

BACKGROUND PAPER

Digital Dividends

Music for Development in the Digital Age

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Music for Development in the Digital Age^a

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Abstract:

The music world has had its share of Internet-led shake-ups. Digital piracy and the advertisement rules of platforms like YouTube are major concerns. But there are also opportunities: online marketing, arts education, cultural awareness, and nation branding are particularly notable. How can development practice take advantage of these opportunities? This discussion stresses (1) giving artists the capability to use the Internet effectively; (2) prioritizing open Internet access, especially in rural areas; (3) considering strong antitrust provisions in media ownership; (4) granting such provisions as solar tax credits to artists or creative businesses where needed; (5) targeting cultural elements that may inhibit Internet access for female artists; (6) promoting intellectual property training; and (7) creating a platform that carries traditional music for development.

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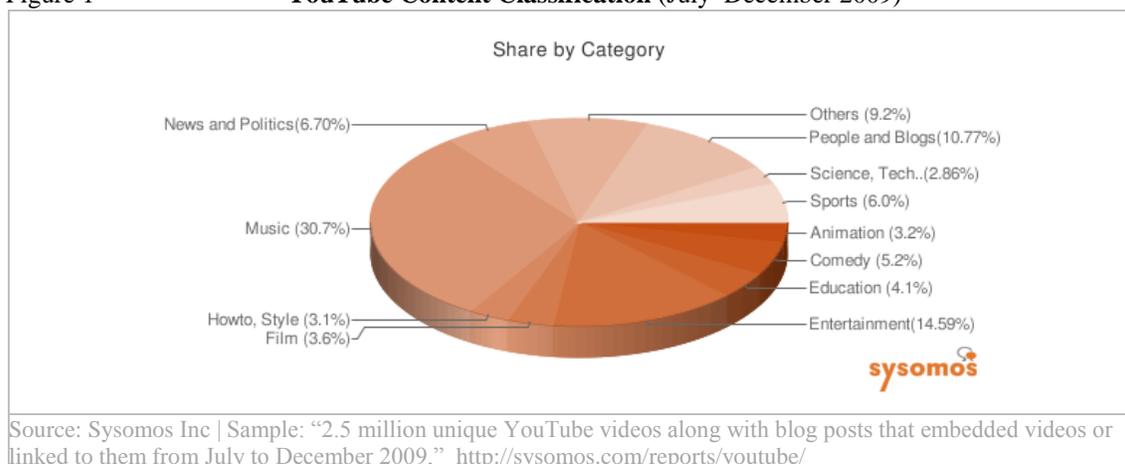
I. Music and the Internet

Introduction

The Internet has transformed the music sector in profound ways. Digital technologies (or perhaps “disruptive technologies”) have accelerated Joseph Schumpeter’s theory of “creative destruction”¹ in the world of music, bringing intractable challenges as well as notable opportunities. On the negative side, the Internet efficiently enables piracy, shrinking the earnings of musicians and the music-related economy at large. From Nigeria to China, and from Britain to Brazil, piracy challenges are no secret. Even in the United States, where copyright protection is long-standing, a study from way back in 2007 shows that the country lost \$12.5 billion in total output annually and some 71,060 jobs because of sound recording piracy.² The challenges are many, but the opportunities related to the Internet and music are also profound. Although the universal benefits are not yet clear, the likelihood that the Internet could encourage music for social and economic progress deserves closer scrutiny in development practice.

Consider YouTube, a video-sharing service with more than one billion users,³ and where music is the most popular category by more than 30 percent (see figure 1).⁴ Although the videos range from the silly to the profound, YouTube, which turned 10 in 2015, remains as popular as ever: more than 300 hours of video are uploaded to YouTube every minute;⁵ the number of channels earning six figures each year on YouTube has increased by 50 percent year-over-year.⁶

Figure 1 **YouTube Content Classification (July–December 2009)**



¹ Reier (2000).

² Siwek (2007) NB: Since the U.S. economy is in the trillions of dollars (more than US\$17 trillion as of May 2015), the US\$12 billion seems to be a drop in the bucket. But considering the losses in jobs and related investments, this is no small cash for any country.

³ YouTube, “Statistics.”

⁴ Sysomos Inc.

⁵ Robertson (2014).

