of the image and branding rights associated with the artist, which includes merchandising, sponsorships, and touring. Known as "expanded-rights deals," this is an

emerging way in which recording artists are able to make a living and record companies are able to turn a profit.

Because of the internet, however, musicians who previously needed the capital and resources of major record labels can now create, record, produce, and distribute music completely independently. The internet has created easy access to resources that were not previously available to independent artists. On the other hand, the internet has also increased the ability of consumers to easily access free music. There are now many ways for consumers to listen and possess music without actually purchasing it. On top of the rising rates of illegal music piracy, there are now a growing number of legal internet sites that allow consumers to listen to music for free, such as Pandora, Groove Shark, YouTube, MySpace, and many others.

The aim of this project is to explore the strategies utilized by financially successful independent hip hop artists in order to maintain consistent income in an age when consumers do not necessarily need to purchase music in order to listen and possess it. Specifically, this project will explore how independent hip hop artists make the majority of their money (whether it be by selling records, performing at live events, selling merchandise, etc.), and whether independent hip hop artists are the ones taking home the majority of the money made from their art work. In other words, while the “expanded-rights deal” model allows for the record company to be the main financial beneficiary of an artist’s work, do independent artists break away from this paradigm by receiving the majority of the profits?

In addition, this thesis will explore whether or not major record labels have been affected by the success of independent artists. With the decreasing need to turn to major

record labels in order to record, produce, and distribute music, how have major record labels changed their business strategies in order to keep up with the cultural and societal changes that have resulted from technological advancements? How much do record labels still rely on record sales as a major source of revenue?

In other words, this thesis will attempt to answer three main research questions:

- 1) How do financially successful independent hip hop artists make the majority of their income?
- 2) How have major record labels adjusted their business strategies as a result of the financial success of these independent hip hop artists?
- 3) Are these independent hip hop artists the main beneficiaries of the revenues generated from their labor?

This study will begin with a brief history of the origin and evolution of hip hop culture. Chapter II presents a review of the literature pertaining to hip hop and music industry studies, as well as the theoretical concepts that are at the center of critical political economic analysis, in general, as well as for this specific study. Chapter III will discuss the methods used in a political economic study, and the specific procedures used to conduct this study. Chapter IV will discuss current trends within hip hop culture and the music industry, and Chapter V will present interview findings. Finally, Chapter VI includes a synthesis of the findings with key theoretical concepts, as well as the limitations of this study and suggestions for future research.

The Origin and Evolution of Hip Hop Culture

It is worthwhile to note that the hip hop culture originated in a place dominated by drugs and violence. New York's South Bronx neighborhoods were dramatically affected

by the economic depression of the early twentieth century. On top of that, there were particular socio-political decisions made at that time that led to the increased poverty in that area and the resulting “white flight.”

The man most responsible for this white exodus out of the Bronx was Robert Moses, the most powerful modern urban builder of all time. In 1929, the New York Regional Planning Association designed a master plan that hoped to see Manhattan be transformed into a center of wealth that was connected directly to other wealthy suburbs through an encircling network of highways carved right through the center of the poorer outer boroughs. Robert Moses was in charge of this project (Chang 2005).

Moses’s Cross-Bronx Expressway was designed to allow people to drive directly through the Bronx from the suburbs of New Jersey through upper Manhattan and to the suburbs of Queens in about fifteen minutes. In engineering terms, it was the most difficult road ever built (Chang 2005). As Caro (1974) describes, “The path of the great road lay across 113 streets, avenues and boulevards; sewers and water and utility mains numbering in the hundreds; one subway and three railroads; five elevated rapid transit lines, and seven other expressways or parkways, some of which were built by Moses simultaneously” (Caro, p. 860).

More importantly, though, about 60,000 Bronx residents lived in the area that Moses bulldozed in order to build his massive expressway (Chang 2005). These socio-political decisions resulted in a massive movement of white New York residents out of the Bronx and into more wealthy neighborhoods such as Manhattan or Queens. While more white residents flooded into Manhattan, less wealthy populations were forced to leave the area. According to Chang (2005), by “using urban renewal’ rights of clearance

to condemn entire neighborhoods, [Moses] scared off thriving businesses [from the Bronx] and uprooted poor African-American, Puerto Rican, and Jewish families [from Manhattan]” (p.11).

By the mid-1970s, the South Bronx had lost 600,000 manufacturing jobs, and average per capita income had dropped to \$2,430, half of the New York City average and forty percent of the nationwide average. What remained in the South Bronx were impoverished families, decimated by drugs, violence, and neglect; and the youth were being affected most of all. The official youth unemployment rate hit sixty percent, while many youth advocates have claimed that in some neighborhoods the true number was closer to eighty percent (Chang 2005). Much of the South Bronx youth turned to gangs for protection and support.

In this negative setting, hip hop was a culture that promoted leaving the destructive practices of the past behind and focused on youth solidarity through positive and creative endeavors. In other words, if the blues culture is to be credited with having been developed in the early twentieth century under the conditions of forced labor, the hip hop culture is to be credited with having emerged in the mid-twentieth century under the conditions of no work (Chang 2005).

The men credited with first creating this New York projects culture were natives Kool DJ Herc, Grandmaster Flash, and Afrika Bambaataa. In 1973, Bambaataa, a former member of the notorious South Bronx street gang Black Spades, started an organization known as the Youth Organization (Keyes, 2002). Afrika Bambaataa described his organization, later known as the Zulu Nation, as “a huge young adult and youth organization which incorporates people that are into breakdancing, Djing, and graffiti. I

had them battle against each other in a nonviolent way, like rapper against rapper rather than knife against knife” (quoted in Keyes, p. 48).

According to Bambaataa, the word “hip hop” can be credited to a South Bronx disc jockey that went by the name Lovebug Starski. Bambaataa says that whenever Starski was hosting a party, he would always attempt to get the crowd excited by yelling, “Hip hop you don’t stop that makes your body rock” (quoted in Keyes, p. 48).

“So I just coined a word myself,” says Bambaataa, “and started using the word ‘hip hop’ to name this culture, and then it caught on” (quoted in Keyes, p. 49).

Much of the creation of the hip hop culture must be credited to the parties thrown by Bambaataa, Kool DJ Herc, and Grandmaster Flash, all of whom were DJs. According to Rose (1994), “In the earliest stages, DJs were the central figures in hip hop; they supplied the break beats for breakdancers and the soundtrack for graffiti crew socializing. Early DJs would connect their turntables and speakers to any available electrical source, including streets lights, turning public parks and streets into impromptu parties and community centers” (p. 51).

Kool DJ Herc was known particularly for his massive sound system, which he named Herculords, as well as his ability to extend obscure instrumental breaks that created an endless collage of peak dance beats known as b-beats or break-beats. Grandmaster Flash is credited with perfecting and making famous a critical rap music innovation: scratching. Rose (1994) describes scratching as “a turntable technique that involves playing the record back and forth with your hand by scratching the needle against and then with the groove. Using two turntables, one record is scratched in rhythm or against the rhythm of another record while the second record played. This innovation

extended Kool Herc's use of the turntables as talking instruments, and exposed the cultural rather than structural parameters of accepted turntable use" (p. 53).

Coke La Rock is the man credited with creating another important facet of hip hop music: rapping. On August 11, 1973, Cindy Campbell, Kool DJ Herc's sister, rented a rec room at 1520 Sedgwick Avenue in the Bronx. She wanted to throw a back-to-school party before classes started again on Monday and raise some money for some new school clothes. She charged a quarter for women and fifty cents for men to get into the party; and she got her brother to agree to DJ for the night (Gonzales 2008).

In the middle of the party, though, Kool DJ Herc's friend Coke La Rock grabbed the microphone and began talking over Kool DJ Herc's beats. The crowd loved it, and the art of rapping was born. La Rock recalls:

"Our friends Pretty Tony, Easy Al, and Nookie Nook were all at the party. At first I would just call out their names. Then I pretended dudes had double-parked cars; that was to impress the girls. Truthfully, I wasn't there to rap, I was just playing around" (quoted in Gonzales 2008, p. 2).

Although hip hop originated as genuine street art meant to benefit those who adhered to the main tenets of the culture, some aspects of the hip hop culture soon began to be commoditized. In 1967, Joe Robinson and his wife, Sylvia, started a small independent label, All Platinum Records. This unique label focused specifically on promoting Black soul and R&B artists. In a time when many Black record companies were selling out to the major corporate labels, All Platinum always remained independent and family-run (Charnas 2010).

A Black-owned record company like All Platinum, however, could be just as ruthless with its artists as any major label. According to Charnas (2010), “Joe and Sylvia snatched up publishing rights, were slow to pay royalties when they paid at all, and switched out personnel from groups like the Moments when one of their artists complained too loudly” (p. 37). As a result of their unethical business strategies, in 1979, the Robinsons acknowledged that All Platinum Records was bankrupt (Charnas 2010).

By 1979, rapping had become very popular amongst the hip hop youth because it didn't require a financial investment in any materials, like Djing and graffiti did. Kids could just invent creative rhymes that allowed them to express themselves. Sylvia saw hip hop music, specifically rapping, as the new popular form of musical expression. So, in 1979, she began looking for a rapper to fulfill her vision (Charnas 2010).

First, she tried to get Lovebug Starski to work with her; but he wasn't interested. He knew about her and her husband's poor business ethics. After a couple of other failed attempts at recruiting rappers, one of her son's friends drove her over to Crispy Crust Pizza in Englewood, New Jersey. That is where Sylvia met Hank Jackson. Hank was working at Crispy Crust Pizza in part to pay off the \$2000 loan he took to purchase equipment for the Cold Crush Brothers, a respected rap crew from the Bronx that he helped manage (Charnas 2010).

Sylvia had Hank jump into the back seat of her turquoise Oldsmobile and freestyle over a beat she had asked one of All Platinum's funk bands to record. As Hank was rapping, two other men approached the car. Guy O'Brien and Mike Wright soon began to rotate rapping with Hank over Sylvia's backing track. After they were finished, Sylvia informed the three New Jersey rappers that she wanted to record a track of them

rapping together, and that their group's name would be the Sugar Hill Gang (Charnas 2010).

In August of 1979, Hank, Guy, and Mike, signed with the Robinson's newly formed label, Sugar Hill Records, Ltd., and began recording their vocals. According to Charnas (2010), "They were a bizarre trio, a study in contrasts: the fat and boisterous 'Big Bank' Hank; the short, slightly lisping 'Master Gee;' and the towering, mellow 'Wonder' Mike" (p. 39). When they were finished recording, the song Sylvia named "Rapper's Delight" was about fifteen minutes long.

At that point, nobody in the music industry had ever experienced a single song sell as well as "Rapper's Delight" did. In fact, "Rapper's Delight" quickly became the best-selling 12-inch single ever at that time, selling two million copies domestically and eight million worldwide. These sales numbers forced radio stations to start to embrace this new form of recorded music. According to Charnas (2010):

First came the traditional Black stations, whose programmers held their noses as they gave the younger listeners what they wanted. Then came the pop stations, who treated the song as a novelty record. 'Rapper's Delight,' the first release from a tiny independent label, rose to #4 on the Black singles charts and #36 on the pop charts. But the impact of 'Rapper's Delight' reached over borders and oceans. It went to #1 in Canada and Holland, #3 in the U.K., #4 in West Germany, and charted in South Africa and Israel, as well. (p. 43)

Rapping, the last element to emerge within hip hop, had now become the culture's most prominent facet. "Rapper's Delight" helped put hip hop on the map, but it also contributed to the commodification of this New York-based culture.

Yet, just because hip hop started in New York doesn't mean that hip hop culture is necessarily the same everywhere. Hip hop culture evolves depending on location (Perry, 2004). While New York hip hop is a Caribbean and African American blend of

desires to leave behind the negative influences of the city, Perry (2004) notes that hip hop from the southern states of America is influenced by the tension between the urban and rural South. West Coast hip hop lives in the shadow of Hollywood and pays homage to the legacy of funk music and the Black Panthers (Perry, p. 13). In fact, according to Brennan (1994), West Coast rap often voices an implicit agenda that sounds similar to some of the Black Panthers' ideologies.

This is why Dolan (2010) says that "hip hop's lasting legacy won't be the creation of an independent power base, but the penetration of a power structure" (p. 17). In other words, hip hop isn't forming a community outside of contemporary society; hip hop is influencing and becoming contemporary society. It is accomplishing this by promoting self-realization and youth solidarity. Cutler (2010) believes that "the balance between social constraints and individual agency is exemplified by the ways in which hip hop youth define themselves as both local and global members of the global hip hop community" (p. 248). Just as American hip hop is characterized by its location, Zanfagna (2011) notes that hip hop abroad is characterized by geography and history, as well.

Hip hop has now become an established genre within the music industry thanks to the success of independent hip hop labels such as Def Jam. Started in the early 1980s by Rick Rubin and Russell Simmons, Def Jam, which signed artists such as the Beastie Boys, LL Cool J, and Public Enemy, was one of the first music labels to find financial success by focusing specifically on hip hop music (Watkins 2005). Def Jam's success and authenticity, however, was short-lived.

