Inside Out: The Internationalization of the Canadian Independent Recording Sector

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ABSTRACT This article examines the growing internationalization of English Canada’s independent sound recording sector, largely defined by Canadian ownership. Although Canada’s music industry has had considerable links with the global music business for decades, the independent sector remained focused on the production of recordings by Canadian artists for sale in the domestic market. Recently, the links between Canadian music and Canadian-owned record companies have weakened, such that each is less reliant on the other. The article discusses the ways in which this dissociation has occurred within the context of the transformation of the global music industry over the past 15 years and considers the implications for future Canadian music industry policy.

KEYWORDS Sound recording policy; Globalization; Electronic culture

Introduction

To understand the Canadian record industry, it is essential to recognize that it is an industry engaged in two quite distinct activities: the lease of master tapes on the basis of rights for Canada, and the production and release of Canadian recordings.

—Larry LeBlanc (1990, p. 9)

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This quote from Billboard correspondent and policy consultant Larry LeBlanc is as good a summation as any of conventional notions about the division of labour between the major multinational labels and the smaller Canadian-owned independents. For the most part this would have been an accurate description of the roles of each for much of the past several decades, from around 1970, when the Canadian Radio-television and Telecommunications Commission introduced its content regulations for radio, through to the early 2000s. Although a number of Canadian artists were signed to the major labels, the core business of major labels has always been marketing recordings by foreign artists in the Canadian market. Canadian independent labels mostly produced recordings by Canadian artists, and Canadian musicians were also far more likely to record for Canadian-owned labels. The result was that the Canadian-owned sector could claim, with some justification, that, compared to the major labels, it was more closely associated with Canada’s musical talent.

Discussion of Canada’s cultural industries, particularly within the context of government policy, has long assumed that domestically owned companies are necessary for the production of Canadian culture. In the case of the sound recording industry, this assumption applies to the Canadian-owned (or Canadian independent) sector, and is thus the underlying rationale for many of the government programs that support this industry and the principle that has guided their design. The assumption that much of the Canadian music played on radio stations would be produced by Canadian record labels is also the basis on which Canadian content regulations for radio are presumed to have played a critical role in the development of a Canadian music industry (this despite the fact that the regulations have never specified the nationality of the record companies involved in producing Canadian music) (Edwardson, 2009). The identification of the Canadian recording industry and Canadian music, although not without foundation, serves to conceal what is a more complicated and dynamic relationship. Zoë Druick’s (2012) call to re-evaluate our understanding of Canada’s cultural industries in terms of the relationship between culture and industry is especially apposite here, particularly the question “[W]hat … makes [these industries] distinctively Canadian?” (p. 131). With regard to the Canadian-owned music industry, many would have answered that it is the means by which recordings by Canadians are produced. But this was never completely the case and, under the changing conditions in which that sector operates, it is even less so now.

This article examines Canadian musical production in relation to the practices of the Canadian recording industry within the context of the reconfiguration of the global music industry. It argues that it is no longer possible to assume a straightforward association between a Canadian-owned recording sector and the production of recordings by Canadian artists. There are two components to this argument. First, a growing number of the more prominent Canadian artists are signed to independent record labels elsewhere, which suggests that there are increasing opportunities for Canadian musicians outside the domestic Canadian recording industry. Second, an increasing proportion of the revenues of the larger Canadian-owned companies are derived from selling recordings by foreign artists in the Canadian market, just as with the Canadian operations of the major multinational record companies.
Both of these developments are brought about by the disruption of the global recording industry over the past 15 years. They can be attributed partly to the opportunities for cross-border communication brought about by digitization, itself one cause of this disruption. More important, the turmoil in the industry worldwide has caused the major multinational record companies to pull back in terms of both artist rosters and operations. This in turn has opened up space for independent record labels, both in Canada and elsewhere, with the result that independents increasingly pursue the same international distribution strategies as the major labels, simply on a smaller scale. Drawing on recent industry and government figures, as well as on industry-sponsored reports on the Canadian music industry, the article shows the extent of the international focus of the Canadian-owned sector. It also offers specific examples of the growing dissociation of Canadian musical talent and the Canadian-owned music industry, examining the label affiliation of a range of high-profile Canadian recording artists as well the artist rosters of several of the most successful Canadian-owned record labels.