⁶ This is with respect to advertising. See YouTube.

These statistics raise questions about how musicians in developing countries could fully tap into such a force and contribute to their local economies. Although not all artists are making money, some are. But broadly speaking, if strong mechanisms are promoted — including fair sharing of income from music sales and advertisements as well as legal instruments that secure artists their due royalties — then this might make the industry more resourceful, not only for more artists, but also for industries and other folks that piggyback on their work.

In addition to direct income, platforms like YouTube can help market talent, promote arts education, brand countries, and much more. Indeed, regardless of whether the idea of art for art's sake is stressed, in making policy choices, governments and others concerned should consider a holistic view. For indirect economic links, music scenes promote tourism and investment in neighborhoods, and attract other businesses, offering a promising role in economic development. Moreover, the social dimension should not be discounted. After all, as widely acknowledged, music can promote social cohesion, exchange of ideas, community pride, and so on. These attributes are not easily quantified, but they do matter in development.

Organization of the Paper

This paper provides background on selected themes associated with the Internet⁷ and music for development in the Digital Age. The discussion more or less centers on YouTube, although many other platforms carry digital music. And although the links with intellectual rights like patents and trademarks (and even geographical indicators) deserve scrutiny, the connection here focuses on copyright protection.⁸ It is important to keep in mind that, as many theoretical and practical insights teach us, what works in context A may not work in context B. That is, context matters.

This part of the paper highlights musicians Kim Yeo-hee and Usman Riaz, to show how some artists have benefited from the Internet. Part II discusses opportunities and challenges in the Digital Age, including the economic costs of piracy, which are generally not inconsequential. Part II also describes the direct and indirect presence of music on YouTube, arts education, Internet marketing, secondary merchandise, and online advertising. The discussion touches on how musicians can gain exposure, to make more money from live performances, but that this channel also has limitations. Secondary merchandise and other secondary opportunities are considered, and the paper notes that digital advertisement revenues are generally not shared fairly with artists. The discussion goes on to consider why it is not easy to track musicians' earnings via digital platforms, and echoes a long-standing observation that the music industry is mostly about big labels and big stars.

⁷ For a useful definition of this term, see World Bank (2016).

⁸ To learn more about copyrights and related rights, see “What Is Intellectual Property?” World Intellectual Property Organization, accessed June 6, 2015, <http://www.wipo.int/about-ip/en/>.

Part III suggests policies that should be implemented so that the Internet can help artists. Although digital platforms could potentially help artists from low- and middle-income countries, policy interventions are needed for this to bear fruit. The recommendations provided here are hardly groundbreaking, but they are worth stressing and not limited to music. The recommendations include the following: (1) helping artists (and others) to use the Internet effectively; (2) prioritizing open Internet access in developing countries, especially in rural areas; (3) considering strong antitrust provisions in media ownership; (4) granting such provisions as solar tax credits to artists or creative businesses in places lacking electricity connections; (5) targeting cultural elements that may inhibit female artists from accessing the Internet; (6) promoting intellectual property training; and (7) creating a platform that carries traditional music.

The paper concludes by noting that even if income via the Internet is unclear for many artists, the potential to promote nation branding, cultural awareness, tourism, education, and so forth is considerable.

Kim Yeo-hee: Leap from YouTube to Recording Star

Kim Yeo-hee studied music at a small college in Wanju, a city in southwestern South Korea. She never expected “iPhone videos to change her life,”⁹ but they did. In 2010, according to *The Wall Street Journal*, Yeo-hee used iPhone music applications to put her homemade videos on YouTube. Her initial videos were renditions of Beyoncé and Lady Gaga; nonetheless, Yeo-hee was noticed. Millions watched. As a result, “producers from China and England raced [against] those from South Korea to sign her up. She chose a Seoul-based producer [called Dream High Entertainment] and started recording her own songs.” Yeo-hee, who wanted to be a singer since age seven, started writing songs in high school.¹⁰ If it were not for the Internet, she would probably not have leaped from homemade videos to recording star.

