Fair Trade Music?: Ethical Consumerism and the Political Economy of Digital Music

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Abstract and Keywords

This chapter explores how the music creators group Fair Trade Music International (FTMI) applies the ethos and methods of Fair Trade in attempts to reform how, and how much, music creators are paid for digital music sales. The term "Fair Trade" has since the 1980s become synonymous with "ethical consumerism," a set of ideals and practices that seek to mitigate the deleterious effects of "unethical" capitalism. Yet the overall effects of "ethical consumerism" itself are debatable: on the one hand, it often improves the material conditions of producers, especially in the "global south." On the other hand, it does so within—and therefore reinforces—the existing political-economic structures that produce what it seeks to mitigate. How does this paradox manifest in the context of digital music sales?

Keywords: fair trade music, ethnomusicology, ethical consumption, digital music, consumerism

Markets are social—they are spaces of conflict, negotiation, and exchange between different actors with different goals and values. When they are disrupted by new innovations, the resultant "crisis" leads to new market structures based on new kinds of value(s) (Bower and Christensen 1995). But before these new regimes of value (Appadurai 1986) coalesce, there is considerable struggle over the power-relations within them. The disruption of the music publishing industry at the end of the twentieth century represents one such struggle. From 1999 to 2014, revenue from recorded music fell by 40 percent, largely due to peer-to-peer file-sharing (IFPI 2017). File-sharing laid bare changes in the ways music circulated among consumers (Sterne 2012). Since 2015, global income from recorded music has risen year over year, driven largely by revenue derived from streaming.[1] This trajectory is projected to continue as consumers migrate in greater numbers to paid streaming services, and streaming becomes more widely adopted in emerging markets such as Asia, Africa, and Latin America (IFPI 2017). However, there remains a significant "value gap" between what creators argue their music should be valued at and what is being returned to them.

Contributing to the value gap is weak, complicated, and outdated copyright legislation that does not account for the way digital music circulates and is exploited by large technology companies. Recognizing the importance of the creative industries to both economic and cultural policy, legislative initiatives such as the Music Modernization Act in the United States and the European Union Directive on Copyright in the Digital Single Market are beginning to redress this. However, copyright legislation can only go so far in mitigating the power imbalances and competing interests within the digital music market (de Beer 2017). Music creator groups are therefore seeking to reshape the digital music ecology through non-governmental approaches. Some, such as Berklee Institute for Creative Entrepreneurship's *Rethink Music Project*[2] and British musician Imogen Heap's *Mycelia*,[3] seek to create alterative trading networks that use distributed ledger technologies such as Blockchain to bypass intermediaries such as labels and royalty collection societies through automated payment processes, "smart contracts," and by connecting creators directly to consumers. Alongside these creator-driven projects, new "creator-focused" labels such as Kobalt, which promises payment transparency and artistic control through proprietary technology, are in ascendance.[4] There have also been attempts such as the now-defunct Humbolt to establish "indie" streaming services that return more revenue to independent creators, thereby ensuring the sustainability of independent music.[5] While these approaches to redressing the digital music value gap vary in focus, their discourse does not: all explicitly promote a market system based on the principles of fairness and transparency as the foundation of a sustainable digital music ecology. This is also the goal of what is perhaps the most widely-known version of ethical consumerism, fair trade.[6] This chapter discusses the emergence of "fair trade" as a value-laden discourse and value creation strategy within the music recording and publishing industry.

Fair trade first arose in response to power imbalances and price fluctuations in commodity markets following the reorganization of the global political-economic system after World War II. Based on the principles of fairness, transparency, and sustainability, it has since the 1980s promoted market-based forms of consumer activism predicated on the belief that demand for "fair trade certified" products will lead to markets that distribute the benefits of exchange more equally along the value chain.[7] Fair trade is promoted in consumer culture as contributing to economic, social, and environmental sustainability (Stiglitz and Charlton 2005). However, critical management scholars advance a number of opposing arguments, including that: the "ethical consumption" message is deceptive (Lewis and Potter 2011); there is an "ethical consumption-behavior gap" (i.e., consumers say one thing and do another) (Carrington, Zwick, and Neville 2015); data used to defend the effectiveness of ethical consumption is flawed (Devinney, Auger, and Eckhart 2011); and the political-economic structures of capitalism ensure that the discourses and practices of ethical consumption (re-)produce the very problems they seek to redress (Fridell 2007).