Finally, the article also raises questions about the government policies aimed at encouraging music production through the recording industry. The increasingly international orientation of the Canadian independent recording sector presents major challenges for existing federal policies for the music industry, as well as for the place of Canadian cultural industries in policy in general. First, it is at odds with much of the protectionist orientation of Canadian cultural policy, which for most of its history placed more emphasis on protecting Canada’s culture from foreign content than on promoting it internationally (Edwardson, 2003; Henderson, 2008). Prioritizing the export of Canadian music to other markets is by no means necessarily at odds with strengthening Canadian cultural production, although it could be argued that this may encourage producers to create material that is appealing to other markets at the expense of being identifiably Canadian (Edwardson, 2008). More fundamentally, however, the growing reliance of the independent sector on importing foreign content into Canada calls into question the role of these industries as vehicles for the production of Canadian culture, which has been the basis for the support they receive from government (Wagman, 2006). Since at least the 1980s, when the music industry entered into the mainstream of Canadian cultural policy, it is the Canadian-owned recording sector (specifically record companies) that has been the primary target and beneficiary of government programs, largely through federally funded agencies such as FACTOR and MusicAction. Canadian-owned companies received funding for the production and promotion of recordings by Canadian artists. Some of this support was directed at international activities, under the assumption that these were primarily export-oriented. However, for record labels, international activity is also the means by which they acquire material for import into the Canadian market.

Canada and the global music industry

As noted above, the realignments within the Canadian recording industry occur within the context of a globalized music industry. They may be viewed as an aspect of globalization, inasmuch as it challenges accounts of the nation-state as a discrete entity, the natural container of economic, social, and cultural processes. Under such conditions, those who study these processes must also reassess what Beck (2002) refers to
as their methodological nationalism. This does not mean simply jettisoning any consideration of national institutions whatsoever, but rather understanding that the networks in which they operate may be transnational (simply extending across national borders), or larger yet, up to a truly global scale. In fact, these institutions make up much of the infrastructure of globalization, and many of the processes involved still take place within national boundaries (Sassen, 2006). Globalization also offers us an expanded set of actors alongside nations, operating across their borders, and at times competing with them for power.

While they are by no means the only non-state international actors, multinational corporations are perhaps the most important, wielding enormous power as they move capital, goods, and services around the world. If the dominance of multinational corporations has been viewed as a key component of globalization, then the music industry has been at the forefront of this process. *The Global Jukebox* (1996), a book by Robert Burnett on the international music industry, was an especially apt description of its subject. The music industry had been dominated for decades by a handful of multinational companies (often referred to as the major labels), themselves components of global media corporations with interests in film, consumer electronics, or television, as well as in other cultural industries. There were six major labels at that time (BMG, EMI, MCA, PolyGram, Sony, and Warner), and collectively they accounted for between 70 and 80 percent of global sales of recorded music (even higher in some markets) (Burnett, 1996). With branches in most major markets, they had systems in place not only for discovering and developing talent, but also for marketing this talent worldwide and for extracting maximum profits from it. The dominance of these companies depended not only on the vast amount of recorded music they controlled, but also on their control over the distribution and manufacturing of recordings, which gave them privileged access to retail outlets of all kinds. Today there remain only three major labels (Sony, Universal, and Warner), but they still control about 75 percent of the global market for recordings (Music & Copyright, 2012). More significantly, perhaps, the relation of these companies to distribution and manufacturing has changed. In Canada, for instance, none of these companies is now involved in the physical logistics of either function. Although they still nominally act as distributors for their own product, as well as that of other record companies, the term “distributor” has come to refer less to the mover of music content and more to the role of exploiting the rights for musical content within a defined territory, with a particular emphasis on marketing and sales. The dominance of the major labels now rests on their still considerable power in these areas, as well as on the enormous catalogues of music they own.

Alongside the major labels, there have always been a far greater number of so-called independent or indie record labels, which account for the other 25 percent or so of the market for recorded music. In Canada, this figure is higher, about 30 percent, according to Music Canada (2012). At the most basic level independents are simply those companies that are not the major multinationals, although the implications of their different status and their relationship with major labels have been open to a wide array of interpretations. Independents have been viewed variously as the innovators in terms of new or marginal genres and styles. They may be opposed to, or outside
the scope of, the major labels (Hesmondhalgh, 1999; Peterson & Berger, 1990). They may work in cooperation with the major labels (Wikström, 2009), or they may operate simply as smaller versions of the same (Negus, 1992). The term “independent” may conceal as much as it clarifies, inasmuch as there is a great deal of variation in terms of the size, business practices, and character of the many thousands of companies that are not major labels. In Canada, independence has usually also meant being Canadian, although one of the major labels (Universal) was, for a very brief period in 1990s, a Canadian-owned company. Edwardson (2008) notes the role of multinational record labels in the careers of most of Canada’s globally successful artists. Even if he does not explicitly say so, this marks another fracture between the easy identification of Canada’s culture and its cultural industries. It demonstrates that the development of Canadian talent may be undertaken as easily by foreign-owned multinationals as by Canadian companies. That said, Canadian-owned companies have issued the vast majority of Canadian recordings and continue to do so.