Usman Riaz: From Karachi to the Global Stage

Usman Riaz began piano lessons at age six in his native Pakistan. He later wanted to learn new instruments and new styles, only to face one problem: music teachers in Pakistan are scarce. But that did not stop Riaz, who attended Boston’s Berklee College of Music. Watching videos online, he taught himself percussive guitar, harmonica, mandolin, harmonium, and percussion.¹¹ “He also used the Internet to distribute his music.”¹² “In 2011, a viral video for his song “Fire Fly” helped bring his sound from the small but thriving Pakistani music community to a global audience.”¹³ In 2012, Riaz found himself in Edinburgh, “performing alongside his hero, percussive guitar master Preston Reed, whose videos [he] watched to learn the style.”¹⁴ As a TED senior fellow, Riaz now “travels

⁹ Woo (2010).

¹⁰ Ibid.

¹¹ Balkin (2013).

¹² Ibid.

¹³ TED.

¹⁴ Balkin (2013).

the globe to emphasize how people can further their talents in music, writing, and art through the use of multimedia and the Internet.”¹⁵

The Challenge

The challenge for anyone concerned with development is to ask: could such stories help formulate comprehensive cultural policy for development in the Internet age? Or are they just lucky moments that do not teach much? The next part of the paper identifies some of the challenges and opportunities for musicians in the Digital Age.

II. Challenges and Opportunities for Musicians in the Digital Age

Piracy

Based on data from comScore and Nielsen, it is estimated “that 20 percent of fixed-line internet users worldwide regularly access services offering copyright infringing music.”¹⁶ This estimate “does not include the emerging, but as yet unquantified, threat of smartphone and tablet-based mobile piracy as consumers migrate to those devices.”¹⁷ To take a closer look at the United States, the US\$12.5 billion lost in 2007 because of sound recording piracy would be a little over US\$14.5 billion in 2015 (calculated at the annual inflation rate of 1.91 percent).¹⁸

However, it is difficult to estimate the true cost of piracy. Further, “just because the movie and record industries lose a certain amount of money from online piracy in the United States doesn’t mean the economy as a whole suffers by that exact same amount — particularly if the money that would have been spent on those pirated movies and albums just ends up getting spent elsewhere.”¹⁹ The counterargument here might be this: although the economy as a whole might not lose, piracy can contribute to the “starving artist” problem, and even diminish jobs related to the so-called copyright industries. In any case, the larger concern is the complaint that there is little point in focusing on such inconsequential figures in a large economy like that of the United States. The loss figures are a drop in the bucket for a country whose economy is in the trillions of dollars.

But from another angle, the extent of the loss is much greater. According to the Borgen Project, in 2012, for example, the official development assistance from the United States to Africa was US\$12 billion.²⁰ This is nearly the same amount the United States lost in sound recording piracy in 2007. Moreover, according to the World Bank, in 2014 the gross domestic product (GDP) of Mali was about US\$12 billion; Burkina Faso, US\$12.5 billion;

¹⁵ Annear (2013).

¹⁶ IFPI (2015, 38).

¹⁷ IFPI, “Tackling Music Piracy.”

¹⁸ This calculation was done using DollarTimes:

<http://www.dollartimes.com/inflation/inflation.php?amount>. (The inflation rate here could also be calculated using the Consumer Price Index.)

¹⁹ Plumer (2012).

²⁰ Bonasso (n.d.).

and Jamaica, US\$14.4 billion (2013).²¹ These figures are worth considering, especially since the countries happen to be “musical states” with GDPs hovering around US\$12 billion to US\$14 billion. The point is this: economic losses in music piracy are consequential.

Further, piracy in the United States is an important subject because the country has established legal copyright protection. If piracy losses are major in the United States, then what is the extent of the loss in other nations where intellectual rights for creative work are notoriously weak? As it happens, the United States is still the largest global music market.²² So piracy in the United States — and elsewhere — remains a top concern.

Presence of Music on YouTube and Arts Education

Although the music category leads on YouTube by more than 30 percent, that is not the whole story. Films, entertainment, games, and comedy normally carry soundtracks. This is also the case with sports, poetry, education, and so forth. Taking its direct and indirect presence into account, the music category leads by far more than 30 percent.

With respect to arts education (other things equal), platforms like YouTube can allow learners to see demonstrations. Demonstrations of, say, a performance can help complement the learning process. Usman Riaz, who used the Internet as his teacher for guitar, mandolin, and much more, is an example of this type of online education. In addition, other formal structured arts education courses are offered through institutions of learning. Cultural institutions also use online videos to present master classes, concerts, or simply reach out to online audiences.