Rubin left the label in 1988 because he believed that when rap's money-making potential was realized, it opened the door for a different set of interests. He felt that the

changes fostered a climate in which those responsible for selling hip hop stopped caring about the music. In a 1995 interview with *Rolling Stone* Rubin explained:

“I felt like rap had left me more than I had left rap. When I started, nobody had really made money doing it, so that wasn’t the goal. As it got bigger, it got less interesting. The new stuff began to sound like people capitalizing on what someone else had done. The intentions seemed wrong. It just became a way to make money” (quoted in Watkins 2005, p. 124).

Dealing with the commercial success of the culture has always been something the hip hop community has struggled with from the beginning. This is more true today than ever before. As explained previously, instead of simply making money by selling an artist’s recorded music, record companies that currently continue to issue cash advances to artists now demand to control more than just the sound recordings. Most major labels that issue cash advances to an artist now control all of the image and branding rights associated with the artist, which includes merchandising, sponsorships, and touring. These contracts are known as “expanded-rights deals.”

Watkins (2005) points out that this trend is just another effect of hip hop culture forging a business relationship with mainstream society. As he puts it:

Throughout its early history, hip hop amassed most of its appeal by maintaining an aura and edge that placed it in opposition to the cultural mainstream. But hip hop’s status as a lucrative industry, and fixture in the mainstream establishment it once stood in direct contrast to, put its creative class of artists, entrepreneurs, and executives in an odd position: defending the movement’s success. Many of hip hop’s notable figures and staunchest proponents understood that the journey from the margins to the mainstream contradicted some of the prominent truisms in hip hop street cred and authenticity. Seeking to explain and even justify hip hop’s obsession with mainstream success, a new claim emerged. (Watkins 2005 p. 126)

“Hip hop,” Watkins declared, “did not cross over to the mainstream but rather the mainstream crossed over to hip hop” (Watkins 2005p. 126).

Hip hop began as a subculture of the South Bronx neighborhoods, but soon grew to be one of the most popular and profitable music genres in the world. Many hip hop artists have won Grammy Awards, and hip hop music is now the most often played genre on the radio (IBIS World 2012). Hip hop music has had a dramatic impact on the entertainment industry. Some of hip hop’s biggest stars, such as Jay-Z and Puff Daddy, have become some of the wealthiest people in the world.

By the beginning of the twenty-first century, however, sales of recorded hip hop music in the United States began to severely wane, as did most sales of most music genres as a result of an increase in internet music piracy. Time magazine even questioned if mainstream hip-hop was "dying." Billboard Magazine found that, since 2000, rap sales dropped 44%, and now represented 10% of all music sales. While this is still a commanding figure when compared to other genres, it is a significant drop from the 13% of all music sales where rap music regularly placed in the previous years (IBIS World 2012).

With this trend of decreasing record sales in mind, and easier access to recording technology, many successful hip hop artists have decided not to sign contracts with record labels. Instead, these artists take it upon themselves to record and distribute their music. This thesis will discuss the strategies these artists use in order to generate consistent revenue in an age when major record companies are struggling to figure out how to keep up with contemporary changes in technology and culture.

It is difficult to measure something that is as relative as the notion of “success.” It is also problematic to continue to describe hip hop as a “subculture” considering its seemingly lasting impacts on contemporary society. The following section will define many of these terms and concepts that are crucial for understanding and critically engaging with this thesis.

Definitions

Financial success is difficult to define because it is relative to one’s perception of wealth. For this study, “financially successful” artists will be defined as artists who are able to generate consistent revenue at a rate that allows them to maintain their desired standard of living. Therefore, although Jay-Z has collected more money than Slug, who founded Rhymesayers Entertainment, both are considered to be financially successful because they are able to maintain a high quality of life purely off of the revenue generated from their music. Financially successful artists are any artists who utilize their art as an adequate source of income to support themselves.

These artists have become financially successful by commoditizing a subculture and profiting from its fetishism. A subculture, however, is specific to a particular time and geographic location. In that case, hip hop can no longer be a subculture because of its international acceptance and influence.

Hip hop is now a culture of its own. According to KRS-One, an accomplished hip hop artist, the hip hop culture now consists of nine elements: 1)Djing; 2)break dancing; 3)graffiti art; 4)beat boxing; 5)rapping; 6)street fashion; 7)street language; 8)street knowledge; and 9)street entrepreneurialism. KRS-One says, “Hip hop begins as an awareness that helps us to change and transform subjects and objects” (KRS-One

1999). In other words, hip hop is a culture that promotes self-transformation for one's own personal benefit, as well as the transformation of physical objects for the benefit of the community.

In other words, hip hop began as a subculture that was responding to the dominant culture of the South Bronx in the 1970s. As hip hop music has become more universally accepted and appreciated, so has the hip hop culture as a whole. Therefore, hip hop is now a culture that has been influenced by people from all over the world, and continues to resonate with people from all over the world.

The following chapter highlights the theoretical foundations of this study. It places hip hop studies within its proper context amongst other music industry studies, as well as highlights the critical concepts that are important for this political economic analysis. Finally, this chapter will discuss the importance of the hip hop dialectic in terms of its influence on mainstream society's perception of history.

CHAPTER II

REVIEW OF THEORETICAL FOUNDATIONS

In order to fully comprehend contemporary hip hop culture, it is essential to understand the origin and evolution of hip hop music. The first section focuses on hip hop as a subculture or a “scene.” That will then be followed by a section that highlights studies concerning the business side of hip hop music.

The final two sections will then review theories that are essential to this study. The first will summarize the political economic approach, particularly as it pertains to communication. The second will highlight the concept of “commodification,” which is at the center of this study, as well as political economic analysis, in general; and the final section will also explore the notion of “negative dialectics” within critical political economy.

Hip Hop as a Subculture

Thornton (1995a) studied how self-conscious subcultures that are brought together by a particular niche media (such as music) can sometimes be recast as “movements” within popular culture. In her analysis, she coined the notion of “subcultural capital” to refer to the distinctions made by subcultures to remain unique from “mainstream” society. This subcultural capital, however, can sometimes be used by the mainstream society as means of generating financial wealth.

Shanks (1988) pointed to the usefulness of the term “scenes” for describing this phenomenon. Straw (1991) noted that the “sense of purpose articulated within a musical community normally depends on an affective link between two terms: contemporary

musical practices, on the one hand, and the musical heritage which is seen to render this contemporary activity appropriate to a given context, on the other” (p. 494). In other words, in a musical scene or subculture, there is a relationship between particular musical practices and a particular geographic space at a particular moment in time.

Straw (1991) also points out that within “a music scene that same sense of purpose is articulated within those forms of communication through which the building of musical alliances and the drawing of musical boundaries take place” (p. 494). This means that many times a musical scene is characterized by what it isn’t as much as by what it is. This is certainly the case for hip hop, which originated in a particular social setting at a particular time in direct opposition to what it wasn’t: a “mainstream” culture.

Thornton (1995b) notes the difficulty in defining and recognizing a “mainstream” culture; but also recognizes that there does seem to be a dominant power that promotes “burlesque exaggerations of an imagined ‘other’” (p. 205). Many times, that imagined “other” being promoted is a popular subculture. What distinguishes a subculture from the mainstream are the subculture’s ties to a particular place at a particular time.

Scholars such as Jermier (1991), Cottee (2011), Schwendinger (1997), and Portwood-Stacer (2012), and Bobakova (2012) have noted that this relationship becomes complicated, however, when a subculture starts to become so popular that it becomes incorporated into the mainstream. A music genre can no longer be a subculture if it has penetrated into and become a major influence of contemporary society. This is certainly the case for the hip hop culture.

Muniz and O’Guinn (2001) coined the notion of the “brand community” to refer to cultures such as hip hop. They defined a brand community as a “specialized, non-

geographically bound community, based on a structured set of social relationships among admirers of a brand. Like other communities, it is marked by a shared consciousness, rituals and traditions, and a sense of moral responsibility” (p. 1).

This notion of the brand community has been extended by scholars, such as Tsai (2012), McAlexander (2002 & 2003), de Almeida (2012), and Algesheimer (2005).

Although a brand community could refer to an entire culture, such as hip hop, it could also refer to scenes, as well. For example, although there is a hip hop brand community, that supports the hip hop culture in general, there is also a brand community for specific artists and groups, such as Hieroglyphics, A Tribe Called Quest, Wu-Tang, and many others.

In short, subcultural branding is an important concept for understanding the evolution of hip hop culture. Because of its international success, however, hip hop can no longer be considered a subculture. The following section highlights studies that analyze the ways in which the hip hop music industry, as a culture and as a brand community, has evolved to become part of the popular mainstream culture.

Hip Hop and Music Industry Studies

Classic works by Weber (1958) and Adorno (1976) suggest the ways in which capitalist institutions rationalized and standardized musical practice. Weber (1958) highlighted how seemingly “irrational” cultural production could become rationalized. Adorno (1976) especially condemned popular music for being a product characterized by standardization; thus, it receives very standard reactions.

In his famed essay, “On Popular Music” (1941/1990), Adorno looked at how “mechanical schemata” is ideologically applied to musical production as a way to

maximize profits by making consumers malleable, which turns music into a reified and fetishized commodity. He believed that records are “an artistic product of decline, the first mode of representation that can be possessed as a thing” (1984, 531). He also condemned popular and improvised music, such as jazz, for being “as standardized as the standards” (1967, 122).

Music industry studies are essential for understanding the ways in which power is produced and reproduced within the music industry, as well as helping to create a narrative that reveals the historical development of the music industry as we know it today. Although there has been a good amount of scholarship on the subject of hip hop culture, research has traditionally been centered around the link between rap music and social pathology (Hill, 2009). This can be attributed to the growing public anxiety due to the rise in popularity of gangster rap in the early 1990’s. Hill (2009) notes, “Although this research provided critical and nuanced rejoinders to the moral panic of the day, the narrow focus of the studies ignored issues of culture, identity, and power with regard to youth engagement with hip hop” (p. 4).

Since the beginning of the 21st century, however, many hip hop scholars have started closely analyzing readings of hip hop texts, including music videos, to reveal how they reflect particular formations of gender, race, and political economy (Neal, 2004). Through the analysis of these readings, hip hop studies scholars have demonstrated the complexities, contradictions, and redemptive dimensions of hip hop culture (Hill 2009, p. 4).

For instance, Jenkins (2011) has highlighted the growing relationship between hip hop culture and academia. Willard (2009) describes the importance of perceiving hip hop

as an indigenous culture which, like other cultures, has been commoditized and fetishized. Dimitriadis (2001) conducted an ethnographic study that demonstrated how high school students utilize popular hip hop texts in order to construct their perspectives of history, self, and community. While Maher (2005) studied the “ghetto-centric” aspects of hip hop culture, Kitwana (2002) and Atwater (2009) analyzed hip hop songs that discuss themes such as incarceration, political representation, and gender relations. Watkins (2005) researched hip hop texts and documented the moments in which positive social change was promoted within those texts. Banks (2011) has researched the growing trend of Christians acknowledging and relating to hip hop’s critical dialectic.

That’s the Joint: The Hip-Hop Studies Reader (2004), a volume edited by Murray Forman and Mark Anthony Neal, is probably the most comprehensive and varied academic analysis of hip hop culture, while Chang’s *Can’t Stop Won’t Stop: A History of the Hip-Hop Generation* (2005) also presents a complete and comprehensive history of the evolution of hip hop. Watkins (2005) followed hip hop’s progression from an authentic culture to what it is today: a mainstream commodity. In his view, “Hip hop’s entrepreneurial elite as much as any other community of pop culture producers, executives, and artists understood the mainstream marketplace- its impulses, its desires, its habits of the heart- and how to manipulate it for commercial gain” (Watkins 2005, p. 126).

Watkins (2005) also noted the rise of rap music within the hip hop community and wrote, “Though hip hop has long been made up of various expressive elements, rap music stands out as the public face of the movement. Thus, the state of rap has become a key indicator of the state of hip hop” (p. 52). Other researchers, such as Rose (1994) and

Cepeda (2004), have also studied the importance of rap music within the hip hop culture. Negus (2004) noted that the “creation of rap has also highlighted the tangible connecting points that link the often inadequate concepts of ‘production’ and ‘consumption,’ and has illustrated how consumption can become production.” Attali (2002) wrote about the emergence of rap music as a commodity and the subsequent establishment of a rap music industry, while George (1998) noted that rap music has been used as a capitalist tool for profit by those outside of the hip hop culture.

For example, Charnas (2010) analyzed how Coca-Cola specifically targets hip hop culture in their marketing campaigns. Sprite, a soft drink produced by Coca-Cola, since its inception, has always included hip hop in its marketing strategies. Sprite has recently even teamed up with the National Basketball Association (NBA) in a campaign that commoditizes rap music and other aspects of the hip hop culture.

To Coca-Cola, Sprite’s “Obey Your Thirst” slogan sends a clear message to corporate America about the financial viability of hip hop: “It’s okay to work with this culture, Proctor & Gamble. It’s okay, Ford Motor Company. It’s okay, IBM. Because this great American brand aligned itself with hip-hop. And it’s beating everybody” (quoted in Charnas 2010, p. 495).