Most Canadian independent labels have been extremely circumscribed in their operations compared to their multinational counterparts. Rather than the full-service model of the major labels, most of English Canada’s independent labels, even the larger ones, have been concerned primarily with talent development (Straw, 1993). Although a number were able to function effectively at a national level, they had more limited resources for operating beyond these borders. Some independents entered into distribution agreements with major labels, either in their own countries or in foreign territories; some licensed their recordings to independents operating in other territories; and some simply relied on exporting finished product to sub-distributors, individual retailers, or even consumers abroad. These arrangements were far more patchwork, on a much smaller scale, and generally far less profitable than the integrated large-scale distribution networks of the multinationals. Straw (1993) also suggests that it was even more unusual for Canadian independents to license product for release in Canada.

In general, Canadian independents were, to a much greater extent than major labels, territorialized on Canada in two ways: a greater reliance on revenues from within the Canadian market and a greater reliance on Canadian artists for their releases. On this basis, it has been relatively easy to equate the fortunes of the Canadian-owned music industry with those of Canadian musicians, most notably in the realm of Canadian cultural policy. The independent record label has been at the centre of the Canadian music industry for over 30 years, and it is the basic unit at which much music industry policy is aimed, as this quote from a 1985 government discussion paper shows.

One must recognize that the future of the Canadian production industry lies in the hands of the Canadian-owned independent labels for the simple reason that these companies are largely dependent on their success with Canadian recording artists to remain in business. (Canada, Department of Communications, 1985, p. 5)

From the outset, the key aim of Canadian music industry policy has been to strengthen the domestic industry, and this has been justified, to some degree, as the best way to ensure Canadian music is recorded. Federal and provincial funding programs for the music industry were designed precisely with this in mind. FACTOR (the Foundation
to Assist Canadian Talent on Record) directs the vast majority of its funds toward Canadian-owned record companies to produce and market recordings by Canadian artists—recordings that allow radio broadcasters an expanded pool of material with which to fill their Canadian content broadcasting quotas, at least in theory.

Burnett (1996) meant the term “global jukebox” to function not only as a metaphor for the current state of the music industry, but also as a vision of a technologically mediated future in which access to all music worldwide would be as easy as using one of these machines. This vision was not solely Burnett’s by any means, but among the fondest dreams of fans, artists, and even some segments of the recording industry as the possibilities of the Internet first began to dawn on the public and on the business community. To some extent, the vision has been actualized through file sharing, downloading, and streaming, although access is still far from universal and the question of how artists and copyright owners are compensated for this use remains a contentious issue, to say the least. The recording industry, as such, has been deeply affected by the advent of digital technologies, and during the past 15 years or so, there has been a steady and steep decline in the sales of what was then its largest source of revenue: recorded music. In 1999, three years after Burnett’s (1996) book, global revenues for the industry reached a peak of nearly $37.4 billion (IFPI, 2000). By 2012, they had declined to less than half of that, at just under $16.5 billion (IFPI, 2013).

At the same time, these technological networks have realigned the power centres of the industry and reconfigured the relationships among the various businesses involved in the commercialization of music in a way that opens up possibilities for smaller players in the industry, including individual artists and the “independent” sector (Henderson, 2008). Via the Internet and other new media, these players have the potential to reach an enormous, geographically dispersed audience more or less instantly and on a global scale, without the costly and elaborate logistics entailed in distributing physical copies of recordings. In stark contrast to the local or national media on which music companies formerly relied, websites, Facebook pages, and Twitter feeds can be accessed by virtually anybody on the planet with an Internet connection. Other forces besides digitization might also have leveled the playing field for access to the global music market. Trade liberalization and media deregulation might also have some effect on the ability of music companies to access other markets (Burnett, 1996).

All in all it seems that there are many reasons why independent music sectors are increasingly global in their scope and outlook and that Canada, with its high Internet usage and export-oriented economy, should, in many respects, be at the forefront of this process. At the same time, Canada’s major labels, along with shedding themselves of their manufacturing and distribution infrastructure, have also trimmed their talent rosters (in Canada as elsewhere), in order to focus on a much narrower pool of artists. This has, at least potentially, opened up some room for independent labels to sign acts that would previously have been more attractive to major labels, but which still have considerable potential for domestic and international success (LeBlanc, 2004). As noted earlier, all of this suggests that the Canadian independent recording sector may find itself less reliant on the Canadian market, and that it will increasingly engage in selling Canadian music to the rest of the world, a development in which globalization
offers new opportunities for Canadian business and culture. To some extent, this is what has happened, but the story is by no means so simple. There are two other emerging patterns, arguably more significant, in the independent sector, both of which suggest that the straightforward identification of the interests of Canadian music and Canadian record labels is no longer so easy to make. Canadian artists are indeed finding audiences in other countries outside the multinationals’ distribution channels, but not always via Canadian companies. Likewise, Canadian companies are increasing their international engagement, but this is often with non-Canadian artists.

