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### Policy Brief

# Regulating for creativity and cultural diversity: the case of collective management organisations and the music industry

**KEYWORDS:** Digital Single Market, collective management organisations, music industry, creativity, cultural diversity, EU

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#### BACKGROUND

- The general context for this article is that of the digitization of the creative economy and the new problems, opportunities and players that it is heralding.
- This paper explores the role of intermediary institutions in promoting creativity and cultural diversity in the music industry, and the impact of cultural policy on the performance of those intermediaries.
- Focusing on collective management organisations (CMOs) as one example of overlooked intermediaries, we illustrate, by way of comparison, the different priorities and incentives that drive CMO practice.
- The recent attempts by the EU to reform CMO practice as part of its Digital Single Market project is also discussed.

#### METHODOLOGY

- Review of the existing literature on the relationship between economic conditions and innovation in music

#### KEY FINDINGS

- This paper shows how CMOs within Europe differ in their practices and in the incentives that drive these practices.
- These differences are revealed in the priority they accord social and cultural activities, as compared to their other responsibilities. It is also revealed in the extent to which cultural diversity features in their agendas.

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- The EU's current reform of the CMOs is likely to change further the priorities and incentives that operate in the European music market, and the CMO Directive will have consequences for creativity and cultural diversity.
- The paper is unable to claim to have established direct causal links between CMOs and cultural diversity and creativity, or to have definitive evidence of how things may change as a result of EU policy.

#### POLICY ISSUES

- This paper offers a way of analyzing the role of key intermediaries and the impact of regulatory regimes upon them.
- Within the European Commission's decision to reform the regulation of CMOs in order to achieve the goals of the DSM, the cultural agenda is marginalized and compromised by the economic efficiency agenda.
- Anti-trust rules may operate negatively, pushing for competition within the sector. Competition is doubted as a key for creativity.

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#### THE CCP

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#### ABOUT THE AUTHORS

John Street is Professor in the School of Political, Social and International Studies at UEA and also a member of the Centre for Competition Policy at UEA.

Dr. Simone Schroff is a researcher in copyright law at the *Institute for Information Law* of the University of Amsterdam.

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