Scholars such as Cummins (2010), Easley (2005), Stokes (2004), and Martinez (2011) have documented the ways in which the music industry grew and changed at the beginning of the twentieth century as a result of contemporary advances in technology and easier access to free music. Goldberg (2005) analyzed the benefits of working with independent labels as opposed to major record companies. He concluded that the rise of expanded rights deals and the current reduction, of risk-taking by the major record groups

means that cutting-edge musicians are driven to independent labels, which have scarcer resources and lack the added profits from distribution or international sales.

This is in many ways an act of resistance, since Indies have traditionally presented an alternative, both aesthetically and economically, to the blockbuster-driven mindset of the majors (Goldberg 2005, p. 86). Other scholars, such as Powers (2011) and McClaren (1997), have also utilized music industry studies to show how artists can challenge existing power structures. The next section extends upon this notion of challenging existing powers by reviewing concepts at the center of the political economy of communication.

The Political Economy of Communication

Political economists of communications have sought to decenter the media of communication by investigating its economic, political, and other material constituents. At the heart of political economy is the notion of “viewing systems of communication as integral to fundamental economic, political, social, and cultural processes in society” (Mosco, 2009, p. 66). This task requires political economy scholars to look not only at those decisions made regarding program selection and program and information content, but also at those decisions made and policies set regarding how and why capital will be invested in communications and information resources. This includes considering those people who set the parameters and goals for media and information production and distribution, and for the introduction and developments of new communications and information technologies. In other words, political economists of communication analyze how power and control is produced and reproduced within the media industry.

Power and control is central to any understanding of modern society and “any adequate analysis of the distribution of power and of the process of legitimation must necessarily include an analysis of the mass media” (Murdock and Golding, 1974, p. 224). Political economists understand that power is located at different levels. It can be held within specific ownership structures, hierarchies and political alliances with media corporations, and, also, in access and reception.

Understanding the role of commodities is also central to the political economy of communication. Marx (1999) noted that the value of a commodity reflects the value of the labor that has gone into producing it; but Smythe (1977) felt that when it came to communications, Marxist theory had a blind spot. His question to Marx was: What is the commodity form of mass-produced, advertiser supported communications under monopoly capitalism? And his answer: audiences. In other words, Smythe realized that the mass media had turned the audience into a commodity. In fact, what many people would consider “leisure time” is really just the time when the audience is being sold to advertisers. This means the audience is really doing unpaid work. Therefore, the selling of audiences to advertisers not only serves as an essential marketing function, it also helps to reproduce labor power within society. It is not just “a question of the increasing control of the large media companies over a particular media sector or even several sectors, but also their increasing influence over the whole field of non-work time” (Murdock and Golding, p. 225).

This relates to the mode of production. Colby (2007) describes the mode of production as “the way in which a society chooses to appropriate and allocate all of the productive resources and surpluses needed for and created by the process of production;”

and he notes that “capitalists create rules defending unequal distribution determined by competition between capitalists and each individual’s willingness to pay for goods and services” (p. 193). In regards to commodification, the capitalist mode of production helps to separate conception from execution within the media industry. For instance, it is not uncommon for a commodity to begin within working-class culture, and then be transformed into a product and offered back to working class audiences.

Markets play a big part in political economy, as well. In the media industry, Meehan (2007) notes that there are three main interlinked markets: ratings, audiences, and programs. All three are mainly organized around satisfying advertiser’s demands. According to Bagdikian (1997), “‘Market dominant’ corporations in the mass media have dominant influence over the public’s news, information, public ideas, popular culture, and political attitudes. The same corporations exert considerable influence within government precisely because they influence their audience’s perception of public life, including perceptions of politics and politicians as they appear- or do not appear- in the media” (p. 295). In other words, markets and market dominant corporations can sometimes become institutionalized, or seen as integral to the well-being of society. Meehan and Torre (2011) point out that these “markets tend to be oligopolized and stratified, with the proverbial ‘big boys’ exerting the most influence over the market’s shape and workings” (p. 68). Therefore, the organizational structure of the economy, not the particular market, is the major force guiding production, distribution, and exchange of goods and services (Mosco 2009).

Corporations work to achieve domination within markets in a number of ways. One of those strategies is deregulation. According to Meehan, “Over the last 20 years,

deregulation has melded broadcast and cable television into a single industry in which the same companies can control program production, broadcast networks, cable channels, and cable systems as well as other media” (2007, p. 15). This means that the outcome is precisely the opposite of the fully, free competitive market for which proponents of deregulation argue in favor. Instead, deregulation allows trans-industrial conglomerates to use their corporate structure, market shares, and alliances to centralize industries within an oligopoly.

In the media industry, five major corporations basically run the show: The Walt Disney Company, News Corporation, Time Warner, CBS Corporation and Viacom. The myth is that they compete against each other. The truth is that the intertwining of these big corporations through joint ventures gives each participant an interest in the success of the specific venture but also an active concern for the health of its partner. Therefore, while the rhetoric of the proponents of deregulation glorifies a free market, deregulation policies, in reality, create less competition and lead to the concentration of power and control.

Media corporations also integrate their products across different markets to increase profitability. Vertical integration involves the same company owning different aspects of the same product line, like a car manufacturer also owning a tire company or a record label owning a CD manufacturer. Horizontal integration involves moving to markets similar to one’s original product. The 1989 film *Batman* is an excellent example of both types of integration, as well as synergy. “Synergy” is when a company recirculates, recycles, repackages, and redeploys an intellectual property that it already

owns. This strategy involves “transforming intellectual properties into ‘brand names’ with product lines that can be consumed across media venues” (Meehan 2007, p. 29).

Warner Communication, Inc (WCI), which has now merged with Time, Inc., used many of its own subsidiaries to produce, manufacture, distribute, and license *Batman*. Especially when it came to the music industry, “Batman” was a gold mine. First, WCI hired one of its own contracted artists, Prince, to compose the music for the film. Prince not only supplied some of the music for the film, but it also resulted in an album. All manufacturing and publishing was handled in house. From the album, Prince’s single “Batdance” was made into a WCI video. This video played on MTV, owned by Viacom, which WCI retained an interest in through holding of stock. Besides the music industry, *Batman* produced toys, clothes, games, and many other products which crossed over into many different markets. In the end, “Batman” isn’t a film as much as it was a product line. As Meehan, Mosco, and Wasko (1994) put it, “In stylistic terms, the product line was a postmodern intertext: A complex web of references, images, and meanings that could be activated at will and be manipulated at whim” (p. 354). Vertical and horizontal integration were both utilized to expand the profitability of this synergistic product.

Warner Bros. was also involved in distributing *Krush Groove*, a film released in 1985 that chronicles the success of Def Jam. For Def Jam, though, *Krush Groove* was more than a film. *Krush Groove* was an opportunity to showcase Def Jam’s rising stars, help these young stars make some money, and advertise the label all at the same time. Def Jam artists, such as LL Cool J, the Beastie Boys, The Fat Boys, Kurtis Blow, and Run-DMC, made appearances in the film and contributed to the soundtrack. The film itself, which according to Charnas (2010) grossed \$3 million in its first weekend,

highlights the path that Russell Simmons and Rick Rubin took to make Def Jam one of the first successful independent hip hop labels. *Krush Groove* serves as an important artifact in the history of hip hop culture, as well as an excellent example of synergy.

The Fetishism of Commodities

Marx's *Capital: A Critique of Political Economy* (1999) begins with an analysis of the basic component of the capitalist economy: the commodity. From this he explains how many of the contradictions within a capitalist society arise. In the case of commodity-form capitalism, the intrinsic quality of something no longer determines its value, only its base of exchange. The commodity, then, becomes "crucial for the subjugation of men's consciousness to the forms in which this society finds expression and for their attempts to comprehend the process or to rebel against its disastrous effects and liberate them from servitude" (Lukacs, p. 85). This means that even the way in which one thinks about solving the problems caused by the commodity structure is influenced by the commodity structure.

Georg Lukacs would call this phenomenon "reification." This concept refers to an abstract idea becoming material, and forming the basis for society's perception of reality. For instance, in contemporary capitalist society, exchange value has become the dominant way of knowing, organizing, and expressing the world. This means that the "problem of commodities must not be considered in isolation or even regarded as the central problem in economics, but as the central, structural problem of capitalist society in all aspects" (Lukacs, p. 83).

In order to achieve this domination, it would be necessary for the commodity structure to penetrate society in all aspects and to remold it in its own image (Lukacs, p.

84). This means that society's way of understanding and interacting with the world, in general, is influenced by commodity-form capitalism. This is even true when one is analyzing the commodity structure. Society's collective perception of reality is influenced by dominant hegemonic ideals; and "this development of the commodity to the point where it becomes the dominant form in society did not take place until the advent of modern capitalism" (Lukacs, p. 85).

The nature of commodities, though, does not arise from the fact that people produce them. People in all societies produce useful goods, but not all these goods are commodities. A good becomes a commodity when the good becomes fetishized. Traditionally, the term "fetish" refers to the religious practice of attributing human characteristics to material objects. In the general sense, though, the concept of "fetishism" refers to people finding more value in a good other than just simply its physical production value. McKercher, Mosco, and Sullivan (2008) believe that this concept is especially important when analyzing creative labor, such as creating and recording music.

Powers (2011) noted that in the music industry, the concept of "hype" is very similar to the notion of fetishism. He argues that hype should be understood in three distinct ways: 1) as a result of material changes in the music industry over a period of time; 2) as a multifaceted discursive process that involves the creation, circulation, and debate of journalistic writing; and 3) as a rhetorical strategy employed by music artists to distance themselves from the aforementioned process. In other words, financially successful musicians must create hype for themselves in the very same way that a commodity must be fetishized.

Marx's dialectical criticism of capitalist society is centered on the idea that not only have goods and other material objects been commoditized, but human labor itself has also been commoditized. According to Lukacs, "what is of central importance here is that because of this situation a man's own activity becomes something objective and independent of him, something that controls him by virtue of an autonomy alien to man" (p. 86). This means that an individual becomes alienated from one's labor because even the labor itself has become a commodity. Labor power, therefore, is a commodity that can be bought, sold, and exchanged.

Drawing upon this notion, Adorno was one of the first people to identify the entertainment industry as a major site for elite domination within contemporary capitalist societies, and recognize that this domination had connections with broader structures of political and economic power and control. He labeled this concept as "the culture industry." According to Biltreyst and Meers (2011), "If there is one truism in media and communication research then it is the one about how people rely on the culture industry for the images, words, and voices with which they interpret and interact with their social environment" (p. 415).

Miege (1989) distinguished between three models or logics of cultural production:

- 1) the publishing logic (based on setting failures against hits in a catalogue of repertoire, as in the book, music and film industries)
- 2) the flow logic (based on a continuous flow of product, and the gaining of audience loyalty, as in radio, television and new media)
- 3) the written press logic (regular and loyal consumption of a series of commodities, in newspapers and magazines)

Miege (1989) also argues that “despite its insights and influence, one of the problems with this [culture industry] theory is the assumption that all ‘culture’ is produced in a similar way within a unified field and as a result of a single process” and points out that “there are many differences between and within industries and these can vary according to aesthetic form, content, working practices, means of financing and modes of reception and consumption” (quoted in Negus 2004, p. 22). This means that it is essential to understand the subtle ways in which each particular culture produces and manufactures aspects of itself. One concept which is integral in helping to understand various perspective is “negative dialectics.”

Negative dialectics is a “sense of nonidentity through identity” (Gibson and Rubin, 2002, p. 264). In other words, to critique dialectically is to think in contradictions; and negative dialectics refers to forming an identity based around the tension between those contradictions. This means taking the dominant perspective and synthesizing it with other perspectives in order to reach truth.

Marx and Engels were the first to give dialectics a truly materialist basis. Marx’s *Capital: A Critique of Political Economy* (1999) explains how the dialectical method can be used to analyze the most fundamental processes in society. In that sense, Marx’s work represents a breakthrough, not only in the field of economics, but for social science in general.

Marx begins *Capital* by explaining the contradictions between use-value and exchange-value. The idea of “fetishism” is key in this discussion, in that modern capitalist societies don’t really operate based on use-value. The intrinsic value of an

object doesn't mirror its market value. Instead, in today's economy, value is based on the commodities ability to be fetishized.

The dialectical nature of the commodity expresses the central contradiction of capitalist society: the conflict between labor and capital. The worker thinks he sells his labor to the employer, but in fact what he sells is his labor power, which the employer then uses to generate value. In other words, human labor has become commoditized and fetishized. Therefore, the goal of political economists should be to dialectically critique the dominant means of production within a commodity-form capitalist society.

The concept of dialectics is especially pertinent when discussing hip hop. Classical critical theorists, such as Adorno and Benjamin, were interested in dialectics in order to promote a new perspective of history that upheld the moral and ethical demand to include the perception of those who were oppressed, not just those who were victorious. Adorno and Benjamin were, of course, focused on this concept mostly in terms of Jews during and after the Holocaust. Yet, the hip hop dialectic also represents an oppressed group's perspective of history. As hip hop music and the hip hop culture in general become more widely accepted, understood, and appreciated, the history of the oppression that led to the conditions out of which the hip hop culture originated becomes more widely accepted, understood, and appreciated.