Canadian artists in a transnational independent sector

The victory of Arcade Fire’s *The Suburbs* in the Album of the Year category at the 2011 Grammy Awards set a high-water mark for international recognition of a Canadian “indie” band. Along with the album’s debut at number one on the *Billboard* charts some months earlier, the award demonstrated a level of international recognition and commercial success seldom achieved by Canadian acts, and only by those signed to a major label. As the most prominent of the bands to emerge from the Montréal scene in the early 2000s, Arcade Fire might be seen as emblematic of the considerable success of independent Canadian music at home and abroad over the past decade or so. However, they also challenge some of the accepted notions of an independent Canadian band. To begin with, the members of Arcade Fire consider themselves citizens of Montréal, first and foremost, but their identity is also clearly transnational, with members hailing not only from Canada, but also from the United States and Haiti.1 The transnationality of Arcade Fire’s members is by no means unique. Even within the confines of independent music artists one can find a number of other examples, including Polaris nominee Cold Specks, who is both Canadian and British, and Zavi Ibrahim, who is South African and Canadian. Canadian attitudes to popular music and, indeed, Canadian government policy have long allowed for a relatively open and fluid national identity. In popular music policy, such as Canadian content regulations, residence or birth allows an artist to be Canadian and does not exclude other affiliations or identities.

Perhaps of more direct relevance, Arcade Fire’s success has had little to do with the Canadian music industry as such. The group is signed to the North Carolina label Merge Records. Its recordings are not licensed either to a Canadian independent or to a major label’s Canadian branch. The records are manufactured in the United States and imported into Canada by Québec-based FAB Distribution. Nor is Arcade Fire alone in this; an increasing number of Canada’s most prominent independent artists have similar arrangements. For instance, Arcade Fire’s Canadian label mates include Destroyer and Caribou, two other relatively prominent Canadian acts. However, Merge Records is at present no more exceptional in this regard than is Arcade Fire; a number of other important independents from outside Canada also have Canadian acts on their rosters.

Despite the much larger role of Canadian talent for Canadian independents, nobody has ever suggested that the sector has an outright monopoly in this regard. Major labels have signed Canadian acts for many decades—from Guy Lombardo and His Royal Canadians to Céline Dion and Drake, among many, many others. Sometimes
these artists signed with the major label’s Canadian branch office or, alternatively, they could sign with the (usually American) head office. Over the years a number of Canadian major label artists, such as Neil Young, Shania Twain, and Justin Bieber, have developed their international careers without any significant involvement of the Canadian music industry at all. They did not achieve any regional or national following before graduating to international success. Rather, they have been developed and marketed on an international basis from the very beginning. The trajectory of these artists’ careers has much to do with the increasing global orientation of major labels, but these are rare examples, and the segment of the Canadian industry they affect most has been the Canadian branch offices, which end up being bypassed in the talent spotting and development stage. The point is that there is no necessary correlation between the nationality of the artists and the nationality of the industry. What was until recently almost unheard of was a Canadian act signed to an independent label based in another country, although there are, of course, exceptions. In the late 1970s through early 1980s, a handful of Canadian new wave acts, such as Toronto’s Martha and the Muffins or Vancouver’s Pointed Sticks, secured deals with British independents. For the most part, however, Canadian artists were confined to the circuits for international distribution provided by the multinationals or by the Canadian independents’ networks of licensing and distribution deals.

Major labels have recently begun to constrain their talent development role in Canada, as in many territories. The space vacated by the major labels in Canada with respect to talent rosters has been filled not only by Canadian independents, but also by independents from other countries. This is apparent in the shortlists for Canada’s Polaris Prize. This competition, modelled on the U.K.’s Mercury Music Prize, is awarded to the best Canadian release of the year, as determined by a body of music critics and journalists from across the country. The nomination process is not determined by sales, nor is it restricted to independents. The shortlist, however, has a number of broad characteristics. Most of the major mainstream acts, such as Céline Dion or Nickelback, are not likely to appear on the list. By the same token, the artists who make the final shortlist of 10 (drawn from a longlist of 40), tend to be artists who have already received a reasonable amount of success and recognition. Since 2006, when the competition was launched, there have always been at least one and as many as five albums on the shortlist that were released in Canada by non-Canadian independents, as well as several winners (Polaris Music Prize, 2013). Besides Merge Records, the labels, among others, include Sub Pop (Handsome Furs, Metz); Polyvinyl (Japandroids); Domino (Junior Boys, Owen Pallett); Matador (Fucked Up); and Jagajuguwar (Besnard Lakes, Black Mountain). This suggests that not only do Canadian artists have considerable appeal outside of Canada, but also that the circuits through which they are discovered extend well beyond the local or national.