The issue concerning whether developing countries can effectively tap into this area to showcase (or teach) their own culture to international audiences deserves greater analysis. Online technology could, for example, help traditional native musicians in rural places reach new audiences via arts education. This is a dynamic area of international trade in services that has yet to be debated on strategies relating to, say, rural development and youth unemployment. Further, online arts education has its merits — for example, making knowledge accessible. But, in this case, this can have implications such as creating unfair competition for traditional music teachers. Teachers in some cases are competing with education that is available for free or little cost on the Internet. So, as some argue, the advantages and disadvantages of digital pedagogy have to be kept in mind.²³

Internet Marketing for Artists

Although artists may not make money online, the Internet could allow them to get their name out. This, in turn, could help them attract more fans to live concerts and hopefully make money that way. For many artists, however, live performances (or tours) may not be a viable option. As some folks, including Kevin Erickson of the Future of Music Coalition,

²¹ World Bank, “Data, GDP per capita (current US\$).”

²² SelectUSA, “The Media.”

²³ See Moos (2013) and Mirrlees and Alvi (2014).

have noted, some artists may be limited in their ability to travel or to perform. There are various reasons for this. For example, the opportunity costs may be too great for artists who have young children. And some artists might find that the performance schedule itself is simply too draining to maintain, because of such issues as age, distance, and so forth. Moreover, tours also absorb costs.²⁴ After deducting costs, how much do artists take home? Such questions are relevant. And it is important to remember that not all musicians are live performers.²⁵ Nonetheless, the hypothesis that online marketing could attract fans to live performances cannot be dismissed altogether.

Artists should do everything they can, including digital marketing, to attract fans to their performances. And, other things equal, artists can make money from local concerts in their own countries. International tours may provide an avenue for substantial income; however, in particular for artists from developing countries, the issue of mobility is further complicated by ever-increasing visa requirements (or restrictions), especially for international trade in such services. Thus, this arrangement may not be as simple or lucrative as it might appear for those whose international concerts may be compromised by visa delays or denials.²⁶

Secondary Merchandise and “Secondary Opportunities”

Selling secondary merchandise, such as t-shirts, books, mugs, and the like (during concerts or online) is potentially another way for artists to diversify their income. “For some artists this can be a significant component of the net earnings,” as Julie Holland Mortimer, Chris Nosko, and Alan Sorensen report.²⁷ But this “significant component” may vary from country to country and from situation to situation. The context and realistic potential should inform policy formulation to equip artists with information that could be useful in negotiations.

In the area of secondary opportunities, it is not unusual for artists to take on such roles as spokespersons for companies. Artists may be paid to endorse a company or a product — and they can also use their following to promote their own cross-industry investments. And many artists perform for secondary events, such as private shows, and earn side income that way.²⁸ Although famous artists normally enjoy such opportunities, less-known artists are not entirely closed off.

In any case, there are many myths around these potential opportunities. In an attempt to disprove some of these myths, in 2010, the Future of Music Coalition embarked on the Artist Revenue Streams project. The idea “was to bring some tangible data to the ongoing

²⁴ Erickson (2015).

²⁵ Thomson (2012).

²⁶ For more on this, see Kabanda (2014, 44–46).

²⁷ Mortimer, Nosko, and Sorensen (2010).

²⁸ Boluk (2015).

debates about copyright, compensation and creativity.”²⁹ The following wrap-up is provided from an American perspective, but it offers useful insight for the global context.

The myth-busting series used qualitative and quantitative data collected in this project to examine four of the common assumptions about musicians and money: [that they're rich](#);³⁰ [that they make all of their money from touring](#); [that they don't make any money selling records](#); and that [they make all their money selling t-shirts or merchandise](#). As stated throughout this blog series, each of these assumptions is based on a grain of truth. What usually makes them incorrect is thinking that (1) all musicians operate under similar conditions and that (2) the existing music ecosystem is now so broken that traditional revenue streams based [on] compositions, sound recordings or performances no longer work or generate any value. Neither of these is true. And it's when we get into these “all or nothing” ends of the debate that we run into trouble. As much as we all desire easily digestible facts or a way to describe “typical” musicians, real life is much more complicated. And if we want to truly understand and quantify the change, we need to acknowledge the complexity.³¹