This thesis will keep these critical concepts in mind when analyzing the political economy of financially successful independent hip hop artists. The next chapter will describe the methods utilized within a political economic analysis and the steps taken to conduct this particular study.

CHAPTER III

DESCRIPTION OF METHOD

The work of Adam Smith is seen as the origin of the political economy approach. Smith's classical political economy was founded on two main pillars of 18th Century Enlightenment scholarship: 1) Descartes's vision of rationality and 2) Bacon's approach to empiricism. In general, classical political economists, such as Smith, David Ricardo, and John Stuart Mill, sought to apply the principles of physics to the world of capitalism and determine the "economic constraints that constituted the stable, underlying reality for a world undergoing massive transformation" (Mosco, 2009, p. 38).

Marx and Engels extended upon these ideas and applied them to modern capitalist society. These concepts were then extended by Chicago School scholars, such as George Stigler, Richard Posner, and Gary Becker, as well as Frankfurt School critical theorists Theodore Adorno and Max Horkheimer. Today, scholars such as Jurgen Habermas, Janet Wasko, Dan Schiller, Graham Murdock, Vincent Mosco, and Eileen Meehan are working on describing the major role that political economy plays when studying and analyzing communication.

In his preface to *Capital: A Critique of Political Economy* (1999), Marx outlines political economy's method of analysis. To Marx, the purpose of political economy is to analyze the capitalist economy, not as the sum of individual acts of exchange, but as a complex system, dominated by laws of its own which are as powerful as the laws of nature.

The following two sections will analyze some of the main methods used in a political economic research study: documents analysis, interviews, questionnaires, and participant observation. As stated previously, this thesis will attempt to answer three main research questions:

- 1) How do financially successful independent hip hop artists make the majority of their income?
- 2) How have major record labels adjusted their business strategies as a result of the financial success of these independent hip hop artists?
- 3) Are these independent hip hop artists the main beneficiaries of the revenues generated from their labor?

Document Analysis as a Research Method

Document analysis is a major methodological component of political economy. In fact, documentary investigation was the main research tool of many classical sociologists. For example, “Marx made extensive use of the reports of the factory inspectors, Weber utilized religious tracts and pamphlets, and Durkheim employed official statistics on suicide” (Scott, 1990, p. 1). The aim of this section is to discuss the criteria used to analyze documents, such as context, access, credibility, and authenticity, as well as review the types of documents that could possibly be utilized in conducting this study, which includes historical documents, corporate reports, government transcripts, legal filings, archives, and online resources.

In order to truly understand the nature of documents there must be a “move away from a consideration of them as stable, static and pre-defined artefacts. Instead, we must consider them in terms of fields, frames and networks of action. In fact, the status of

things as ‘documents’ depends precisely on the ways in which such objects are integrated into fields of action, and documents can only be defined in terms of such fields” (Prior, 2003, p.2). In other words, documents are always produced in social settings, and their dynamic meanings always take place within a specific context.

When analyzing historical documents it is especially important to understand context. Primary sources are “the building blocks of historical research. They are the contemporaneous records related to the subject under study and they came into being during the time period the historian is studying” (Benjamin, 2006, p. 25). This means they take place within the particular context being studied, as opposed to secondary sources, which discuss the phenomenon from an outside context.

Another important aspect of historical document research is access (Startt and Sloan, 2003, p. 93). The ability to quickly and easily access a document is an important criterion of documentary investigation, and it has a major effect on the quality of the researcher’s argument. Even in today’s technologically advanced society, where so much information is available electronically, a researcher’s main challenge “is in amassing a body of organized evidence sufficient to support the reported facts and interpretation” (Godrey, 2006, p. 5).

Documents produced by the state, such as transcripts of government and legal proceedings, can also serve as valuable artifacts for document analysis. Many databases, including the University of Oregon Library, distinguish between government publications, which are disseminated by a government body for broad public use, and government reports, which are created or received by a government agency but usually maintained in a single copy and not intended for broader distribution. For researchers

who are in the process of locating and analyzing documents, both government publications and government reports “facilitate and reflect the processes of government bodies in pursuit of their missions” (UO Library).

Transcripts of government and legal proceedings represent a high level of credibility. Researchers conducting a document analysis find these types of artifacts to be valuable because there aren't any questions concerning authenticity or representativeness. This is not the case, though, for online resources.

For political economists of communication, analyzing documents from the internet can be a complicated task because “the evolutionary process of press freedom has shaped the history of American mass media” (Youm, 2006). Online documents are important to study because the development of communication media leads to social change. It is important to understand, though, that each newly created “medium embodies a bias in terms of the organization and control of information. If we consider that a society has a network of communications systems, we can see that there are key junctures where significant information is stored and from where it is transmitted to other parts of the system” (Innis, 1964).

In other words, questions concerning the authenticity and representativeness of a document always accompany artifacts found on the internet. Because of that particular medium's enormous freedom, documents found there should always be questioned concerning their level of sincerity, accuracy, and distortion. This ensures that researchers access documents of the highest credibility.

Power, influence, and control of resources are all central to any understanding of society. Political economy incorporates insights pertaining to consumption, access, and

competency in order to “fully understand the broader production and circulation of meaning.” (Biltreyst and Meers, 2011, p. 416). Central to political economy is the concept that following the flow of capital can reveal how power and control is produced. Capital is the “direct or indirect control of the means of subsistence and production” (Engels, p. 46).

Traditionally, most of the information that researchers needed to trace the webs of power in American society could be obtained only “through extensive library and archival research, close monitoring of the press, searches of government records and documents, and interviews with knowledgeable insiders. These remain important sources of data for power structure research, but today much of the information previously obtained in these ways can now be acquired more quickly and easily on the Internet” (Burris, 2010, p.1). Because of the internet, researchers have easier access to corporate financial reports and promotional documents.

The most important and widely read early research on power was *Who Rules America?*, which was originally written by G. William Domhoff in 1967. Domhoff suggests that the best strategy in conducting power structure research is to first create a network analysis. A network analysis traces out all the people and organizations that make up the power structure, and then figures out how they connect to and influence government. This is achieved by analyzing annual financial reports, and studying the people who sit on boards of directors or serve as high-ranking executives. Then, Domhoff suggests conducting a content analysis, which is the term for the systematic study of the power structure’s ideologies, policies, and plans, which are learned about

through the careful study of documents such as the texts for speeches, policy statements by organizations, and drafts of legislation (Dumhoff 2006).

One concept that distinguishes political economy from other approaches is the notion of “praxis”- combining research with action, and combining theory with practice. Kant, Hegel, Marx, and Engels all saw praxis as superior to purely theoretical speculation. Marx and Engels, especially, were first and foremost political activists, not just philosophers. In fact, “the unity of theory and practice embodied in Marx and Engels’s writings and political activities became a model for the generations of Marxist intellectuals who carried on their legacy” (Macek, 2006, p. 221). Domhoff is one of those intellectuals carrying on the legacy of Marxist scholarship; and the goal of this type of critical research is to show where activists can best deploy their efforts in order to effectively influence society (Herman, 1996).

When analyzing documents, it is important to judge each artifact by how easy or difficult it is to access, how credible the source is, how authentic and representative the artifact is, and how much the specific context influences the dynamic meaning of the artifact. This is true whether the researcher is investigating historical documents, corporate reports, government transcripts, legal filings, archives, or online resources. While online documents represent easy and available access, government and legal transcripts represent a high level of credibility and authenticity.

Political economists are not content merely to criticize the system. Instead they take up the tools of empirical social science and use them to document the domination of big corporations and the upper class over American political life and to analyze the mechanisms by which that domination is maintained (Burris). By analyzing documents

and incorporating the notion of praxis into its ideology, political economy analyzes how power is produced and reproduced within specific markets and industries, and reveals where and how active resistance is possible.

Interviews, Questionnaires, and Participant Observation

Although classical sociologists utilized document analysis as a main research tool, they also recognized other qualitative methods as useful tools for analyzing society.

Geertz (1973) once said that he agreed “with Max Weber, that man is an animal suspended in webs of significance he himself has spun. I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretive one in search of meaning” (p.5).

Participant observation is a useful method because it allows a phenomenon to be perceived from a normal everyday setting. Cloonan (2011) noted that this method of analysis is great for researchers who are analyzing live events (such as concerts) and other phenomena that take place in an open and public setting. This method allows for the researcher to observe a phenomenon without dramatically affecting it.

According to Gubrium and Holstein (1995), this is not the case for in-depth interviews. From their perspective, interviewers are deeply and unavoidably implicated in creating meaning within respondents. That is why McCracken (1998) says that every investigative interviewer “must take pains to see that the respondent is not overtly or subtly victimized by the interview process” (27). One way in which the interviewer can avoid influencing the respondents is by not being present when the questions are being answered. This is easily accomplished in the case of e-mailed surveys.

Using a mix of methods within a research project allows for a greater level of comparison and accuracy. This study will utilize political economic methods like document analysis, as well as qualitative methods such as personal interviews, e-mailed questionnaires, and participant observation. The following section outlines the specific procedures used to conduct this study.

Procedures for Conducting This Study

To conduct this study, the researcher began by analyzing important financial documents pertaining to the Big 4 record companies. These documents included corporate financial reports, transcripts of legislative hearings, and court records. For example, the researcher analyzed the financial reports of the Big 4 in order to determine whether digital album sales revenue was increasing or decreasing, and whether there was an increase in the use of expanded-rights deals. Court records and transcripts of legislative hearings were analyzed in order to reveal how the United States government and the Big 4 record companies, via the RIAA, have responded to the increase in music piracy and other legal and illegal ways of obtaining music without needing to purchase it.

The researcher also interviewed individuals who have experience working within the music industry. Rappers, DJs, promoters, publicists, managers, and executives were all interviewed and asked about the changing face of the music industry, how technological advances were impacting the music industry, and how the financial success of independent artists was influencing the business strategies of the major labels. A full list of the individuals interviewed, along with a sample questionnaire, can be found in the appendix.

Potential interview participants were contacted via email. Some interviews were conducted in person, some interviews were conducted on the phone, and some interviewees simply answered a questionnaire and emailed it back to the researcher. The researcher also attended live music events where the interviewees were performing in order to observe the experience of being a successful independent hip hop artists and to analyze the behaviors of consumers attending the concerts and purchasing merchandise.

After all of the interviews were conducted, the researcher combined the information gained from analyzing documents with the knowledge learned from the interviews and, keeping in mind the key theoretical concepts found in the literature pertinent to this study, conducted a political economic analysis. For the purpose of this study, “financially successful artists” are defined as artists that can support themselves purely from the revenue generated from their art. The results of these findings can be found in the following chapter.

CHAPTER IV

MUSIC INDUSTRY FINDINGS

This chapter is a political economic analysis of financial records, judicial reports, and transcripts of legislative hearings. The purpose of this chapter is to highlight trends within the mainstream music industry and to gain an understanding of how financially successful independent hip hop artists are influencing the business strategies of major record labels. This chapter also reveals the ways in which major record labels are currently able to profit from the success of independent artists.

The Big 4, the RIAA, and the Rise of Expanded-Rights Deals

As internet use has risen in the 21st century, so has the rates of music piracy. Major record companies, as well as the federal government, have struggled to figure out how to handle this trend. On July 19, 2000, the Congressional Committee on International Relations held a House hearing entitled, “Costs of Internet Piracy for the Music and Software Industries.” This meeting was held by the Subcommittee on International Economic Policy and Trade in order to discuss the rising rates of internet piracy and how specific industries, such as the music and computer software, were being dramatically affected by this new trend. The hearing referenced research from the International Intellectual Property Alliance, which estimated the total losses attributed to these so-called content industries to be over \$8.5 billion in 1999 (House Hearing 106-174).

Ileana Ros-Lehtinen, a Representative from Florida and the head of this Subcommittee, suggested that the music industry itself might be to blame for this trend.

She argued:

It has been estimated that a compact disk costs as little as 60 cents to manufacture, and depending on where you live, a new CD will cost you around \$15. When CDs were first introduced in the early 1980s, manufacturing costs represented \$3 to \$5 per CD and retailed for \$15 to \$20. As the manufacturing price per CD has fallen, there has not been a parallel drop in the retail price. When compared to the prices offered for music and software by Internet counterfeiters, there can be little doubt as to why many ordinarily law abiding citizens are swayed into breaking the law. This is not an excuse or a justification for on-line piracy, but merely one example of the need to look at all sides when approaching a problem as insidious as piracy. (House Hearing 106-174).

Ros-Lehtinen's sympathy towards those who pirate music, though, was not shared by her congressional colleagues. This House hearing represents a major turning point in the way in which the United States government responded to music piracy. From that point on, the government made efforts to make it harder for consumers to have free access to music.