Precisely why this has occurred may owe something to the same digital technologies that have so disrupted the music industry over the past decade and a half. As Jones (2002) remarks, new technologies make it easier to “share both music and talk about music online, … resulting in in formation of new virtual locales for like-minded musicians and fans” (p. 214). The creation of these new spaces largely unconstrained
by physical proximity or national borders has two potential effects on the interest in Canadian acts by labels outside of Canada. First, it allows for relatively easy exposure to these artists’ music, either downloaded or streamed via the Web. Second, and perhaps more importantly, it may allow for geographically dispersed, but still significant, audiences to access this music, such that the artists become commercially viable outside of their immediate locale. Talking about music online is just as important here as sales, inasmuch as it means that the promotion of music is no longer confined to largely nationally demarcated media, such as radio and print. Jones (2002) suggests that just as media and distribution networks were of critical importance in the development of national music industries in the 1960s, so are these newer technologies in the creation of flows across national borders.

A salient example in this context is the considerable international coverage of Montréal’s music scene in the early 2000s—illustrative not only of a music industry and promotional apparatus that had increasingly become fixated on local scenes, such as Seattle and Williamsburg, but also of an industry not especially constrained by nationality. Montréal’s importance as a scene was not recognized in Canadian media in any significant way before this effusion of international interest. In fact, Canadian media were more or less irrelevant to the process. What mattered was the interaction of the local and the international. Montréal’s music scene participates in a transnational geography (Sassen, 2000), in which cities serve not only as clusters of music activity, but also as convenient sites for identifying and defining music for both media and their audiences across national borders.

**Record companies: Internationalization from within**

The international success of Canadian artists and their attractiveness to the international music industry is an enticing and highly visible example of the viability of Canadian culture in a larger global market. However, the changes for Canada’s independent record companies, while much less publicized, are at least as significant. One would expect that the same opportunities would exist for Canadian independent labels to attract international audiences for their artists, and this is the case, but it is not an especially novel development. Artists, from the Guess Who, Rush, and Michelle Wright to Metric, Jason McCord, and Weeknd, show that Canadian independent labels (in which the artists themselves are often principals) have, for many years, been more than capable of successfully exporting Canadian talent.

As noted earlier, the sector is, along with many other Canadian industries, increasingly export oriented. To some extent, this has been encouraged by federal policy and a succession of governments fixated on international trade. The short-lived Trade Routes program, launched in 2001, was an example of a government initiative encouraging Canadian cultural industries to find foreign markets for products (Canada, Department of Canadian Heritage, 2006). Trade Routes offered more support at Canadian embassies and consulates for companies trying to develop foreign markets; it also funded travel and showcasing opportunities for Canadian artists and companies, particularly at international trade fairs, such as MIDEM, South By Southwest, and a growing list of other similar events. Some of these measures were not novel, but their coordination and prioritization under a new program was. Despite the program’s
highly publicized cancellation in 2008 (Quill, 2008), the government continues to fund at least some of the initiatives that Trade Routes supported, joined by some provincial governments, particularly Ontario, which now have export-driven initiatives of their own. On the industry side, the Canadian Independent Music Association through its Music Export Canada initiative has assumed much of the responsibility for organizing Canadian delegations to trade fairs; for the Canada Blast showcases at these events; and for trade missions to Japan, Europe, and the United States, which are supported by funds from both levels of government (CIMA, 2014).

Table 1: FACTOR grants for showcases and tours, 2003–2004 and 2012–2013

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Sources: Foundation to Assist Canadian Talent on Record (FACTOR), 2004, 2013b

As Table 1 shows, FACTOR (Foundation to Assist Canadian Talent On Record—the agency providing the bulk of the funding to the English-Canadian recording industry) also shows an increasing export orientation in its programs. This is most apparent in those components aimed at supporting tours and showcases, where figures allow a direct comparison of both the demand for and the resources allocated to international and domestic activities. These figures show a steep decline in demand for tour support, especially for tours within Canada. However, more than offsetting...
this decline is a sharp rise in the number of requests for support to participate in showcases, both internationally and domestically. These showcases are industry events, where record labels, music publishers, and booking agents scout for talent. They provide a targeted audience with the express purpose of obtaining performance bookings or even recording or distribution agreements in other markets. Internationally, perhaps the best known, and perhaps most important, venues for these are South By Southwest in Austin, Texas, and MIDEM, in Cannes, France, but many others take place in most major music markets around the world. Domestically, one would find showcases at a number of events, including Canadian Music Week, North By Northeast, POP Montréal, and the East Coast Music Awards. Although these events take place in Canada, they also have considerable international attendance. For instance, Canadian Music Week (2013) claims that 20 percent of its attendees are international.

