

Artists and *competing* CRM bodies

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Artists and CRM

For artists, several relationships are affected by Collective Rights Management (CRM):

1. Artists and users of copyright works
2. Artists and the CRM body
3. Conflicts of interest between different types of artists, e.g. newcomers and established stars.
4. Artists and intermediaries

Artists and Users

CRM bodies conduct collective bargaining on behalf of artists.

CRM bodies enjoy market power, ...

... and face powerful negotiation partners (e.g. IT firms).

Greater competition between CRM:

- Weakens the bargaining position of CRM versus users.
- More of the surplus generated in the market for works would be appropriated by users.

Artists and the CRM body

Principal agent problems:

How to ensure that the CRM body acts in the best interest of its artists?

Greater competition between CRM could mitigate principal agent problems ...

... but it also weakens the bargaining position relative to users.

An alternative is effective membership control.

Preconditions are:

- Transparency
- Simplicity
- Effective and fair conflict resolution mechanisms
- Regulation and penalties in case minimum standards are not met.

Conflicts of interest between artists

Current CRM arrangements strike a complex compromise, catering for divergent interests among artists.

Greater competition between CRM:

- Puts cultural deductions into question.
- According to recent advances in the theory of two-sided markets:
 - Competing CRM bodies will favour those rights holders who are most attractive for users, or vice versa.
 - The average artist and newcomers would be worse off.

Conclusions

- We want the best of all worlds from CRM bodies
 - Effective collective bargaining for artists
 - Efficient provision of CRM
 - ‘Fair’ treatment of different types of artists / rights holders and users.
- Competition between CRM bodies may come at the expense of:
 - Weakening CRM bodies in their negotiations with users.
 - Less competition between (a) suppliers of works, or (b) users of works.
- Continued need for regulation to safeguard the interests of artists.

Issue not addressed:

- Competition and innovation in CRM

Further Reading

Christian, and Ruth Towse. 2007. “Economics of copyright collecting societies.” *International Review of Intellectual Property and Competition Law* 38 (8): 937-957.

Christian. 2013. “The Economics of Collective Copyright Management”. Available at SSRN: <http://ssrn.com/abstract=2256178>