In analyzing this complexity, the following point must be stressed, even beyond the American perspective: “There is an army of musicians—from composers, to salaried orchestra players, to session musicians—that have career structures that are not easily supplemented by t-shirt sales or other ancillary revenue streams. This should in no way diminish their value or importance; we simply need to remember that the community of creators is large, diverse, and specialized, and does not lend itself to one size fits all solutions.”³²

Online Advertising

Many sites or platforms that play music carry advertisements.³³ For some, although “music is the product at the center of their business architecture, advertisement is also at the core of their business models.”³⁴ On YouTube, “every day, people watch hundreds of millions of hours, [generating] billions of views.” And more “than a million advertisers are using Google ad platforms; the majority of these advertisers are small businesses.”³⁵ Although 85 percent of YouTube's TrueView in-stream ads are skippable, this type of advertising is still big business.³⁶

²⁹ Thomson (2012).

³⁰ Sometimes the inverse direction is noted: that “non-famous” musicians are poor, because of the common misconception that there is no money in music.

³¹ Thomson (2012).

³² Ibid.

³³ Live concerts, as widely seen, also carry advertisements on banners, in programs, leaflets, and so on. Some of the advertisers may be related to the performance as sponsors and some may not.

³⁴ Kabanda (2013, 58).

³⁵ YouTube.

³⁶ Ibid.

According to *The Economist*, “YouTube and Vevo, another popular site, now pay labels a small royalty when punters watch a music video.”³⁷ But many artists, especially those in parts of the world where digital advertising is still catching on, have yet to reap reasonable benefits. In other words, it is not necessarily the case that if artists’ music is used on YouTube (or other platforms that carry advertisements) that this translates into reasonable income for the artists. Moreover, there is concern that free to consumer advertising-supported models are not generating a fair share of revenues for artists. And when it comes to the so-called “freemium models,” opinions are divergent. On the one hand, some believe that free tier services undermine the value of music. On the other, some see this as a way to attract users.³⁸ On the mix of piracy, advertisement, and exploitation, the 2015 International Federation of the Phonographic Industry Report does not mince words:

Many pirate websites are funded by advertisers from well-known brands. Despite initiatives either underway or being discussed in a number of countries including the US, UK, Spain, France and others, the advertising industry [has] yet to take effective action. Research for the Digital Citizens Alliance, published in February 2014, and conducted by MediaLink, for example, found that 596 infringing sites generated US\$227 million a year in advertising revenue, with adverts appearing from blue chip firms.

... Driven by the demand for music, this advertising generates exposure for the brand, and revenues for the pirate site and the advertising industry companies involved in placing the advertising, yet the songwriters, artists and labels whose music is involved receive nothing.³⁹

The concern is to make sure that artists and others involved do not receive nothing. And to tackle this issue, no one actor can act alone: Governments (in all countries), private entities, individuals,⁴⁰ and even development agencies have a role to play.

Musical Artists and the Internet

To return to the questions raised in part I, generally speaking, some artists have done well and will continue to do so. But it is not clear whether the Internet has made it easier for many artists in the developing world, and even elsewhere, to make money. On the issue of inequality, as Joseph E. Stiglitz and others note, technological change “may be central to certain aspects” of this problem today,⁴¹ even though it is not the entire story.

In “The New Economics of the Music Industry,” Steve Knopper recalls the following points. During the CD trend, it was easy to track how much artists were getting paid. When someone bought a CD at Tower Records for US\$15, for example, a few dollars went

³⁷ *The Economist* (2013). This issue is also discussed in Kabanda (2014).

³⁸ IFPI (2015, 19).

³⁹ *Ibid.*, 40.

⁴⁰ The conclusion that business is business — and that businesses have to maximize profits (or avoid losses) regardless of what they do — is surprisingly common. But the need to speak up is not entirely futile. See Sisario (2015).