In terms of policy, the figures would seem to indicate a marked shift in priorities toward international activity, especially touring. Although the funding for all four components has increased over the decade, the funding for Domestic Tours has hardly budged (increasing by just under 4%). In contrast, the funding for international tours, despite a decline in demand, has nearly doubled, from just under $650,000 in 2003–2004, to nearly $1.3 million in 2012–2013, larger than that of the other three components combined. Further evidence of this shift can be seen in the creation of a new, much more targeted component in 2010–2011, under the foundation's Collective Initiatives Program, entitled Music Showcases for the Development of Export-Ready Artists. In 2013, FACTO (2013b) added a further $381,768 to funding for activity clearly aimed at the international market. All this would suggest not only that export has become an increasingly important objective of music industry policy, but also that the industry has focused more extensively on furthering opportunities abroad.

However, a somewhat different picture emerges from the most recent figures on the Canadian independent music sector and its revenues. In 2013, the Canadian Independent Music Association, or CIMA (formerly the Canadian Independent Record Production Association, or CIRPA—the most established representative for the Canadian independent sector) published Sound Analysis, a study of Canada's independent music sector conducted by the Nordicity Group. This was the first time the association had attempted to provide a detailed picture of the sector's economic impact. Off the top, the report declares that Canadian-owned music companies derive just under three-quarters (73%) of their revenues from Canada (CIMA, 2013). On its face, the figure casts serious doubt on just how international Canadian independents are. However, this figure is not representative of record companies but, rather, a much more expansive range of music-related businesses.²

Only 38 percent of the companies in Canadian independent sector, as defined in this report, operate in any way as record labels (CIMA, 2013). In terms of international orientation, these companies have a very different profile from the independent sector taken as a whole, although not necessarily in terms of their reliance on the Canadian market. The study's figures show a high proportion of non-Canadian releases over the years 2009–2011—between 45 and 50 percent during that time (CIMA, 2013). As in figure 1, sales statistics for 2011 (by unit) indicate that non-Canadian releases are a very
important source of revenue for these companies. Across all formats, 71 percent of sales are of non-Canadian recordings (CIMA, 2013). While this proportion of sales is somewhat tempered by the fact that most of the amount is in the digital singles format, it is still in stark contrast to the 7 percent of revenues the independent sector, as a whole, derives from non-Canadian artists (CIMA, 2013). However, the figures are by no means at odds with most of their revenues coming from Canada, even though much of this is derived from foreign content. Statistics Canada’s figures (although not strictly comparable to Nordicity’s for CIMA) also suggest that revenues from non-Canadian artists are an important and growing source of income for Canadian record labels—over 48 percent in 2011 (Statistics Canada, 2012).

The same networks that made Canadian bands more visible to foreign independents have also served to enlarge the scope of Canadian independents’ operations. At the same time, Canadian independents (with support from the Canada Music Fund) attend events such as MIDEM or South By Southwest not only to find distributors for their artists, but also to acquire recordings for distribution in this country. A look at some of the rosters of some of Canada’s leading independent labels shows that they, like many of their American or English counterparts, look beyond national borders for talent, either to sign directly or to license for distribution in the domestic market. Arts & Crafts Records (2013), for instance, has licensed albums by British acts Los Campesinos, Zulu Winter, and Bloc Party, alongside a number of other acts from the U.S., Mexico, and France. They have also signed Australian artist Sally Seltman to the label. Country label Open Road Recordings/RGK Entertainment Group maintains offices in both Nashville and Toronto and handles American acts such as Billy Ray Cyrus for distribution in Canada (Open Road Recordings, 2014). Many other Canadian inde-
pendents, including Sonic Unyon, Last Gang, and Stony Plain Records, are similarly engaged in selling records by both foreign and Canadian artists.

**Digitization and the structure of the music industry**

It is tempting to look to digital technology as the driver of all of this through the disruptions it has evidently caused in the music industry. However, as with globalization, these technologies and the practices they allow interact with existing conditions. They have by no means eliminated the many other ways in which music circulates, as they are all, evidently, still with us. Physical albums still constitute a major source of revenue. Live music is, if anything, more significant economically (Music Canada, 2012). Radio remains the single most lucrative music-related industry worldwide or in Canada (Sutherland, 2012). Digital technologies do allow the creation of new flows of musical culture and commerce, as well as substantially enlarged or accelerated circuits of distribution for music, but the old circuits continue to exist. Even digital distribution is shaped by national boundaries, at least where getting paid is concerned.

*Sound Analysis* has little to say about the independent record companies’ growing role as distributors for foreign recordings or foreign content. The report does note, however, the independent sector’s extraordinary reliance on digital formats (especially digital singles), which it attributes to a “wider digital disruption” (CIMA, 2013, p. 23). This raises some interesting questions about digitization and the supposed role that it plays in the erosion of national boundaries. The ultimate manifestation of this would be the “global jukebox” Burnett (1996) anticipates, a single outlet with all of the world’s recorded music available everywhere. To some extent digital download outlets such as iTunes, or on-demand streaming services such as Spotify, aspire, and even tend toward, just this type universality. However, both companies, like other digital distributors, operate distinct national services, each with somewhat different repertoires and different prices, suggesting that it is not so easy to ignore national boundaries when it comes to running a legitimate business. Even so, many artists and labels can and do make their music available on these services in all of the countries in which they operate. Whether they sign up to these services directly or utilize content aggregators such as CD Baby, it is possible for even fairly obscure artists to distribute their music worldwide and to collect revenues from any sales that result. The question remains, then, why license rights to locally based independents?