The current vogue for studying musical "ecosystems" and "ecologies" points to growing awareness that music consumption has environmental, economic, and social consequences (e.g., Titon 2009). Ethnomusicologists and popular music scholars have explored cultural and environmental "sustainability" in contexts such as cultural heritage (Boyu, Hui, and Schippers 2015), music festivals (Brennan et al. 2019), and the manufacture, circulation, and disposal of instruments (Dawe 2015) and recording media (Devine 2015). However, the “ethics” of the ethical consumption of digital music, and the political-economic frameworks that define what is “ethical,” are rarely explored; research on the interplay of ethics and the consumption of digital music has largely been limited to the downloading and sharing of electronic music files in the context of western intellectual property laws (e.g., Bonner and O’Higgins 2010).

This chapter seeks to contribute to the discussion from a political-economic perspective, considering the following questions: What kinds of values emerge from exchanges involving digital music, and what kinds of networks facilitate those exchanges? What are the social, political, and economic structures that shape ethical consumption discourses and practices in and beyond the music publishing industry? And, ultimately, what might discourses of value within the digital music market tell us about the trajectory of information capitalism? In exploring these questions, I seek to illuminate some of the problems, potentials, and complexities that are offered to the evolving digital music market by market-based “ethical consumerism” (e.g., Fridell 2007; Stiglitz and Charlton 2005; M. Anderson 2018).

Part 1 of this chapter discusses some of the causes of the current “crisis of value(s)” in the music recording and publishing industry brought about by the interrelated forces of digital disruption and political-economic transition. Underlying this crisis is the fundamental paradox of information capitalism: information is abundant, but markets determine economic value (i.e., price) as a function of scarcity. This has led to a revaluation of recorded music as well as a restructuring of the music publishing industry around digital networks that facilitate new modes of value creation. However, while most stakeholders in the industry see streaming networks as the dominant form of value creation, there remains considerable disagreement over what that value is and how it should be distributed. Part 2 discusses the emergence of the “fair music” movement, and the history, discourse, and strategies of Fair Trade Music International, before moving on to consider the relationship between the digital music market, consumer activism, and copyright legislation. The chapter concludes with some thoughts on the problems and possibilities that market-based fair trade strategies offer stakeholders attempting to shape a fair, transparent, and sustainable digital music market in a neoliberal political-economic context that is structured to produce inequality.

Part 1: The Political Economy of Digital Music and its Crisis of Value

Tim Taylor (2017) writes that the “value” of music is determined through the interplay of different modes of circulation and exchange, which produce multivalent ascriptions of value depending on the political-economic context (174–199). Taylor argues that during periods of relative political-economic stability, the relationship between different kinds of value—for example, between the use value and exchange value of music goods—remains relatively steady. However, when political-economic regimes change, so too does the perceived relationship between different kinds of value, and this results in a "crisis of value(s)."

The current "crisis" in the music publishing industry accompanies the political-economic transition to neoliberal information capitalism, of which the deregulation of markets, increased financialization, globalization, digital disruption, and the ascendance of information technology and "big data" are some hallmarks.[8] This crisis is a symptom of a larger malaise of capitalism that has recently been explored by Paul Mason (2016) and David Harvey (2015), among others. Underlying the crisis is a fundamental paradox: information capitalism creates abundance, yet the price of information is still calculated as a function of scarcity. Economists posit that markets in equilibrium—that is, those that promote perfect competition—are those in which all actors have access to the same (perfect) information. Yet since the 1960s, economists have also viewed information as a commodity (Arrow 1962). As Mason notes:

> if a free-market economy with intellectual property leads to the underutilization of information, then an economy based on the full utilization of information cannot have a free market or absolute intellectual rights . . . info-tech undermines something fundamental about the way capitalism works.
>
> (Mason 2016, 132–133)

Information capitalism relies on copyright to enforce artificial scarcity, without which the price of information goods falls to zero. Yet copyright also restricts the very thing that creates value in info-tech economies: the free movement of information. Sharable information goods therefore enable two kinds of economies: those based on imperfect competition in which monopolies jealously guard information, and those based on non-market transactions in which information is shared freely. As Mason puts it, information capitalism "creates a demographic prepared to pursue their self-interest through non-market transactions" (ibid., 120).