Much of this effort has been inspired by the effective lobbying strategies of the Recording Industry Association of America (RIAA), which according to its own website is:

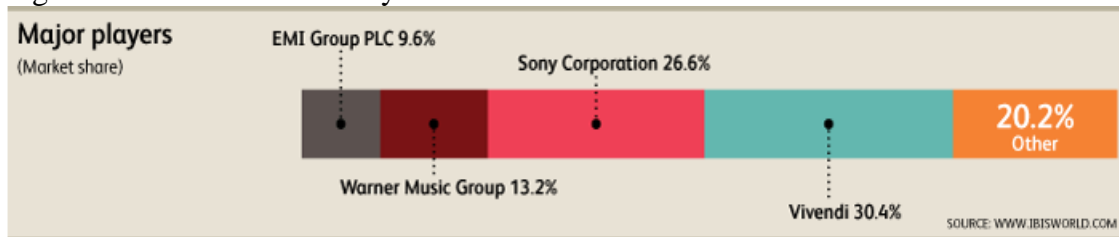
...the trade organization that supports and promotes the creative and financial vitality of the major music companies. Its members are the music labels that comprise the most vibrant record industry in the world. RIAA members create, manufacture and/or distribute approximately 85% of all legitimate recorded music produced and sold in the United States. In support of this mission, the RIAA works to protect the intellectual property and First Amendment rights of artists and music labels; conduct consumer, industry and technical research; and monitor and review state and federal laws, regulations and policies. (RIAA 2012)

In other words, the RIAA is an organization that consists of most of the major record labels in America, including those owned privately and independently. Its main

focus is to preserve the financial productivity of the music record industry by influencing policies and legislation at a federal level. Based on a study conducted by the Institute for Policy Innovation, the RIAA claims that music piracy results in more than 70,000 lost jobs and \$2 billion in lost wages to American workers every single year (RIAA 2012).

One of the RIAA’s first major actions took place in 2000. Universal Music Group (Vivendi), Sony Music Entertainment, EMI Group, and Warner Music Group are known as the “Big 4” in the music industry (Laben 2009). These companies, along with their many subsidiaries, account for almost 80% of the revenue generated within the music industry (IBIS World). 2011 total market share can be seen below:

Figure 1: 2011 Music Industry Market Share



(IBIS World 2012)

In 2000, these companies, via the RIAA, decided to file a lawsuit against a peer-to-peer file sharing internet service known as Napster. Napster allowed music to be shared for free, without any financial restitution made to the artist who recorded the music or the label that owns the artist’s rights. The RIAA’s battle with Napster, which eventually resulted in the termination of the website, represents the beginning of an impressive onslaught of law suits meant to defend against free and easy access to music.

Between 2000 and 2008, the RIAA brought lawsuits to over 35,000 people for music piracy. The RIAA credited the lawsuit campaign with raising awareness of piracy

and keeping the number of illegal file-sharers in check while the legal market for digital music took off (Fastcase 2008). However, the RIAA's decision to stop pursuing legal action against those pirating music coincided with an important shift in the music industry.

2008 was the first year that a record label reported that digital sales made up the majority of its revenue. Atlantic Records, a subsidiary of Warner Music Group, reported that digital sales represented 51% of its fourth quarter revenue that year. This moment represents a shifting trend in the music industry (Carlson 2008).

This trend of record companies with digital sales as a main source of revenue is evident when analyzing annual reports. Even the rhetoric used within those annual reports reveals the change in the way in which major record labels perceived digital music distribution. For example, in 2008, after Warner Music Group initially began to see digital sales as their major source of album revenue, their annual report sections contained titles such as "Diversifying Our Music Revenue Base," "Capitalize on Digital Distribution and Emerging Technologies," and "Capitalize on the Growth Areas of the Music Industry." However, by 2010, when digital music distribution had become a common practice amongst all major record companies, the annual report contained titles such as "Fortifying Our Digital Business" and "Expanding Our Non-Traditional Recorded Music Business." In other words, just by analyzing the language utilized within their annual reports, it is obvious that there has been a dramatic shift in the way in which major record labels perceive digital music distribution strategies.

This shifting trend is also evident in the music industry's use of "expanded-rights deals." As previously explained, most artists would traditionally need to receive cash

advances from major record labels in order to be able to fund the recording and production of their music. After receiving the cash advance, though, the artist would no longer control the music. Instead, the record company that issued the initial advance would now control all of the image and branding rights associated with the artist, which includes merchandising, sponsorships, and touring. Known as “working for hire,” this was the traditional way in which artists were able to make a living and record companies were able to turn a profit.

With contemporary changes in technology, however, musicians began to realize that they could record, produce, and distribute their music independently. This also meant that they could receive the majority of the revenue generated from their music because they still controlled their own image and branding rights, sound recordings, and publishing copyrights. Therefore, fewer artists needed to sign record contracts, and those who did sign record contracts still wanted to have deals which allowed them to maintain their rights to their image, brand, sound recordings, and publishing copyrights.

In response, major record labels began to focus more on finding artists who would be interested in entering in to an “expanded-rights deal,” a strategy pioneered by Warner Music Group. The results of this effort are obvious when analyzing Warner Music Group’s annual reports. In 2008, Warner Music Group had almost one-third of its artists signed to expanded-right deals (WMG 2008). That same year, at the Web 2.0 Summit, WMG CEO Edgar Bronfman told the audience that his label now requires all new artists to sign 360-deals (Arrington 2008).

According to Arrington (2008), “Bronfman argued to a hostile crowd that it doesn’t make sense for labels to pour money into artist development when CD sales, their

primary source of revenue, continue to decline (although he did say that digital sales now make up 20% of their revenue). Without other ways to make money from an artist, he said, they wouldn't continue to promote artists." By 2010, over half of Warner Music Group's artists were signed to expanded-rights deals (WVG 2010).

Major record companies, like Warner, have become determined to sign their artists to expanded-rights deals because, despite the fact that digital sales are now greater than physical music sales, digital sales do not generate as much income. Therefore, profits must be made through live events and merchandise. Expanded-rights deals allow record labels to potentially profit without having to focus on album sales as the main source of revenue. Digital album distribution, however, has the potential to generate higher profits than physical sales because the production and distribution costs of physical albums are much higher than digital production and distribution.

According to record industry analysts:

Although CD sales will likely decline further, digital revenue is growing and the major labels have slimmed their cost structures to focus resources on creating innovative revenue streams that capitalize on new consumer trends. The major players' new business models include expanded rights contracts (360 deals) with artists, digital performance licensing and partnerships with legal subscription and streaming services. Since digital music sales started becoming common, consumer behavior has shifted from buying entire albums at a premium cost to buying individual songs from various artists and creating playlists. Because individual songs are cheaper than albums, this trend has reduced the value of total music sales, while maintaining high sales volumes. (IBIS World)

Despite this growth of digital music distribution, the government has continued its effort to thwart consumers' access to free music. On October 26, 2011, the Stop Online Piracy Act (H.R. 3261) was introduced to the House of Representatives. This bill built upon the Pro IP Act of 2008 and the Protect IP Act, which was introduced by the Senate

earlier in 2011. Both the Stop Online Piracy Act (SOPA) and the Protect IP Act (PIPA) were eventually derailed, but they both represent an ever-present sentiment within the government about how the internet should be utilized by the average digital media consumer.

John Conyers, a Democratic representative from Michigan and one of the main sponsors of SOPA, said,

“I have always stood by artists, and it is for this reason that I want to see the Stop Online Piracy Act become law. The bill is of vital importance to protecting American jobs and artisans, protecting the American consumers from dangerous counterfeits, and ensuring the very vitality of American culture” (quoted in Mallory 2011, p.1).

It seems, though, that this bill proposes a policy that is in direct opposition to current cultural trends. For example, in November of 2011, Pittsburgh-based rapper Mac Miller’s *Blue Slide Park* debuted at No. 1 on the *Billboard* 200 chart, selling 144,487 copies according to Nielsen SoundScan. This marks the first time that an independently released debut album hit No.1 on the charts since Tha Dogg Pound’s *Dogg Food* was released in 1995. In fact, SoundScan shows that 76% of his total 144,487 sales came through online retailers (INGrooves 2011).

Mac Miller’s success, however, did not come over night. Between 2007 and 2010, he released four Eps for free online. He also toured constantly. So, by the time he released his first LP in 2011, he had generated a tremendous amount of publicity for his music and for his personal brand. When *Blue Side Park* debuted on the album sales charts at number one, it was a watershed moment for his Pittsburgh-based record label, Rostrum; his San Francisco-based digital distribution and marketing partner, Ingrooves; and his

physical distribution partner, Fontana, which is the independent artists' sales and marketing division of Universal Music Group (INGrooves 2011).

“This is a big moment for the independent music community,” said Dave Zierler, EVP & General Manager of Ingrooves. “Rostrum and Mac are proof that a digitally-focused independent effort works in today’s dynamic music marketplace, by engaging fans directly and maximizing availability to all consumers via our global online retail network” (Ingrooves 2011).

“We’re thrilled to be a part of this history-making album. The evolving commercial landscape calls for changes in the way that music is marketed and the success of *Blue Slide Park* shows a great understanding of social media, by all those involved,” stated Ron Spaulding, President of Fontana. “To be a part of this success is very gratifying. I see it as a vote of confidence for the independent music industry” (Ingrooves 2011).

“We wanted to release this album independently and on our own terms,” said Benjy Grinberg, President of Rostrum Records. “Ingrooves and Fontana have been great partners for Rostrum on this project, and the current success of *Blue Slide Park* is a true testament that it’s possible for us to compete as an independent on a grander scale” (Ingrooves 2011).

With more than a million Twitter followers, and videos on YouTube approaching a total of nearly 100 million views, Rostrum Records helped Mac build a huge fan base online, which made a digital partnership with Ingrooves even more logical. Mac Miller’s use of the internet to promote his music and his personal brand is a major component of

his financial success as an independent artist. This is evident when considering that over 76% of his album sales were digitally distributed (Ingrooves 2011).

Immortal Technique is another financially successful independent hip hop artist who has voiced a desire to keep control over his production. He has even stated in his music that record companies, not artists themselves, profit the most from the mass production and marketing of music. He has been offered record deals from many major labels, including Sony and Def Jam Recordings, but he has never signed. He is now president of his own independent label, Viper Records (Viper Records 2012).

Viper Records was founded in 2000 by Jonathan Stuart. He started the independent label as a way to release his own music, but soon found success distributing music for other artists. He began to work particularly for artists like Immortal Technique, who wanted to record and produce their music independently but still needed help with publishing and distribution. After signing a deal that made him president of the label, Immortal Technique decided to team up with Babygrande Records, another independent distribution label, in order to try and reach a wider and more global audience (Viper Records 2012). With growing concerns regarding digital file sharing and the ability of the internet to allow music to be released internationally, the industry is expected to become increasingly global. The industry's major players, attempting to capitalize on a broadening music market are likely to acquire more small, independent labels, driving up the industry's level of power concentration (IBIS World 2012).

Increasing use of internet technology is substantially affecting the industry's revenue earning capability, as freely available music online (whether legally or not) is devaluing the rights held to music by publishing companies and record labels. As more

and more countries establish intellectual property rights protections and crackdown on websites that allow illegal file sharing, record labels' profits from international sales improve. For example, Sweden strengthened the legal rights of music labels in 2009 and, according to the International Federation of the Phonographic Industry (IFPI), music revenues were up 10% overall, driven by a 98.6% increase in digital sales (IBIS World 2012).

This has not been the trend in most of the world, however. EMI Group, a UK-based music company, has, like its competitors, experienced difficulties as a result of the changing music and media environment. Although it still is the fourth largest record company in the world, the company's total revenue has fallen at an average rate of 6.1% per year over the five years to 2011 (IBIS World 2012).

Music publishing revenue has risen at an estimated rate of 2.4% per year, as EMI managed to derive considerable revenue from existing licensing agreements, whereas revenue in music production and sales requires new music to be produced and purchased, and this is where the industry is experiencing difficulties. Over the past three years, licensing and publishing has gone from representing less than 20% of revenue to more than 30%, a clear indication of the state of the industry at large (IBIS World 2012).

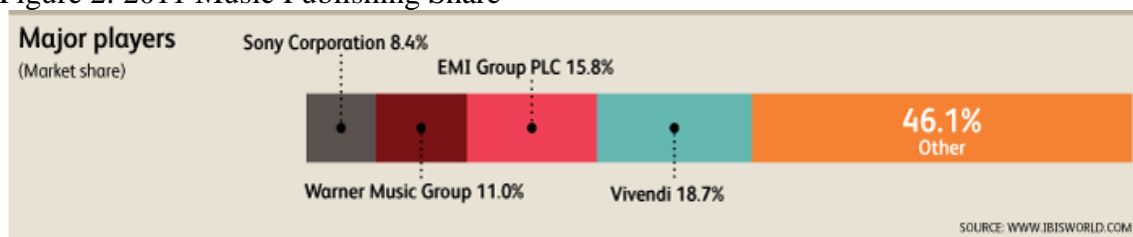
EMI's success in the publishing sector, however, was not enough to save the struggling label from needing to sell off many of its assets to the other three major record companies. In February of 2011, Citigroup took a big step toward exiting from its disastrous involvement in EMI when it assumed control of the major from British private-equity firm Terra Firma, paving the way for EMI's sale. The auction of EMI eventually culminated in November of 2011 with a Sony-led consortium agreeing to buy

EMI Music Publishing and Universal Music Group signing a definitive agreement to buy EMI's recorded-music operation (Christman 2011).

