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Political economy of music in the digital age

Abstract:

This paper seeks to unravel and understand the conditions and ways in which cultural capitalism operates that drive its production, exchange, distribution, and consumption in the digital age; as well as understanding the powers that hold it and those it serves, the circuits in which it is heard, the spaces in which it is prohibited, its context and historical transformations. Music as an artistic production and symbolic object has always been linked to its characteristic instruments and technologies of its time. But when the economy catches up with it and it becomes merchandise, other means and channels are put into play for its dissemination, storage and control. It seeks to demonstrate those stealthy operations with which intermediaries operate. An analysis is made regarding the logic of consumption and production of users, on power relations and asymmetries between some actors in the music industry.

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Introduction

The 20th century was characterized by an industrial capitalist economy with highly centralized, corporatized capital, with work processes, vertical organization, and mass consumption. Regarding the cultural dimension: "Music is the background of life, representing an international language that connects different cultures. It is also significant with respect to economies, markets, and businesses" (Pizzolitto, 2023, p. 1). In the transition from one century to another, technological change, the search for niche markets, segmented consumption, the need to export surplus production, among other characteristics, a new accumulation system emerged named by David Harvey as "flexible accumulation" (Harvey, 1992). These economic structuring processes mainly affected the cultural and creative industries, which made their production more flexible through vertical disintegration processes characterized by decentralized production but with a more concentrated and globalized distribution. Even:

"Song-writers may well be seen in economic terms as upstream entrepreneurs: they invest their time, talent and human capital in creating a work which, if successfully exploited and if successful on the market, would eventually lead to payment based on that success, depending on the contract with downstream users (often, in the first place, a publisher). Contracts are complex and attempt to cope with every potential use, though they are never complete" (Towse, 2020, p. 1463).

These, and other deeper characteristics, are what define the current phase of multinational or late capitalism where capital acquires its purest form since it reaches non-commodified spaces of social life and the world, a whole cultural capitalism. Music streaming or Internet transmission services are one of the concrete expressions of this increasingly specialized and personalized capitalism both for services and expert systems and for the end user. The competition of the services lies in how large their catalogues are, the price, the capacity to extend worldwide, and their link with mobile devices and platforms. These access-based streaming services will tend to converge on similar offerings. In a digital music service, in order to be able to offer its repertoire and everything that its service requires, it is necessary to attend to the providers of the records and sign agreements with the owners of the economic rights of the works. That is, with record companies (the owners of the copyright of sound recordings) or individual artists, whose rights can be managed by record companies or with collective management companies. This is where the music aggregator has an essential role, functioning as a collector of musical content since the digital service avoids negotiations with small record labels, companies and independent artists.

The origin of these new players and intermediaries in the music industry value chain dates back to the late 1990s, when the phenomenon of peer to peer (P2P) networks expanded in cyberspace to share music files between users free of charge. The Napster phenomenon is the most iconic case of the appearance of this new music network which made a lot of noise for the traditional powers in the sector such as the big companies The Big Three (Sony, Universal, Warner Music), institutions like the Recording Industry Association of America (RIAA), artists and others: "While Napster is clearly a failure when viewed through a micro-level and focal-actor lens, other actors, such as Spotify, took advantage of the frictions created by Napster and participated in the shaping of institutions and institutional arrangements that could accommodate emerging novel patterns of service exchange, such as music streaming, music sharing and open code that are still in use today in music platforms" (Vargo *et al.*, 2024, p. 15).

This economic, legal, and even discursive battle for the legality of music was of greater importance as it announced the new forms of business and consumption, causing the appearance of new intermediaries, the destabilization of the powers established in the industry, a redistribution economic and not for that reason fairer from the extension of the value chain between services, aggregators, advertising sector, etc. Music streaming began to develop first as an illegal medium and then other business sectors and technological corporations appropriated it. Nevertheless, the time of its arrival and development is still very short, which corresponds to fifteen years, a time in which it has coexisted with old forms of consumption and business. Its study period is short and starts from 2008 because it was the year in which there was a very strong economic crisis that affected traditional industries. However, creative, and knowledge-based trade withstood the crisis and its

expansion, according to the *Creative Economy Report 2010* of the United Nations Conference on Trade and Development. But the power disputes between the old and the new continued; the old powers and the new actors have taken new dynamics and adaptations to survive. And in that direction, this essay attempts to delve into a topic that has gradually gained greater interest in the last two decades (Zhou *et al.*, 2023), with the intention of knowing the policies and stealth movements in which develops and establishes the cultural capitalism of this century.