This paradox played out in the file-sharing "crisis" the music publishing industry faced at the turn of the twentieth century when a significant amount of digital music circulated in networks outside of the control of the music publishing industry. Although this had been the case for several years prior to 1999, the launch of the iconic file-sharing network Napster in that year is usually pointed to as the tipping point of the "crisis." The file-sharing boom represented a marked economic loss for the recording industry, but it did not necessarily usher in the new music economy of non-economic exchanges that "dot-communists" hoped for. Rather, it occurred at a specific historical juncture at which the music publishing industry and copyright law had not adapted to the changing techno-sociality of consumers. Both are beginning to catch up, and a new market is emerging around a new set of consumer behaviors and values (Anderson 2014).

The past twenty years have seen the music industry shift from an emphasis on physical goods to digital goods, from downloads to streaming services, and from ownership to access (IFPI 2017). It has also seen the concomitant revaluation of music and the ascendance of new forms of economic and non-economic value creation (Taylor 2016, 154–176). But according to the former president of the Songwriters Association of Canada, and co-founder of Fair Trade Music International, Eddie Schwartz, for the majority of work-a-day creators—and especially those who are not also performers or who do not collaborate with a mainstream star—the hollowing-out of royalty payments has diminished an important stream of income (interview with author, April 12, 2016). Since 2015, global revenue from recorded music has increased year over year. Digital streaming services such as Spotify, as well as the tech giants Google, Apple, and Amazon are largely driving this, with those four services accounting for 70 percent of streaming subscriptions through the first half of 2018 (Statista 2018). Yet the digital music market has by no means returned to "equilibrium." Piracy continues to evolve, with new forms such as stream ripping in ascendance (McIntyre 2017); streaming services remain (or claim to remain) unprofitable; and creators are getting paid very little of the revenue generated from digital music consumption. This has led to fierce debates over what the "fair" value of digital music is and what constitutes "fair" remuneration for creators.

What Is a Fair Price for Digital Music?

Determining a "fair" price (or any price for that matter) for cultural goods has always been difficult (Taylor 2017; c.f. Laing 2012), and informational cultural goods such as digital music add further layers of complexity. One reason for this is that digital music goods such as MP3s are "non-rival," or "public." This means that, unlike a record or a cup of coffee, they do not degrade or disappear with use. Another reason is that, because (after the initial cost of production) the cost of reproduction and distribution of digital music goods is almost zero for anyone with a computer, time, and an Internet connection, digital music goods can be reproduced and circulated (at least theoretically) almost infinitely. The abundant nature of digital music goods therefore corrodes the mechanism through which the market traditionally assigns them a price. Streamed music circulates differently than downloaded music because consumers pay streaming services for access, not ownership (Anderson 2014). This changes how recorded music accrues meaning during use, and therefore how both producers and consumers understand its value (Taylor 2017, 190–192).

While the rebound in music revenue due to streaming may represent at least a partial return to an "agreed upon" relationship between the use value and the exchange value of music, there remains considerable disagreement over how that revenue should be distributed amongst the stakeholders in the value chain. This is what many in the recording industry identify as a "value gap," across which "fair value is not being returned [to creators] as [streamed music] is being consumed" (IFPI 2018, 7). According to International Federation of the Phonographic Industry (IFPI), an organization that represents the interests of the global recording industry, the value gap is the result of some digital platforms using inconsistencies in copyright legislation to avoid paying royalties. IFPI singles out user upload sites such as YouTube as the main perpetrators, claiming that the Google-owned company uses “safe harbor” legislation to avoid paying out royalties. As Fair Trade Music International’s co-founder Eddie Schwartz told me, the music publishing industry views safe harbor laws as “state-sanctioned” piracy that legitimizes unethical behaviors (personal communication, June 8, 2018). According to IFPI, this creates unfair competition, as services such as Apple, Amazon, and Spotify, which license music directly from music publishers, “are forced to compete with music companies that do not play by the same rules” (IFPI 2018, 26).[9]