Music publishers work for musicians, songwriters and composers. They are responsible for licensing the intellectual property of their clients and ensuring that royalties are collected. Royalties are earned each time a song is downloaded on iTunes, sold on a CD, reproduced by another artist, or played on the radio, a television show, a movie or other media. Increasing independence of artists is another growing concern for the industry. As artists and bands grow more aware of the capacity of the internet to distribute their music, the need for artists, even small ones, to directly license intellectual property to record companies diminishes (IBIS World).

However, the “Big 4” are still responsible for over half of all music publishing. Through their many subsidiaries, the “Big 4” enter into publishing, licensing, and distribution deals with smaller labels that lack the resources to reach a wide enough audience in order to be financially successful. The chart below highlights the percentage of the market share that subsidiaries of the “Big 4” hold within the music publishing industry in 2011. As a result of EMI’s sale, these figures will look dramatically different in 2011, with Sony being an even bigger part in the publishing industry.

Figure 2: 2011 Music Publishing Share



(IBIS World 2012)

The music publishing industry is managing to buck the trend of rapidly falling revenue and profit that is occurring elsewhere in the music business, so much so that revenue is expected to grow an average of 1.6% annually in the five years to 2011, including 2.2% over the current year to \$4.9 billion. A booming live-performance scene, increasing demand from advertisers and the explosion of new online and mobile music services are the driving forces behind this growth. The increase in the number of media on which music is available means there are more potential revenue streams if a publishing company is savvy enough to sign effective deals. While music was once only available on vinyl or cassette, today it is offered on vinyl, CD, DVD, digital download, streaming and more (IBIS World 2012).

The advent of digital transfer of music online presents positive and negative possibilities for the music publishing industry. On one hand, overall demand for music may actually increase, despite the revenue from CD and online sales combined falling over recent years, as more fans access music by artists they were previously unaware of, creating greater opportunities and possibly increasing the value of assets held by the industry. However, as fewer consumers purchase their music legitimately, more direct lines of revenue, such as releasing songs for compilations and radio means revenue could fall. Also, it becomes more difficult to identify which music is popular as illegal downloads are not publicized, hence discouraging companies from investing too heavily in music as a promotional tool (IBIS World 2012).

Potential growth markets are continually challenged by free services, threatening an industry's means of generating future income. A notable example is the expectation of mounting royalties from streaming music online; however, websites such as MySpace

now allow bands to stream a selection of music with no need to pay royalties to anyone. Other popular streaming music services, such as Pandora, pay royalties to publishers for each song played over their websites. The revenue from these services (classified as digital performance rights royalties) is expected to continue growing as a proportion of industry revenue, and help counter the negative effects of self-released free music available online (IBIS World 2012).

One strategy the music industry has employed in this attempt to mitigate the negative economic effects of free music is to create an organization that attempts to collect royalties on behalf of artists whose music is being played and downloaded digitally. This institution, known as Sound Exchange, is a non-profit performance rights organization that collects statutory royalties from satellite radio (such as SIRIUS XM), internet radio, cable TV music channels and similar platforms for downloading and streaming sound recordings. On top of that, the “Copyright Royalty Board, which is appointed by The U.S. Library of Congress, has entrusted SoundExchange as the sole entity in the United States to collect and distribute these digital performance royalties on behalf of featured recording artists, master rights owners (like record labels), and independent artists who record and own their masters” (SoundExchange 2012).

The shift in the delivery of music toward digital media and the ease and affordability of digital recording equipment has encouraged a surge in the number of small independent record labels, many of which are also publishing music independently. These labels are often loss-making entities and short-lived, so even though the number of establishments in the industry falls through consolidation by big players, the

replenishment by new independents ensures that the industry does not become more concentrated (IBIS World 2012).

In short, analyzing documents, such as financial records, judicial reports, and transcripts of legislative hearings, reveals a trend of 360-deals becoming a more popular amongst the Big 4. They have been forced to utilize this strategy within recent years because contemporary changes in technology allow consumers to easily access music for free via the internet. On top of that, artists can now record and distribute music without the resources of a major label. The Big 4, however, are still profiting from the success of independent artists through their publishing. The next chapter reveals the findings from interviews conducted by the researcher.

CHAPTER V

INTERVIEW FINDINGS

This chapter discusses the findings from interviews conducted by the researcher. The purpose of these interviews was to gauge exactly how much independent hip hop artists value controlling their image, branding, sounds recordings, and publishing copyrights. These interviews also served the purpose of discovering whether independent hip hop artists actually are the main financial beneficiaries of the revenues generated from their creative labor. These interviews were either conducted in person, over the phone, or via email. A full list of the interviewees, along with when, where, and how the interview were conducted, can be found in the appendix.

“There Is No Industry for Dreams”

Marv Ellis is an Oregon-based rapper who has definitely noticed the shift in the way artists and major record labels interact. He says:

Basically, when I first started rapping like 10 years ago, I was like, “I wanna get signed! I wanna get signed!” And now I’m like, “I don’t wanna get signed! I don’t wanna get signed!” Because basically, when it came to music, you could sell it back in the day. And now, people don’t buy it. So what happens when you don’t need to buy it and when there’s a mass influx of people who can make the music in house and put it online, and all of a sudden their promotional capabilities are the same as a major artist, it puts pressure on the major record labels. So those labels started tying up musicians in LA and changing their deals to 360 deals so they could be making money off of marketing and promotion. So what happens is that the music really becomes a calling card to YOU. So now you’re selling YOU. Your brand is YOU. (Marv Ellis 2011)

According to Sony Records’ Vice President of Sales, Scott Van Horn, there has definitely been a dramatic shift in how music companies sell & market music due increased access to free music:

The US music industry revenue has been halved in the last 10 years – from \$4B to \$2B (2000 – 2010). Much of this has been attributed to the easy accessibility of ‘free’ downloads through a myriad of illegitimate sites, primarily in eastern European/Asian countries whose lax intellectual property laws allow them to flourish. In 2011 the music business rebounded & showed growth for the first time in 10 years – several factors contributed to this success: dramatically reduced physical pricing, the development of several popular streaming services (Spotify, etc), and the continued growth of I-Tunes. Despite the unit sales growth, revenues continue to decline due to shrinking margins.

Due to dramatically reduced overhead & limited marketing budgets, music companies have been forced to be much more strategic in identifying & reaching each artist’s core consumer. TV & Radio advertising has dwindled significantly – Social media & web advertising has largely taken their place due to its cost efficiencies & ability to reach core consumers in a more reliable manner. (Van Horn, S. 2011).

Del the Funky Homosapien is an Oakland, California-based hip hop artist who has witnessed this shift from the perspective of an independent artist, as well as from the perspective of an artist signed with a major record deal. In the early 1990s, Del released two albums for Elektra Records, a subsidiary of Warner Music Group. His relationship with Elektra, however, soon went sour. In 1997, about a month before the release of his third album, Del received a letter from Elektra stating that his contract had been terminated.

Elektra Records was experiencing the same financial hardships that other labels were experiencing at that time as a result of changing industry. In 2004, Warner decided to merge the label with another subsidiary, Atlantic Records. This merger, however, caused even more cut backs. According to a former Elektra Vice President of Video Production, Diane Van Horn, “Elektra was a stand-alone label (meaning it had its own promotion/sales/marketing/ publicity staff) within the Warner Music Group. In 2004, Edgar Bronfman Jr. and other investors purchased WMG. They merged Elektra and Atlantic records together to cut expenses. Elektra lost about 60-70% of its staff. The

remaining employees (myself included) were folded into Atlantic Records and began working with their staff and artists” (Van Horn, D. 2011).

Since leaving Elektra, Del has been a major part of the Hieroglyphics, one of the most successful independent hip hop groups of all time. In Del’s opinion, “You definitely control more if you’re doing it independently. But there are plusses and minuses to that. Like when I was on a label, I’m not gonna say that because I was on a label my situation was a bad situation. I kind of screwed it up I feel. It was the wrong place at the wrong time. Things were changing” (Del 2011).

Del recalls the financial problems that Elektra was having in the late 1990s:

They weren’t really making money any more. They wanted to keep me; but I was just being too demanding. They would ask me things like, “Would you work with a Premier? Would you work with a Pete Rock?” And I was like, “I mean yeah I’ll work with them ‘cause I like their music. But why should I? I mean I’m doing just what they’re doing.” And I know in their minds they were thinking, “No you aren’t. You ain’t making no money.” (Del 2011)

The Hieroglyphics, which consists of seven rappers, a DJ, and a producer, is a LLC where all members are equal owners. They also release their music through their own label. The label, known as Hieroglyphics Imperium Recordings, was created by the collective in 1995 in order to publish and market the group's, and individual members', releases, as well as releases from other affiliated artist's that major labels would deem not commercially successful enough for mass distribution.

The Living Legends is another California hip hop collective with a similar business plan as the Hieroglyphics. Consisting of eight rappers, the Living Legends is also an equal member LLC that also releases their music through their own label, which they call Legendary Music. Eamon Mulligan, the label’s manager, believes that even in the case of independent hip hop music there is “still definitely a case of capital resources,

whether financial or human, affecting the amount of success of an artist and/or album-
Success being defined as units sold and monetary gains” (Mulligan 2011).

According to Mulligan, the major record labels are being forced to change their
business strategies as more and more independent artists find success distributing their
music for free via the internet:

Labels with big budgets, which are becoming fewer and fewer these days,
definitely have more resources to promote an album or artist whether it is putting
money behind a big marketing campaign, utilizing their expansive and deeply
rooted networks for greater exposure via radio, licensing, sponsorships, and
online and print media. Most boutique labels do not have access to funds to spend
\$100,000 on a marketing campaign or have the amount of connections that the
CEO of WMG has. While this is still prevalent within the music industry I think
we’re experiencing a shift in the music industry spearheaded by the Internet,
social media, and young and creative minds; as they say necessity is the mother of
innovation. (Mulligan 2011)

To Mulligan, the internet has been a great tool for independent artists who are
trying to compete with more popular mainstream entertainers:

The internet has democratized the music industry and allowed people from the
mainstream to the underground to play on the same level as each other... Sites
such as YouTube are crucial because it is essentially today’s MTV, but it is
completely customizable at the click of a button and you can go from watching a
Beyonce video to a Living Legends video... I like to say that the music industry
right now is like the Wild West; anything goes. It’s scary and there are no more
formulas set in place, but it’s also really exciting because it allows for creative
freedom outside of the traditional formulaic set-up, and this is where small labels
excel. Small labels and/or artists are usually more in tune with their audience and
do not have the bureaucratic processes that might plague a larger label. (Mulligan
2011)

Mulligan notes that one of the main benefits of working with a smaller
independent label is that they are more likely to care about an artist’s vision and desires:

To me, record labels are basically venture capitalists, they fund ideas knowing
that 19 out of twenty will not deliver on their investment, but banking on one of
them having a ROI (return on investment) that makes the initial investment of the
20 ideas worth it. Many times labels act on behalf of the artist to exploit music to
its full financial gain in order to try to recoup on their investment. These decisions

sometimes run contrary to the artist's artistic integrity, and this can happen in mainstream and underground. (Mulligan 2011)

Mulligan also understands, however, that the music industry is a business. It doesn't matter whether the artist is mainstream or underground. He points out that a "truly independent artist though, with no label, at the end of the day would still like to be able to sustain themselves purely from their art. In a time where record sales are declining, the revenue streams for artists are becoming more and more sparse. One great way that an artist can earn revenue is from licensing their songs for movies, television, and video games" (Mulligan 2011).

When it comes to licensing, though, it makes a big difference whether the artist is independent or signed to a record deal. If artists are independent, they receive the majority of the royalties for licensing the song; however, if artists have contracts such as expanded-rights deals, they might not receive any of the licensing profits. That is why Eligh, a member of the Living Legends, notes that although the business tactics are similar for all artists, independent artists maintain more control over their art.

For example, when it comes to promoting and putting on a live concert, he says that, although he's never been in the mainstream, all of the tactics for putting on a show are basically the same:

You've got the promoter, you got the club itself, you got the artists, you got probably the managers of the artists, there's a bunch of people in play. But in the underground, you know, we book our own shows sometimes. Sometimes it's just us and the promoter and that's it. So, we're doing smaller shows obviously than a mainstream artist would do, but the chain of command is cut down way more. So in the underground, the power lies with the artist. (Eligh 2011)

Rhymesayers Entertainment is another independent hip hop label that allows artists to maintain control over their own music, brand, and image. It was founded in

1995 by Atmosphere, a hip hop duo consisting of Slug, the group's MC, and Ant, the group's DJ/producer. In 1999, the label became vertically integrated when it opened its own record store called Fifth Element, which is located with the label in Minneapolis, Minnesota. In March of 2007, Rhymesayers ditched its former distributor, Navarre Corp., and now has its catalog distributed by Alternative Distribution Alliance (ADA), WMG's "indie" distributor. Later that year, Rhymesayers Entertainment first began to distribute their music digitally.