Networks of the political economy of music

The originality of Jacques Attali's analysis of the political economy of music consists in having traced a possible consequence in the "reciprocal interaction" of the economy with the superstructure, which anticipates historical development and presages new social formations, as a form of prophetic announcement.

"The cardinal importance of music in announcing a vision of the world is nothing new. For Marx, music is the 'mirror of reality'; for Nietzsche, the 'expression of truth'; for Freud, a 'text to decipher'. It is all of that, for it is one of the sites where mutations first arise and where science is secreted [...] It is all of that, even if it is only a detour on the way to addressing man about the works of man, to hearing and making audible his alienation, to sensing the unacceptable immensity of his future silence and the wide expanse of his fallowed creativity. Listening to music is listening to all noise, realizing that its appropriation and control is a reflection of power, that it is essentially political" (Attali, 2009, p. 6).

Just as music is an announcer of economic changes in the modes of production, in the political sphere, its appropriation and control mean power, but it is there, where it also manifests its subversive character by revealing the sprouts of the powers to come. The social function of music in symbolic societies gradually fades away due to the simultaneous change in production, appropriation and listening (until music is exchanged for money, then a battle over the buying and selling of music looms that power, a whole political economy).

Music is directly related to the means of its production, listening, storage and broadcast networks. Attali mentions four types of networks as ways of spreading music, and each one is linked to a technology, forms of access, and a different level of social structure, namely: the sacrificial ritual network, the representation network, the repetition network, and the composition network. Thus, the music manifested in the four diffusion networks of Attali: the sacrificial ritual network, the representation, the repetition, and the composition were given historically but not in a linear way, none replaced the other, but they continue to coexist, at the same time, one more than others. Music streaming as one of the maximum expressions of the era of access will not replace repetition, since the latter is still very present in the internet age, but with other formats and qualities: repetitive and digitized in cyberspace.

Network of sacrificial ritual

In this network, music has a function in the organization and social production, especially in the diffusion of a socio-economic and ideological order. In ancient societies, music is not only ritual but also collective memory and is present in the social organization as well as in religion and in collective life.

Network of representation

This network appears when the artist and the music move towards the autonomy of the old powers: the works commissioned by the lords or the courts. The ritual is displaced by representation and spectacle. This occurs in theatres, concert halls, in popular festivals, among others.

Network of repetition

On the other hand, repetition in music becomes industry and consumption, especially of a reproduction that begins to individualize in comparison with past traditions where music had a collective aspect. Repetition gave rise to recording and storage, changes that transformed music, power, and social relationships.

Network of composition

This network is the one that focuses on personal enjoyment, on autonomous enjoyment and communication for the musician himself; it is the subjective phase of the artist. Composing for Attali is inventing new codes, it is interpreting to enjoy oneself, the only thing that can create the conditions for a new communication. It is a free act, self-improvement, enjoyment of being instead of having. Composition is to create back to music. In this sense, for Attali, there is a way of appropriating music while it can be recreated, composition is a hopeful form of new musical forms, including political and economic ones. It does not conceive the subject as a passive, consumer, and listener but as a creator. Nonetheless, it will not delve into it so much, although this is the most important phase where creativity manifests itself to give birth to the raw material that will later sustain the music industry.

Criticism of the cultural industry and creative industry

On the other hand, the political economy of cultural industries is focused on using technology mainly for the distribution of cultural products. This is important, because the turn to creative industries proposes a broader analysis of information technologies and digitization. This is why the analysis of technology cannot be separated from the creative industries, a more useful concept for music as a service in digital spaces (Garnham, 2005).