⁴¹ Stiglitz (2013, 100). See also Kabanda (2014).

to the artist's account. And when iTunes came on board, although the system was not more profitable or equitable per se, it was "even easier" to track transactions: "every time somebody bought a 99-cent track, a few pennies went into the artist's bank account."⁴²

"Those were such simple times," as Knopper notes:

Today, music fans play free music videos on YouTube, stream songs for free on Spotify, MOG or Rdio, customize Internet radio stations on Pandora or Slacker and consume music a zillion different ways. The fractions of pennies artists make for each of these services are nearly impossible to track—at least for now. "People like to simplify this and say, 'There's no money in it,'" says Jeff Price, founder of TuneCore, which charges artists to place songs directly into iTunes, Spotify and others. "But it's complex, it's complicated and it's still being worked out."⁴³

As this complex picture gets worked out, in a development context, it bears recalling that the data captured here and the scenario depicted are mostly for high-income countries and superstar artists. New trends show that music downloads, which account for 52 percent of digital revenues, "are helping to propel digital growth in some developing markets," such as the Philippines, Slovakia, South Africa, and Venezuela.⁴⁴ But it is barely a stretch to conclude that the global music recording industry, which is presently valued at US\$15 billion,⁴⁵ is still dominated by a few large companies.

Although digital technology is shaking things up, this oligopoly, which includes Universal Music Group (Vivendi), Sony, and Warner Music Group, has dominated the music market over the years.⁴⁶ Nonetheless, according to recent data from Nielsen/Billboard, independent labels (indies) "took 35.4 percent of the US market *by ownership (volume)* in the first half of 2015. That was comfortably ahead of Universal (27.6 percent), Sony (20.9 percent) and Warner (15.2 percent)." This "represented an increase on the 35.1 percent share the indies claimed across the whole of 2014."⁴⁷ Yet, still worth noting is the fact that music marketing is about superstars (mostly from high-income countries) reaching global markets. Some little-known artists are "discovered" now and then or some make it on their own. But generally speaking, it is not unreasonable to conclude that the current system is not in favor of less-known artists in low- and middle-income countries⁴⁸ (or elsewhere).

⁴² Knopper (2011).

⁴³ Ibid.

⁴⁴ IFPI, "Key Statistics."

⁴⁵ Ibid.

⁴⁶ The Music Business Network (2010). See also UNDP and UNCTAD (2010, 144); Kabanda (2014, 42).

⁴⁷ Ingham (2015).

⁴⁸ Kabanda (2014, 43).

Table 1

Music Global Market Revenues by Format, 2013 and 2014 (US\$ billions)					
	2013 SHARE	2013 VALUE	2014 SHARE	2014 VALUE	% VALUE CHANGE
<i>Physical</i>	49%	7.42	46%	6.82	-8.1%
<i>Digital</i>	43%	6.41	46%	6.85	+6.9%
<i>Performance Rights</i>	6%	0.88	6%	0.95	+8.3%
<i>Synchronisation</i>	2%	0.32	2%	0.35	+8.4%
<i>TOTAL MARKET</i>		15.03		14.97	-0.4%

Source: IFPI <http://www.ifpi.org/news/Global-digital-music-revenues-match-physical-format-sales-for-first-time>

Could digital music, which has been growing, help change this picture? Table 1 shows the breakdown of music global market revenues by format. At the heart of the matter, there are structural issues that need to be considered for policy interventions. What are “the factors that have allowed some businesses, people, and governments” (in this case, creative sectors and musicians) “to benefit greatly from the Internet—and others not?”⁴⁹

The policy options suggested in part III are by no means new, exhaustive, or conclusive. Nonetheless, they may help shed light (and even refocus attention) on expanding what has been done, and help policy makers to act on what has been left undone.

III. Policy Options

Do More Than Connect to the Internet

Just connecting people to the Internet is not enough. In the lens of Amartya Sen’s *capability approach*,⁵⁰ it is important to give people the capability to use the Internet effectively. This capability (or rather capacity) includes knowledge and skill formation, training in how to interact with digital technologies wisely, find useful information, and so on. The level of education, quality of pedagogy (including learning by doing and tapping into local knowledge), exposure, and other such issues matter in engaging artists (and others) to understand the opportunities (and even the limitations) the Internet brings.⁵¹ It is important to ensure that the technology and development policies for artists (and others)

⁴⁹ See World Bank (2016).