However, Kevin Beacham, the marketing director for Rhymesayers and Fifth Element, says that the Rhymesayers label never really focused on profits from record sales or album distribution:

That was always something that Rhymesayers didn't really focus on. We always focused on performance and touring. Touring was always our number one focus. It was a good ten years in before Rhymesayers really started focusing on distribution. And some people thought we were crazy, and that we were missing an opportunity. But on the other side, we were dominating and building a fan base from a grass roots level from touring. So now all these things that are important now after the changing industry, we already had maximized. We were already focusing on selling tour merchandise, and touring small cities that most people weren't going. So I think a lot of what people are focusing on now we had already done as a natural thing. But the biggest changes for us now, with people buying less physical product, is that we've definitely enhanced our physical product: limited editions, special versions, elaborated packaging, things like that. Anything to really make people want to buy it. So, having special editions and touring constantly is really the new way to sell physical product. (Beacham 2012)

The same way that every member of the Living Legends and Hieroglyphics helps contribute to the popularity of the other members, the members of the Rhymesayers label contribute to the success of other members. As Kevin Beacham puts it, "There's an Atmosphere fanbase. There's an Ali fanbase. There's a Doom fanbase. But there's also a Rhymesayers fanbase, as well. People might not love everything we put out, but they love the label" (Beacham 2012).

Rhymesayers is a good example of how working with a label can potentially be a positive experience for an artist. According to Beacham, they do a lot of in-house management with touring and merchandising.

“They call it a one-stop label. We can do everything for the artist,” says Beacham. “They can of course go out and get their own management if they choose; but we have the ability to do all those things for an artist. And the advantage for us and the artist is that it’s easier for us to get a full picture of the whole situation and come up with a realistic budget because we understand all of the parts. It’s really a family based label. I know that sounds cliché, but we are all involved in the process and it’s all about the artist” (Beacham 2012).

Some independent artists have even begun to throw their own live music festivals. Murs, a member of the Living Legends, has been instrumental in producing the Paid Dues festival, a live independent hip hop event that brings together some of the most popular and successful artists. On March 11th, 2006, the first Paid Dues festival sold out, with over 5,000 concert-goers packing the Shrine Expo Center in Los Angeles. The line-up for the original Paid Dues show included the debut live performance from the group Felt, which combines Murs with Slug & Ant, from Atmosphere.

Following the success of the next Paid Dues show in 2007, Murs announced that the festival would begin touring with Guerrilla Union’s Rock the Bells Festival, a much larger live music event. Formed in 1998 by Chang Weisberg, Guerilla Union began as a concert promotion company, but it has since evolved into much more. Guerilla Union has also ventured into the world of fashion, technology, media, independent art and

medicinal marijuana advocacy, proving that hard work combined with a grassroots ethic can lead to success in multiple arenas.

According to acclaimed DJ and producer 9th Wonder, these festivals are essential to the contemporary hip hop culture. He says:

I think it's beautiful man. I think what Murs and Chang are doing with Guerilla Union is something that we need. I mean we need it. I think it's dope. I love it. I love it. It's one of the only ways today that artists can get together and just sit and talk and see people we haven't seen in a long time and things like that. You know, we don't get to do that as much as we should. I think Murs and Chang are doing something that's needed. Without Paid Dues, without Rock the Bells, hip hop would be missing something. (9th Wonder 2012)

Despite the financial success of these festivals, though, they have been highly criticized for utilizing corporate sponsorship, such as Coca Cola. Sunspot Jonz, another Living Legend, is offended by this criticism of Murs. He says:

Any one hating on Murs... fuck them. The whole point of this was to not go to work for someone who has no care of what you're about. They only see you as workers, as employees. Create your own moment for your life. That is what Murs did. He created his own moment for his own life. That is so much more important than you will ever realize. And you can say, 'Yo, you sold out for this, or you sold out for that.' I don't know what that even means. You didn't even know who I was before you were telling me I was selling out. My whole thing is this: There is no loyalty; there is no industry for dreams. There is no loyalty; there is no industry for dreams. There is no loyalty; there is no industry for dreams. Create your own moment. (Sunspot Jonz 2011)

James Dunn, who does public relations work for such hip hop artists as Murs, The RZA, and Boots Riley, also agrees that working with major corporations can sometimes be a benefit to artists who are mainly independent (Dunn 2011). For instance, in 2008, Murs released an album on Warner Bros. Records. While the record ultimately did not lead to the financial success that both he and the label expected, it sold over twelve thousand albums in the first week. It entered the sales charts at #43, and made the release Warner Brothers' best hip hop showing of the year. It also allowed Murs to receive

massive amounts of marketing and advertising for his album and his brand that he would have otherwise not received. In other words, working with a major label on a project or two can allow independent artists to reach a wider demographic of music consumers.

Spose is a hip hop artist who used his successful relationship with a major record label to jump start his own independent music career.

“I signed a single deal with Universal Republic Records in 2010, for them to promote my song ‘I’m Awesome,’” explains Spose. “The deal basically gave them a guaranteed hit record (as it already had become before they signed me) and gave me \$35,000 with potential for more should Universal decide it would be to their financial benefit” (Spouse 2012).

For Spose, working with Universal Republic was a crash course in the record industry:

It shocked me to see how much money was thrown around on a daily basis, how many songs were created that would never see the light of day, and how clueless the ‘big-wigs’ and their A&Rs are about what will be successful. I got signed because my song ‘I’m Awesome’ was selling well on iTunes on its own. They saw the sales charts for Portland, ME, saw my song was competing with national mainstays like Lady Gaga and Rihanna, and then my phone rang. Promoting some of my favorite hip hop artists in Maine who didn’t have the money or means to get their own albums out and realizing you don’t need a major label if you’ve got your own money is what made me want to start my own label. (Spouse 2012)

Spose learned from his experiences interacting with Universal, and started PDank Entertainment.

“At a show for any PDank artist, the artist collects somewhere between 50% and 100% of the profits. I’ve played enough shiesty, terrible shows to know how to keep this percentage closer to 100% than 50%. Some venues and promoters, however, will take 50% right away before the artist sees a penny” (Spouse 2012).

The majority of money made by PDank artists comes from live shows. According to Spose, subsequently acts like the Educated Advocates, which contains three members instead of one, like Cam Groves or Spose, make less money at live shows than other artists:

I think as tour-heavy artists like Wiz Khalifa have shown, a musician's money is made on the road. Basically, as label owner, I take 10% of the profits after recoupment. This is inconsistent with the industry because the big record labels, and even midsize ones, take between 75% and 90% of the profits from the artist. My deal with Universal afforded me just 16% of my sales after recoupment. (Spouse 2012).

RA Scion, from the Seattle, Washington-based duo Common Market, agrees with Spose's business tactics:

Ideally, you want everyone who has contributed to the production to reap some benefit. If your agent booked the gig, he deserves his 10%. If your management team is handling promotions (aside from what the promoter is responsible for) then they deserve their 10%. If your street team is working the flier and wheat paste angle then they deserve guest list spots or other compensation. If your merch crew is working they get a percentage. You want the venue to make money off ticket and liquor sales, so they can pay the rent as well as their staff. Everybody needs to see a return on their investment. (RA Scion 2012)

For RA Scion, being an independent artist is about more than just trying to make the most amount of money possible; it's about being the main beneficiary of whatever revenues are generated from one's own creative labor, whether large or small:

Independence means you don't rely on others to take care of those tasks, which, in turn, means that your slice of the pie is larger. On the other hand, it means the pie itself is smaller, so there are inherent benefits and draw backs. When Common Market had an agent and a management company, we got much larger guarantees and everybody got a little piece. These days, I do all the booking and management myself; the payoff is modest but it's all mine. If the point of the question is to establish whether or not it's more lucrative to be an independent artist then there's no definitive answer. U2 grossed \$130M in 2011. I don't know about you, but I'd be hella happy with just 10% of that. (RA Scion 2012).

Erik Abel is the producer for a Portland, Oregon-based independent hip hop group called Animal Farm. In his view:

Hip hop is absolutely a microcosm of the world and the practice of capitalism. The major players in the music industry are the people with money, who have the capital to put hundreds of thousands of dollars into hiring publicists, radio promoters, video promoters, placing advertisements, etc. The majority of record label executives could care less about hip hop and are solely concerned with the bottom line. The underground community, however, needs to be more creative, utilizing guerilla marketing tactics and creating higher quality music for the most part. Even within the underground though, YouTube views, press, free music download counts, and twitter fans are all accumulated with the hopes it will lead to additional album sales or interest from sponsors or people with deeper pockets within the music business. (Abel 2011)

In short, many artists remain independent because it is more financially profitable to do so, not because they are adhering to any sort of moral or ethical code. Even artists such as Del, who has had tremendous success as an independent artist, wouldn't rule out the possibility of signing with a record label if the right situation would come along. The main reason most artists remain independent is because they want to control their personal brand. Instead of having some record company commoditize their brand, they would rather commoditize it themselves and be the main beneficiaries of the profits generated from their labor.

The following chapter synthesizes the two findings chapters and draws conclusions based on their results.

CHAPTER VI

CONCLUSIONS

This chapter includes three sections. The first section synthesizes the researcher's findings with important concepts at the center of any political economic analysis. The second section describes the major role that technology, namely the internet, has played in the evolution of the music industry, in general, and hip hop music, in particular. The final section will outline the limitations of this study, and offer suggestions for opportunities for future research.

The Fetishism of Independent Hip Hop

In order to be a financially successful independent hip hop artist in the 21st century, artists must create hype for their music and personal identity in order to convince consumers to make the seemingly irrational choice of purchasing music that is, most likely, readily available to them for free. This means that a major component of being a financially successful musician is generating a fetish for one's music and identity. In other words, in order to allow independent hip hop artists to be financially successful, an artist's music and brand must become a fetishized commodity.

Mac Miller's success can certainly be attributed to his ability to create a fetish for his music and personal brand. After years of incessant touring and releasing his music for free, he had created so much hype for his products that when he finally released a full-length album music consumers bought his albums in droves. He received thousands of album sales despite already having a reputation for allowing his music to be freely distributed throughout the internet.

Immortal Technique is another artist who has become a financially successful independent hip hop artist by creating a fetish for his music. Despite promoting that his music should be downloaded, burned, and shared for free, his albums are still extremely financially successful. This is the result of connecting with music consumers on a deeper level than simply being a musician or entertainer.

Immortal Technique includes rhetoric in his music that dialectically critiques the social and political system, as well as the music industry. As Marx and Engels pointed out, the dialectical nature of the commodity expresses the central contradiction of capitalist society: the conflict between labor and capital. Workers think they sell their labor to the employer, but in fact what they sell is their labor power, which the employer then uses to generate value. In other words, human labor has become commoditized and fetishized.

In the case of independent artists such as Immortal Technique, however, this isn't necessarily the case. Because Immortal Technique collects the majority of the profits generated from his music and personal brand, his labor is not as commoditized as an artist who works under the control of a major record label. The rhetoric used in his music as well as the business plan utilized to distribute his music, promotes an active resistance to the dominant means of production.

Immortal Technique is seen as something much more than simply an entertainer to many of his fans, and to many of those throughout the hip hop community. Because of the messages promoted in his music, and because of his open and transparent business strategies, music consumers purchase his products as a sign of support for an artist whose work is personally meaningful to them. In other words, financially successful

independent artists, such as Immortal Technique, create enough hype for their music and personal brand so that their products, not their labor, can become fetishized commodities.

Independent hip hop itself, however, is also becoming a fetishized commodity. This is evident when looking at the rising trend of conglomeration between major record labels and independents. For instance, most of the independent artists and record labels analyzed in this study are somehow connected to one of the “Big 4” major record companies: Rhymesayers Entertainment signed a promotion, marketing, and distribution deal with Warner Music Group's Independent Label Group; Rostrum has a physical distribution partnership with Fontana, the independent artists’ sales and marketing division of Universal Music Group; Murs recorded an album for Warner Bros. Records; and Spose got started by taking a deal from Universal Republic Records.

This shows how difficult it is to truly resist the dominant means of production. Even though it is becoming increasingly easier to produce music independently, it is still difficult to profit financially without utilizing a publishing or distribution firm that isn’t associated with either Warner, Universal, EMI, or Sony. Immortal Technique is one of the few artists that have been able to produce music completely independently and still become financially successful by using distribution, publishing, and promotion that isn’t associated with one these major corporations.

The Living Legends and Hieroglyphics are also financially successful while still distributing their music and products independently. Both of these groups, however, have benefitted from prior relationships with major record labels. The publicity and promotion that Del received from Elektra, and then Murs received from Warner, has

definitely helped both of these groups gain fame and notoriety that they would have otherwise not been able to afford independently.

Independent music labels, such as Legendary Music, Hieroglyphics Imperium, PDank, and Rhymesayers, attempt to resist the dominant means of production by not commoditizing the labor of their artists. When artists make the majority of the profits generated from their art, although their art has become a fetishized commodity, their labor has not. The central purpose of being an independent hip hop artist or starting an independent music label is to not turn an artist's labor into a commodity.

As Sunspot Jonz pointed out, "The whole point of this was to not go to work for someone who has no care of what you're about. They only see you as workers, as employees. Create your own moment for your life."

This situation becomes complex, however, when the relationship between independent labels and major music label publishing and distribution agencies is analyzed. If the four major record labels are still profiting from the work of independent hip hop artists through publishing and distribution, are independent hip hop artists and independent music labels really resisting the dominant means of production? Or instead, are they simply reifying the commodity-form capitalist system?