The answer lies, to some extent, with the expertise and knowledge that local record companies have of the markets in which they operate and their networks, which give them better access to media, physical retail outlets, or opportunities for placement in television shows or advertising campaigns. While digitization has made worldwide distribution relatively straightforward, promotion and marketing remain more problematic, especially for the mass of largely unknown artists. As well, the same national copyright regimes that necessitate local operations for these digital distributors also provide some incentive to license content to local outfits, in particular, the relations between nationally based copyright collectives. Digital services generally have to pay these collectives (such as SOCAN, the Canadian Mechanical Rights Reproduction Agency, or RE:Sound) for certain rights to communicate or reproduce music. These collectives pass on the royalties they collect to their equivalents in other countries.
based on their share of the music being used in Canada. However, they typically deduct a substantial administration fee before they do so. This means that an artist collecting neighbouring rights in Britain through Phonographic Performance Limited (PPL) for airplay in Canada will see deductions from both PPL’s Canadian equivalent, RE:Sound, and PPL itself. Licensing to a local label, however, means paying a much lower administration fee from RE:Sound and avoiding PPL’s administration fee altogether. The local label's share of these revenues may not be that different (it may even be more), but the value it brings in terms of marketing helps to offset the costs. Even in a digital world, then, there is a role for local representation.

**Independents and majors: Simply a difference in scale**

Digital or otherwise, the English-Canadian independent sector of the early 1990s is no longer restricted to identifying and producing Canadian content. Indeed, this sector had never been entirely restricted to domestic content production. In his article, Straw (1993) notes that Attic Records was more engaged in licensing their Canadian artists abroad than many other Canadian companies. What he does not mention is that much of the label's ongoing success was based at least as much on licensing foreign content for Canada. Attic's eventual demise in 2001 (after it had been sold to Song Corporation) largely came about as the result of losing the Canadian rights for one of its major sources of foreign masters, Roadrunner Records, to Universal Canada (A. Mair, personal communication, February 18, 2005). Nonetheless, it is true that Attic was relatively unusual at the time in its pursuit of this strategy. Now it seems that selling foreign content in Canada has become a far more important part of the business model of Canadian independent record companies.

Some of this is because of opportunities opened up by the disruption of the global music industry. When major labels trimmed their artist rosters, this affected not only Canadian artists. Clearly, the same rationales that led the Canadian branches of major labels to drop artists were at work in other markets. Even if these artists then signed to local independents, these companies have often sought out Canadian partners to distribute and promote their music effectively in this market. As Canada's independent record companies increasingly turn to licensing foreign music for Canadian distribution, they become much more like the major labels. The two businesses in the Canadian recording industry to which LeBlanc (1990) refers, marketing foreign recordings and producing Canadian recordings, still exist. However, only major labels carried on both kinds of activity to any great extent. They have been joined by the independents, which now act also as local outlets for foreign music. As a result it is increasingly difficult to distinguish between Canadian independents and major labels on the basis of their relationship to Canadian talent. The distinction is becoming a question of ownership and of scale.

**Conclusion: Music, industry, and policy in Canada**

Under the current conditions of the global music industry outlined, Canadian talent and Canadian record companies are far less constrained by national borders than has been generally assumed. Canadian acts do not rely solely on the Canadian market and even less on the Canadian recording industry. For their part, Canadian independent
record companies are international actors, even if not on the scale of the multinational major labels. This capacity enhances the likelihood of business success but it has also complicated their relationship with the production of Canadian culture. Making the same calculation as the multinationals, for these companies Canada becomes increasingly more valuable as a market than as a source of talent.

The growing gap between Canadian music and the Canadian music industry raises fundamental questions about the rationale for and design of many of Canada's music industry policies. A number of scholars have pointed out that cultural industries in Canada have long held an ambiguous status where government policy is concerned (Dowler, 1996; Druick, 2012; Wagman, 2006). Foundational documents such as the Massey Report tended to the opinion that these industries, especially when viewed as essentially American, were much of the reason for the threat to Canada's cultural identity (Druick, 2012). Nonetheless, since at least the creation of the Canada Film Development Corporation (later Telefilm) in the mid-1960s, these industries have also been utilized as one of the most effective means of producing Canadian culture (Wagman, 2006). The gradual incorporation of the music industry into the domain of cultural policy over the 1970s and 1980s proceeded on the assumption that this would result in a larger number of Canadian recordings, as well as in a larger Canadian audience for them. As Urquhart and Wagman (2006) warn, we should remember that these cultural policy goals do not necessarily figure in the aims and strategies of these industries themselves. Canadian record companies are not pursuing a national project, either cultural or industrial. They are not explicitly concerned with nurturing Canadian cultural identity or enhancing Canada's trade surplus. In this regard they are not so different from Canadian musicians as they pursue their careers, either at home or abroad.