⁵⁰ The idea of augmenting “human capital” for people to become more productive may also come in here. This is because human capital and human capability, as Sen puts it, “cannot but be related, since both are concerned with the role of human beings, and in particular with the actual abilities that they achieve and acquire. But the yardstick of assessment concentrates on different achievements.” See Sen (2000, 293–97). This issue is also discussed in Kabanda, “Creative Natives in the Digital Age,” unpublished manuscript (as of June 2015).

⁵¹ See Gigler (2015).

do not simply focus on connecting people to the Internet (or other new technologies). Policies should focus on giving people the “ability to access, process, and act on information facilitated through the use of new technologies,”⁵² as much getting people connected.

Make Internet Access a Priority

Many people in low- and middle-income countries do not enjoy Internet access as do their counterparts in high-income countries. Therefore, it is not easy for musicians who do not have adequate access to the Internet to promote themselves or sell their music online. Artists in middle-income countries or in cities may be a little better off. But generally artists in rural or small towns have less Internet access. This, in turn, is likely to compromise uploading such genres as traditional music by rural artists. And from the consumer’s side, people who have less Internet access (or no access at all) are unlikely to access music and other services via the Internet.

The key policy suggestion is indeed not new. But it has yet to catch on: prioritize Internet access in development strategies, taking into consideration the needs of rural areas.⁵³ But again, Internet connectivity (and access) should go hand in hand with people’s “capability connectivity.”

Further, Internet connectivity should not come at the expense of net neutrality. According to Mike Snider, Roger Yu, and Emily Brown, “net neutrality, or open Internet, is the principle that Internet service providers (ISPs) should give consumers access to all legal content and applications on an equal basis, without favoring some sources or blocking others. It prohibits ISPs from charging content providers for speedier delivery of their content on “fast lanes” and deliberately slowing the content from content providers that may compete with ISPs.”⁵⁴ This principle is critical, because artists in “slow lanes” may be less likely to enjoy a level playing field. It is also important because Internet access may not be nearly as beneficial to developing artists if access to audiences gained through online platforms is controlled by gatekeepers.⁵⁵ The gatekeepers are normally Internet service providers. In some cases, however, governments may also meddle in tech affairs, further inducing problems of unfair competition.

Provide Antitrust Protection

On the issue of unfair competition, the lack of strong antitrust protections in media ownership—at least in the United States, the largest music market — is in part what allows the biggest record labels to wield control over industry practices and individual listening

⁵² Ibid., 3.

⁵³ For more on this, see Kimura, Omole, and Williams (2011, 343–44). This issue is also discussed in Kabanda (2014, 62).

⁵⁴ Snider, Yu, and Brown (2015). See also The White House (2015) and Save the Internet, “Net Neutrality: What You Need to Know Now.” For a counterargument, see Steimle (2014).

⁵⁵ Kevin Erickson, e-mail message to the author, February 8, 2016.

habits. As Erickson explains, it is also, arguably, why YouTube, Spotify, and others “are able to get away with such disadvantageous deals.”⁵⁶

In 2014, independent music body Impala could not help but [file “a complaint with the European Commission](#) alleging that Google subsidiary YouTube [was] abusing its dominant position.” In what appears to be a threatening policy, YouTube, “threatened to take videos from small labels off its site completely if they don’t sign up for its forthcoming music subscription service.”⁵⁷ That is why the telecom ownership antitrust protections that hindered the Comcast/Time Warner Cable merger in 2015 could be seen as an important step for allowing independent musicians (and other artists) to compete fairly online.⁵⁸

Although such activity is cited in high-income countries, there is no question that, given the nature of global commerce, such activities can affect even less-known artists from low- and middle-income countries. Therefore, the question of strong antitrust provisions to protect artists from all walks of life deserves greater analysis. In addition, there is a need to implement international licensing metadata standards, which would make it easier for royalty income to flow back to artists and rights holders across the world. These policies are beyond the scope of this discussion, but they deserve careful inquiry.⁵⁹

Improve Access to Power

The lack of electricity or other forms of power in places like Africa is a long-standing barrier to economic progress. Although mobile phones can fill the void,⁶⁰ power barriers make it difficult to record and upload music on the Internet.