Artists such as Immortal Technique, who work with labels solely for the purpose of publishing and distribution, run the risk of being manipulated into reifying the dominant means of production. Labels such as Viper Records, however, do resist the dominant means of production by not needing to rely on major record labels for publishing and distribution. By focusing mostly on publishing and distribution for independent artists, and allowing artists to take care of recording and production

themselves, Viper Records attempts to not commoditize the labor of independent musicians. While they still, of course, gain financially from the labor of the artists, they don't make the majority of the profits and they don't control the artists' brand and identity.

Marx begins *Das Kapital* by explaining the contradictions between use-value and exchange-value. The idea of "fetishism" is key in this discussion, in that modern capitalist societies don't really operate based on use-value. The intrinsic value of an object doesn't mirror its market value. Instead, in today's economy, value is based on the commodities ability to be fetishized.

Contemporary hip hop artists, however, don't rely on album sales any more as a main outlet for financial success. According to DJ/producer Nima Fadavi, however, just because a song is obtained for free doesn't necessarily mean that the song no longer has any value. Instead, as Marv Ellis pointed out, the recorded music is really a "business card" that gets music consumers to pay attention to their personal brand and identity. Therefore, if recorded music is no longer a viable option for gaining profits, independent hip hop artists need consumers to attend live events and purchase merchandise in order to be financially successful.

In the context of live events, the question of whether an independent hip hop artist's labor is commoditized becomes even more complex. With all the different players needing to be involved in the process (promoters, managers, venues, artists, etc.), it becomes questionable as to whether artists maintain control over the financial success of their live art. For artists who work with Viper Records, PDank, Legendary Music, or Hieroglyphics Imperium, it seems as though their labor is not commoditized because they

make the majority of the profits. However, artists who are signed to expanded-rights, or 360, deals definitely have their labor commoditized because the label makes the majority of the financial profits.

In order to be a financially successful independent hip hop artist in the 21st century, artists must create a fetish for their live events, as well as their merchandise. Selling t-shirts, sweatshirts, and other collectibles is a major component of making money as an independent hip hop artist. This means that understanding the fetishism of commodities is key to understanding the independent hip hop industry.

Hip hop artists maintain their independence from major record labels in an attempt to not have their labor commoditized. They try to be the main financial beneficiaries of their labor and art work. When it comes to recorded albums, however, this becomes complicated when one starts to consider that most independent recording labels still need to utilize publishing and distribution agencies that are really just subsidiaries of the “Big 4” major record labels. This raises the question as to whether independent artists are really resisting the dominant means of production.

In terms of live events, the labor of independent artists is commoditized less than the labor of artists who are signed to expanded-rights deals because independent artists receive the majority of the profits made from the show, as opposed to those artists with expanded-rights deals whose label makes the majority of the profits gained from the event. Even in the case of festivals such as Rock the Bells or Paid Dues, where there is corporate sponsorship such as Coca-Cola, the artists, not the sponsors or promoters, take home the majority of the profits. Therefore, although there is corporate sponsorship, festivals such as Paid Dues and Rock the Bells represent a resistance to the dominant

means of production because they allow the artists to be the main financial beneficiaries of their labor.

In other words, while independent hip hop artists must work to create a fetish for their records, live events, and merchandise, they attempt to resist the dominant means of production by not having their labor commodified. However, major corporations such as Coca-Cola and the music industry's "Big 4," have figured out how to profit from the publishing and distribution of recorded independent hip hop music, as well as live events and merchandise. On top of that, independent hip hop artists still rely on exchange-value, not use-value, in order to be financially successful. Therefore, independent hip hop itself has become a fetishized commodity.

The Internet, Free Music, and Subcultural Branding

The internet has undoubtedly played a major role in the way the business structure of the music industry has shifted over the past couple of decades. Major recording labels, as well as independent hip hop artists, can no longer rely on album sales as a consistent source of revenue. Except for the extreme cases, such as artists like Mac Miller, music consumers are no longer purchasing music at high enough rates in order to rely on record sales as an outlet for financial success.

The increasing independence of artists is another growing concern for the industry. As artists grow more aware of the capacity of the internet to distribute their music, the need for artists to have their intellectual property licensed by record companies diminishes. In response, major record labels have sought out more expanded-rights deals in order to profit from every aspect of the artist's brand and identity.

As RA Scion pointed out, artists and groups such as U2 only receive about 10 % of the revenue generated from their music and products. Yet, their music and products bring in millions of dollars every year; so, they make significantly more money than most independent hip hop artists. Therefore, the central question is: Do you want a lot of a little or a little of a lot? Artists such as Immortal Technique, Del, and 9th Wonder, as well as critical philosophers and political economists such as Marx and Engels, would argue that it is better to receive the majority of the profits which come from one's labor, as opposed to allowing one's own labor to become a commodity.

In some ways, however, even artists that are completely independent still have their labor commoditized. For example, the venue that hosts the show needs the artists' labor in order to make money. That also goes for the show promoters, artist managers, and companies involved in making the merchandise. Therefore, independent hip hop itself has become a fetishized commodity.

Independent hip hop artists must rely on performing at live events and selling merchandise in order to be financially successful. That means they need to create a fetish for their own personal brand, as well as for the merchandise they are selling. In other words, an artist's albums, live events, and merchandise all need to become fetishized commodities in order for the artist to be financially successful.

In that sense, independent hip hop artists offer no resistance to the dominant means of production. They are still participating in the reification of the commodity-form capitalist system. Even artists, such as Immortal Technique, who dialectically critique the dominant means of production, are still guilty of contributing to the creation of what makes this capitalist system exist: fetishized commodities.

There are many examples of subcultures being coopted by corporate brands. The independent hip hop industry certainly does not escape this distinction. Companies, such as Coca-Cola, have begun to invest in hip hop shows and festivals; Smirnoff sponsors a show on Viacom-owned BET (Black Entertainment Television) that's centered around a DJ competition; and most independent labels need to utilize publishing and distribution outlets associated with the "Big 4."

Therefore, independent hip hop is also guilty of turning its consumers into a commodity. Major corporations that have realized the widespread popularity of hip hop music and products make investments that allow them to profit from the commodification of the culture. These corporations use subcultures as a way to market their brand to a particular demographic. In other words, by allowing corporations such as Viacom, Smirnoff, Coca-Cola, and others to fund events, to invest in merchandise, and to profit from the labor of the artists, independent hip hop contributes to the creation of the audience commodity.

This promotes the dominant mode of production. As noted earlier, the mode of production is "the way in which a society chooses to appropriate and allocate all of the productive resources and surpluses needed for and created by the process of production;" and it should be noted that "capitalists create rules defending unequal distribution determined by competition between capitalists and each individual's willingness to pay for goods and services" (Colby, p. 193). In regards to commodification, the capitalist mode of production helps to separate conception from execution within the media industry. For instance, it is not uncommon for the conception of a commodity to begin

within working-class culture, and then be transformed into a product and offered back to working class audiences.

This is certainly the case for hip hop music created by artists who are signed to major record labels. Those major corporations invest in artists in order to profit from a specific culture. In terms of hip hop, major record labels look for artists who are consistent with the image of hip hop that they deem to be profitable. The artists then release music that is consistent with that image.

Independent hip hop artists, however, are not guilty of contributing to this trend. Although they still reify the commodity-form capitalist system by creating a fetish for their personal brand and turning their consumers into a commodity, independent artists make music that is still authentic and genuine. Their music isn't influenced by the opinion of a major record executive.

Therefore, while there are plenty of similarities between being signed to a major record label and being an independent artist, there are also some very important distinctions. For example, independent artists take home the majority of the profits generated from their music, while record companies are the main financial beneficiaries of the profits generated from artists signed to their label. On the other hand, major and independent artists both rely on turning their music, merchandise, personal brand, as well as the hip hop culture itself, into a fetishized commodity.

Independent artists are also guilty of turning their fan base into a commodity. Most independent artists and labels rely on subsidiaries of the "Big 4" for publishing and distribution. With the dramatic decrease in album sales, major corporations are given more opportunities to invest in the marketing, advertising, and promotion of independent

hip hop artists, labels, and events as independent artists are forced to utilize touring and selling merchandise as their main way of generating profit.

In many ways, these new trends within the music industry are empowering for independent artists. They are able to personally control the entire process of recording, distributing, and advertising their music. Independent artists have had so much success on their own, in fact, that major record labels are being forced to change their business strategies in order to keep up with a dynamic market that is being greatly influenced by contemporary changes in culture and technology.

On the other hand, however, very few independent artists are able to distribute or publish their recorded music without utilizing a subsidiary of the Big 4. Independent artists also reify the commodity-form capitalist system by having consumers fetishize their image and brand. They also turn their audience into a fetishized commodity that can be bought and sold. In this sense, independent artists offer no resistance to the dominant economic system. They are simply trying to have as much power and control over the art that they are hoping to profit off of.

The following section highlights some of the limitations of this study and offers suggestions for future research.

Limitations of this Study and Opportunities for Future Research

Physical distribution of recorded albums will continue to be viewed less and less as a viable option for financial gain, considering there is no real reason not to assume that album sales will continue to decrease as a result of easier access to free music via the internet. Major record labels such as the “Big 4,” the RIAA, and government institutions will continue their attempt to make free access to music more difficult. In the end,

however, it will be to no avail. Consumers will continue to explore and create a multiple of options for listening and possessing music for free.

The “Big 4” will also continue to dominate the publishing and distribution sectors of the music industry. In fact, as the “Big 4” continue to buy up more independent labels, it will be increasingly difficult to distribute or publish music through an agency not associated with the “Big 4” in some way. Therefore, independent hip hop artists who wish to be financially successful should not rely on album sales a primary source of revenue.

This will open the door for opportunities for future research pertaining to hip hop and music industry studies. How has Nielsen, a company that profits from charting album sales, been affected by the dramatic decrease in album sales? In what ways will these hip hop festivals, such as Rock the Bells and Paid Dues, grow and utilize corporate sponsorship? In what new forms will corporate branding be present? What creative strategies are independent artists utilizing to avoid distributing their music through a subsidiary of a major record label?

Although this thesis fills a needed void in the existing literature pertaining to independent hip hop artists, there are still many more opportunities for research. This thesis is hindered by the researcher’s limited access to potential interviewees and the financial records of independent artists. Yet, this study represents a significant contribution to the study of hip hop.

No other studies have focused specifically on how the success of independent artists is a major influence on the business strategies of major record labels. There are also no other studies that compare the ways in which independent artists commoditize

their own brand and the ways in which a record company commoditizes an artist's brand. This study does just that.

This study reveals that independent artists make the majority of their money through touring and selling merchandise. Like the rest of the music industry, hip hop music has experienced a dramatic decrease in album sales, making physical distribution of recorded music and outdated strategy for making money. This has had a major impact on the major record labels. Noticing the success of independent artists who focus specifically on touring and selling merchandise, major record labels have made a concerted effort to sign more of their artists to 360-deals in order to profit from every aspect of their artists' brands and identities.

While most independent artists attempt to be the main beneficiary of the revenues generated from their labor, not all of them actually are. The Big 4, through their many subsidiaries, dominate the music publishing industry. So much so, that it is difficult to release any recorded music without using a subsidiary of the Big 4. Therefore, many artists have begun to release their music for free and focus only on touring and selling merchandise.

Even in the case of exceptions, such as Mac Miller, where independent artists are able to profit from their album sales, free online distribution plays a major role in promoting their music and creating a fetish for their brand and identity. That is why touring and selling merchandise will become the main focus of financially successful independent hip hop artists and labels in the years to come. As is currently the trend, independent hip hop artists who wish to be financially successful will need to tour incessantly in the future.

This will result in the opportunity for more corporate sponsorship of tours, festivals, and merchandise. In that sense, financially successful independent hip hop artists will continue to turn their fans into a commodity. Like any person looking to profit in the entertainment industry, independent hip hop artists contribute to the audience commodity. By allowing major corporations such as Coca-Cola to profit off of live music events and merchandise, and by allowing the “Big 4” to continue to dominate the publishing and distribution sectors of the music industry, the independent hip hop culture itself is increasingly becoming a fetishized commodity.

APPENDIX
INTERVIEWS

- Abel, Erik. Email Questionnaire answered on August 23, 2011.
- Beacham, Kevin. Phone interview conducted on January 21, 2012.
- Del. Interview conducted in Portland, Or, on August 7, 2011.
- Dunn, James. Interview conducted in Los Angeles, Ca, on November 13, 2011.
- Eligh. Interview conducted in Santa Cruz, Ca, on July 14, 2011.
- Fadavi, Nima. Interview Conducted in Eugene, Or, on January 20, 2012.
- Marv Ellis. Interview conducted in Eugene, Or, on September 24, 2011.
- Mulligan, Eamon. Email questionnaire answered on August 12, 2011.
- RA Scion. Interview Questionnaire answered on January 10, 2012.
- Spouse. Email questionnaire answered on August 31, 2011.
- Sunspot Jonz. Interview conducted in Eugene, Or, on September 17, 2011.
- Van Horn, Diane. Email questionnaire answered on February 12, 2012.
- Van Horn, Scott. Email questionnaire answered on February 12, 2012.
- 9th Wonder. Phone Interview Conducted on September 12, 2011.

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