Since the optimistic trend of the creative industries began, there have been few critical studies on the local, national, and international logics and alterations, as well as a study on the relations and conditions of creative work, the impacts of intellectual property regimes and economic sustainability. As has been said, the concept has explanatory power in the rise of music streaming, but the investigation of its economic and political forms allows us to go beyond its exaltation, to question its contradictions and some of which will be highlighted in the following sections. According to some data from the International Federation of the Phonographic Industry (from 2021): "Streaming music revenue now accounts for 65% of the US\$25.9 billion total global market [...] highlights that the major record labels are together generating approximately US\$19 million in revenue from the format daily" (Joseph, 2023, p. 4).

In the case of the concentric circles model, it is questioned considering the case study where music streaming services are part of the third circle of larger industries. In accordance with David Throsby (2010), the core is the part with high cultural value, while in the layers that extend to the outside, the cultural value fades and the goods come to be conceived more as merchandise or services due to their reproduction and distribution logics. In this case, the economic value takes on greater importance.

Under the theoretical basis of concentric circles, streaming music is conceived as a mere service and very profitable, yes, a service of symbolic goods with cultural value but to a lesser degree because it is considered a tertiary industry. It seems that an artistic production or cultural good is destined to lose its cultural value when it is combined with technological forms, mechanical reproduction, commercialization, etc. Haven't the new forms of music production, distribution, and transmission, as well as streaming music, generated new cultural forms, new practices, and new creative ways of listening to and doing with music?

Music streaming services are the space for consumption and creation for individuals, it is an interaction platform in which continuous cultural value is created, not only for the symbolic goods that lie in the service for the use and enjoyment of users musical but by the creation of individual and shared cultural experiences, which unite the creation of identifications, identities, tastes, etc.

Disquisitions on Niche market

Mass culture put on the table in the 20th century the globalization of culture, that is, globalization as an importer and exporter of culture, which was scandalous and aberrational for essentialist defenders and mystifiers of culture. The main broadcast circuits for mass cultural products are television and radio.

And in opposition to this phenomenon, local cultures and other sectors lit up and claimed authenticity. But no market and culture, both mass and local, can be understood in themselves, but by appealing to the local-global dialectical relationship and to culture as connectivity. In the logic of late capitalism, mass and niche markets coexist and complement each other. For example: "Rather than simply re-creating the dynamics of the Western music industry in a mobile world, K-pop, with its new media form, has its own characteristics, and these characteristics influence how music is created and appreciated as well as the demographics of the groups who consume it" (Tan *et al.*, 2020, p. 892). On the other hand, "in the Caribbean, however, stakeholders have been slow to adopt and integrate these digital music platforms into their overall recorded music strategies [...] the sale and export of diverse indigenous and mainstream musical genres, packaged as physical recorded music carriers has been the dominant strategy for monetizing recorded music" (Joseph, 2023, pp. 1-2).

Cultural capitalism has led to a greater celebration of difference: race, gender, ethnicity, etc. and each identity created in the economy is conceived as a niche market. Precisely, "the success of digital platforms' internationalization is primarily shaped by the development of marketing agility, defined as the ability to swiftly adapt to shifting market dynamics, customer preferences and emerging trends" (Weng *et al.*, 2024, p. 2). Nevertheless, the agency of independent music consumers draws attention, since "the behaviours of ordinary consumers of this musical genre who are less engaged in the scene is not sufficiently explored" (Collet & Rémy, 2013, p. 462). In the music industry, specifically in streaming, the users who were listening to the greatest hits went to the long tail fragmented into countless tastes, musical genres and in some way is the expression of the more specialized consumption. This has been allowed in a great way by the internet as an infinite space that is strengthened by exorbitant amounts of mini-markets and micro-stars. Reaffirming culture as connectivity, local music from different remote parts of the world can be found today on various music streaming or download platforms at the other end of the world: "in the era of digital music, the ways in which consumers access music undergone a revolutionary change. The abovementioned digital music providers, including Spotify, iTunes, and Pandora, provide music to consumers through the Internet, enabling the use of various innovative pricing and distribution models" (Li *et al.*, 2020, p. 689). Technological devices have functioned as means to connect different users through Apps or digital applications, Apple Music, and Spotify service tools and not only these services but the entire range of musical access and discovery offers have contributed to the intensification of the diffusion, distribution, and consumption of music at a global level.