Expanding other forms of power, such as solar energy, and providing assistance through alternative energy tax credits could help developing artists and other businesses that stimulate creative work.⁶¹

Expand Women’s Access to the Internet

There are cultural barriers that keep women from getting a fair share of the Internet.⁶² Female artists may be unable to use digital technologies to expand their talent, as they would in a scenario without such barriers.

⁵⁶ Ibid.

⁵⁷ Dredge (2014).

⁵⁸ Kevin Erickson, e-mail message to the author.

⁵⁹ Ibid.

⁶⁰ For a related innovation in Mali about Internet access, see Polygreen (2015).

⁶¹ “Solar power has so far confounded its doubters. And whereas the cost of oil and gas can go up as well as down, the cost of solar will only keep falling. But for it to keep increasing its share of electricity generation without causing a collapse in power markets, let alone for it to banish fossil fuels altogether, there will need to be significant progress in energy storage, and in building grids better suited to a world of intermittent sources of power.” *The Economist* (2015).

⁶² See Intel Corporation, “Women and the Web.” On the artistic front, see Patrick Kabanda, “Creative Natives in the Digital Age,” unpublished manuscript (as of June 2015).

Policies should target cultural elements in digital development strategies that can expand women's access to the Internet. Since cultural shifts cannot be achieved overnight, and because such recommendations may be dismissed as "impositions" from the West, it is important to develop frameworks that work with local communities.

Protect Intellectual Property Rights

Intellectual property protection is weak in many countries. As a result, this often makes it difficult for artists, especially those in developing countries, to gain from local and international markets via the Internet, if they effectively enter the digital marketplace at all.

Although the protection of intellectual property rights is controversial, copyright protection is a significant way for artists to earn money. In turn, such protection is likely to contribute to local creativity and development.⁶³ There is a need to sharpen this tool with respect to cultural commerce. One way to begin is by teaching people about intellectual property.⁶⁴

Use Digital Technology to Benefit Indigenous Musicians

Apple Music, Beats 1 radio, iTunes, Pandora, Spotify, and other such platforms present music using digital technologies. Although some of this music can be accessed for free, membership fees are a big feature here. Development policy could adapt an arrangement similar to those to benefit indigenous musicians.

As discussed in *The Creative Wealth of Nations*,⁶⁵ the idea could be structured as follows: a platform would be created to which people can subscribe to plans that allow them to listen to indigenous, local, or traditional music from low- and middle-income countries. In turn, the membership fees (perhaps after deducting operational costs) would be remitted to the artists or to community development projects. Specific arrangements would need to be carefully crafted so that this innovation would benefit the intended recipients.

The idea is to have people subscribe to the platform not because they cannot get this service elsewhere, but because they are supporting artists and community development via this channel.⁶⁶ Putumayo World Music⁶⁷ has a similar arrangement in CD format. The platform, which could work as a social business, could function more as a place for digital music for development. This innovation may also contribute to the positive branding of nations via the cultural front.

Since partnerships are crucial, enlisting artists like Bono, Yo-Yo Ma, Hugh Masekela, Angélique Kidjo, Paul McCartney, and others may help bring stakeholders to the table.

⁶³ The inverse relationship here provides that stringent intellectual property protection itself can hinder development. But here we are talking about boosting the earnings of artists, copyright industries, and related sectors.

⁶⁴ See more on this in Kabanda (2014, 35-40, 57-60).

⁶⁵ Ibid, 63.

⁶⁶ Ibid.

⁶⁷ See Putumayo, "About Putumayo World Music," accessed July 6, 2015, <https://www.putumayo.com/history/>.

These partners may include Apple Music, Spotify, and other such businesses in the private sector.

Concluding Remark

There will always be people like Kim Yeo-hee and Usman Riaz, artists who benefit from the Internet. But for such cases to increase from the developing world, policies such as those discussed here should be considered. Promoting music on the Internet is not only about making money for artists. The other benefits are tremendous, including nation branding, cultural tourism, cultural democracy, social inclusion, education, and even the dignity people get when they realize that their culture is admired around the world.⁶⁸ Such benefits are difficult to measure. But they can contribute to economic and social progress. This is another reason why enabling digital music exchanges from poorer countries to local and international audiences is worth serious consideration in development policy.

⁶⁸ For more on these ideas, see Kabanda (2014).

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