If the government wishes to support the production of Canadian music, how best can it achieve this? The Canadian independent recording sector generated roughly $75 million in 2011 (CIMA, 2013). Although this is by no means an insignificant amount of money, it may not be enough to justify government programs, if the cultural significance of the sector is called into question. As CIMA's report may demonstrate, one of the ways to compensate for this state of affairs is to shore up the independent music sector's Canadian credentials by including other segments of the music industries. In this way, it can still lay claim to a close relationship with Canada and Canadian identity. This move is made considerably easier by the reconfiguration of the music industries in general, driven by the need for diversification of revenues and integration of the various means for making money from music—the erosion of the borders that divided the various components of the music industry and a realignment of their relations with one another. But this also requires new policies, as the existing ones are more or less solely concerned with recording. There is the prospect that the Canadian independent recording sector may no longer retain its privileged policy status in this environment. Already there are calls for FACTO to direct funding away from the more established independent labels toward smaller projects produced by artists themselves (Canada, House of Commons, 2014). On the other side of the equation, a recent Parliamentary Committee report on the Canadian music industry proposes examining
the possibility of tax breaks for music industry activity that could see subsidies extended to the multinationals (Canada, House of Commons, 2014).

For Canadian artists, the implications are, perhaps, even less clear as they generally operate at a remove from most of the government’s music industry programs and policies. FACTOR recently revamped its programs to recognize artists who may not be working through a Canadian independent record company, but the types and the amounts of the grants are more limited (FACTOR, 2013a). At the same time, there is generally less question of artists’ relation to Canadian culture, even when this connection is fairly tenuous in terms of their location. As Edwardson (2008) notes, expatriate status is a non-issue for the perceived cultural relevance of Canadian musicians. A great many Canadians still view artists such as Neil Young as quintessentially Canadian, despite his American residence and citizenship. What this canonical Canadian artist (and more recent examples such as Arcade Fire, K’naan, or Cold Specks) shows is that it is possible to be both Canadian and American (or Somali, or British). The cosmopolitan citizenship announced by thinkers such as Sassen (2000) or Beck (2002) does not eliminate nationality so much as multiply it. Citizenship policy does not insist on it and, as enunciated earlier, cultural policy, at least in the case of music, is nothing if not flexible about the nationality of Canadian artists. Nor are there any significant burdens imposed on Canadian artists in terms of thematic content, much less in terms of musical style, in which a Canadian musical identity has never been constructed or credibly defined (Testa & Shedden, 2002). In this regard, Canadian music’s internationalization is considerably less fraught than in other cultural forms such as film or literature, where the expectations of Canadian themes or sensibility are, if by no means unanimously agreed upon, considerably more frequently articulated.

Lefebvre’s (1984) dictum that “the worldwide does not abolish the local” (p. 86) remains true, as Sassen (2006) suggests, even where nations are concerned. Although it is clear that Canada’s independent record sector is a more international affair than previously, this does not necessarily mean that it is no longer Canadian. It remains fairly firmly territorialized on Canada as a base of operations and source of customers. However, although the local is not abolished under globalization, it is certainly rearranged. What has changed is the assumed relationship between the Canadian music industry and Canadian music. Nothing is effaced here—not the local or the national—but the relations between territory, identity, and economy are reconfigured, assuming new and different articulations that require scholars and policymakers to reconsider traditional notions of the role of Canadian cultural industries and their role in the production of Canadian culture.

Notes
1. Canadian nationality does not appear to figure prominently in the band’s identity. In his acceptance speech for the Grammy Award, Win Butler thanked Montréal “for taking us and giving us a home and place to be in a band.” Regine Chassagne followed up with “Merci, Montréal! Merci, tout le monde au Québec.” Canada was not mentioned at all.

2. As the commissioning association’s name change (and that of its major label counterpart Music Canada, formerly the Canadian Recording Industry Association) would suggest, the breadth of music business–related activities these associations claim to represent has broadened considerably. The study’s assessment is complicated by its attempt to aggregate a number of different businesses under
one heading. This is in line with the thorough reconfiguration of the relations between the various activities that comprise the music industry. In fact, the above figure does not refer only (or even primarily) to record companies, but also to Canadian-owned music publishers, artist managers, and production companies, as well as concert promoters and booking agents. It is not surprising that the association would wish to embrace these other industries, especially live performance, since the economic impact of this area of the music business is now greater than that of sound recording (Music Canada, 2012). However, live performance in particular is necessarily much more locally territorialized than recording, and this skews the numbers considerably.

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