Apple Music is one of the services of Apple Inc which is developed in various services: iTunes and Apple Music. On the other hand, with their technological devices iPod, IOS cell phones, Mac Laptop among others. And as a software provider. This is how Apple became a conglomerate in the new digital era (Pizzolitto, 2023). The company seeks that consumers make synchronized use of all its products and thus its competitors attack in parts. Although the emergence of Apple Music was recent compared to Spotify, the latter is just an online service that does not have the entire technological structure nor is it a conglomerate: "For example, Spotify offers the option of a free service that includes advertisements [...] users of the premium service can avoid advertisements and enjoy other benefits such as unlimited 'skipping,' higher quality audio, option of downloading songs for offline access, etc." (Li *et al.*, 2020, p. 688).

Cultural capitalism has become an increasingly specialized and personalized system that in turn has a broad market sector that is more homogeneous but that coexists with niche markets, small sales segmentation that when added together rivals even large-scale markets. In other words, cultural capitalism generates greater diversity because it is also economically profitable for niche economies. The economics of streaming services have a hyper-personalization approach to users: "society reacts to the general business climate by offsetting the negative wellbeing effects of economic cycles with an increase in the cultural consumption that offers positive emotional rewards [...] this has important implications for wellbeing policies. In tandem, it also provides relevant insights with respect to the significant role of culture as a stabilizer of macroeconomic fluctuation

effects on well-being" (Lucio & Palomeque, 2023, p. 182). This cultural capitalism has reached the smallest parts of the daily life of the subjects and has made their social and cultural experiences a service. For this reason, it is not only a service of access but also of context, an economy of experience.

Reintermediation/Disintermediation

Music is one of the most unusual expressions of art in which its fleeting, immaterial and material condition allows subjects and objects to meet. Music as an object of study cannot be understood, in itself, but in relation to its transformation in history and located within a field forged by the encounter and clash of social forces. So, what is the role of music and its relationship with the social, economic, and political? It is in this question where the concept of "mediation" enters, which even for critical theory has been conceived in a certain way as some kind of evil. Faced with these conceptions, one never thinks that music is also mediation. When we define music with respect to its means, it refers to: material supports, technical mediations, human intermediaries, institutions, social mediations that need objects, places, and concrete achievements to exist (Hennion, 2016). Mediation is useful insofar as it alludes to a second and to an action. Mediation can be understood as a method, which designates an operation and not those who operate. While the intermediaries are between two worlds, it is what relates and comes after the link. What is interesting here is the contact, the intersections, and strategies of the relationship between one world and another.

The form of distribution of music as a service on the Internet has somewhat favoured the major record companies. There is only a diversification of mediators where the record companies continue to maintain an important role as a distinctive brand in the industry and with a large market share. One of the great controversies that streaming servers have had with artists is that the latter are demanding fair payment for the mechanical reproduction of their works on these servers: "a lack of alternatives for controlled mass distribution and centralised revenue collection for music copyright owners suggests that other alternatives, such as mobile music and music streaming platforms, have become an important source of revenue for both content providers and creators" (Tan *et al.*, 2020, p. 892). The problem in this case is the record labels who negotiate the catalogues and repertoires with the streaming providers. Other artists have decided not to give their licenses because they think that the royalties and income that they report through these means of distribution are unfair. But this is where many artists have not perceived the change of a music industry that was built on an analogue market and that is now moving to a market based on access, obviously the contracts must change and the distribution as well because the ways of listening, consumption and reproduction of sound change in the digital field.

Paying for streaming music is no longer for a concept album that you can buy and hold in your hands. Digital devices are the new supports or containers for music through apps (applications). The options offered by streaming is the fragmentation of the albums, the users do not listen to the complete album, the individual songs are the musical unit of the access. The costs are reduced because it is the payment for access to an intangible symbolic good of which one never owns. Streaming pays rights holders based on their popularity and the number of plays of their individual songs on the platform.

One of the main characteristics of the licensing system and the regulation of intellectual property for the music industry transcends the role of governments. That is to say, it is governance insofar as members of the private sector or the market, civil society, international institutions and the government sector of the States influence its regulation. Governance in the intellectual property system means that the interests of the private sector and civil society contribute to the implementation of policies and provision of services. The licensing system continues to be managed as in times of the analogue era, based strongly on territoriality, which does not work when applied to the digital field, where both agency and collective contracts revolve around the favoured nation and in turn reinforces national monopolies. In addition, from a liberal perspective, no progress is being made in expanding the supply and competition of digital services, because the rights or licenses are held by dominant companies, record labels and distributors that constitute a monopoly. This is one of the main problems of the intellectual property system at an international level where the licenses, which are the legal figures on which the exploitation of symbolic goods is based, are established through contracts where the authors individually

or collectively (in the case of collective management societies) establish the specific rules of the contract in which the rights that are granted are delimited, the types of use that will be given to the work and the geographical space where said work will be exploited (*Vid.* Towse, 2020).

For these reasons, one of the proposals is to achieve a cross-border legal framework for the granting of multi-territorial licences. This is so that music streaming services and small businesses in general can access other markets. The geographic expansion of services has been a fundamental part of maintaining its position in the digital market. Having an approach that recognizes the needs of small companies is crucial so as not to continue to maintain the monopoly and dominance of large corporations and to establish the streaming business on one or two servers, in which this sector of musical industry is once again concentrated.

Concluding remarks

Thinking about and questioning the music industry is necessarily going back to the system in which not only the music industry sits, but all creative industries: the intellectual property system (even a moral system) (*Cfr.* Zappa, 1999). A review of the political economy of music in the 21st century is a look at how music sounds in the new forms of late capitalism. Throughout this research, many have asked: Is it possible to listen to and experience music outside of the mediation of the market? There are other social forms, but never without mediation. Private as well as public or shared listening is mainly inserted in a cultural capitalism that has become deeply rooted in the nuances and daily acts of individuals to provide them with music in their spare time, to direct or enhance emotions and social moments.

The market has played a liberating role against old-centralized forms of cultural domination, such as the Church or the State. But seeing only that face of the matter would not allow us to see the complete relationships of the market where new types of control have been evidenced. Raymond Williams (1995) points to a clear example of this domination when the artistic work has become a commodity, produced to be sold at a profit. In current times:

"More and more actors are attempting to exploit this artist-audience relationship in the digital age, through access, analysis, evaluation, and creation, with the achievement of strategic and economic success as the goal, and new literacies, currencies, elites, rules, and relationships as the result. It becomes clear that digital data play a significant part in shaping music-industry practices and that datafication informs the music itself, and the culture it lives in" (Hagen, 2022, p. 197).

Now, rethinking music does not consist in seeing it itself as something ideal or isolated. By understanding it as a language and a code that communicates, it necessarily implies being understood socially through its mediations. This is one of the merits of the analysis that Attali contributes, music as part of that superstructure that anticipates historical developments and new social formations, forms of production and consumption. But his analysis not only remains in a superstructural conception of music, but he elaborates a more complex and systematic analysis at different levels: economy, technology, political formations and of course, from a cultural approach. Although there are countless studies on music from a subjective perspective, of emotions, human nature, collective, subversive, bodily, is also part of power. Music is catalyst, anaesthesia, and symptom. She who is present in everyday life, work and free time requires a political economy of the silent operations of the lords of capital and power. However, a study of non-obvious mediations, a political economy of music in principle, finally turned out to be a battle to get its reproduction, distribution, representation, and access rights, that is, a whole battle for licenses: an economy intellectual property policy.

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