The reason that the IFPI points the finger at user upload sites such as YouTube and not streaming services such as Spotify is two-fold: first, Spotify and other streaming services collectively pay billions of dollars in licensing fees to record companies for the rights to stream their catalogues. Second, the “big three” record companies hold equity stakes in those streaming services (Sisario 2018).[10] This means that they have a vested interest in seeing streaming companies succeed. However, since record companies also are responsible for negotiating licensing fees on behalf of, and distributing revenue to, creators, their investment creates potential conflicts of interest that have consequences for the entire value chain.

User upload services pay the least royalty payments in the streaming industry, but “industry approved” streaming services such as Spotify, Amazon, and Apple, do not pay much more. For example, at the time of this writing, YouTube pays $0.00074 per stream, Spotify $0.00397, Amazon $0.0074, and Apple $0.00783 (The Trichordist 2018). In contrast, Amazon and Apple pay $2.5463 and $1.9597 per album download, respectively (Sanchez 2018a). As both Amazon and Apple quietly do away with their download stores in a bid to push users toward streaming (Resnikoff 2017; Stutz 2017), creators face a further reduction in royalty revenue payments. Meanwhile, most streaming services have reduced royalty payments, arguing that the cost of licensing entire catalogues of music is already too high. Spotify, for example, reduced its payout by 24 percent between 2014 and 2017 (The Trichordist 2018). Creators counter that the losses streaming services are incurring are the costs of investing in growth, which should be borne by investors. In their view, the current revenue sharing model is unfair and unsustainable because it transfers wealth due to creators to shareholders (Lalonde 2014).

Underlying arguments about the nature and causes of the value gap is the assumption that “distortions” in the digital music market are not due to the *structural imperatives* of capitalism based on particular sets of social relations, but rather specific *attitudes* toward commercial exchanges. In other words, if all actors traded “fairly,” the market would benefit everyone and be sustainable. Not coincidentally, this is the view that underpins fair trade, which draws on the language of classical economics to frame market “distortions” as the result of the actions of unscrupulous agents. The goal of fair trade is therefore to correct “distortions” through the promotion of ethical trading values that in theory allow everyone to reap the rewards market exchange (Fridell 2007, 15).

Part 2: Fair Trade Music

Fair trade seeks to use market-based strategies to mobilize consumer awareness to improve the economic security of marginalized producers and workers. A fair trade certification guarantees that the product has been produced according to a strict set of environmental and ethical guidelines. Traders of fair trade products agree to pay a minimum price that covers the cost of sustainable living and production, as well as a "social premium" above this for development and technical assistance. In return, fair trade producers ensure that they adhere to agreed-upon working conditions, wages, and environmental standards (Mohan 2010, 20).

Fair trade is not just a cluster of product certifications or a market-based strategy. It is also a *network* of NGOs and a political *movement* that promotes "ethical consumption" as a form of consumer activism tuned to resonate with consumer culture. The notion of fair trade that circulates in contemporary consumer culture, and is deployed by music creators, is the product of the history, ideas, and practices that have evolved alongside global political economy since World War II.

Fair trade has evolved in two phases. From the 1940s to the 1970s the movement grew in response to the liberal political-economic order codified in the Breton Woods system following World War II. In this phase, fair traders sought two things: first, they sought to reform the existing system through international commodity agreements, price stabilization schemes, and appeals to fairer global trade rules. Second, they attempted to establish alternative trading networks, supported by strong national governmental policies, which would work alongside the capitalist system. In this phase, fair trade was a relatively robust movement, but a relatively marginal network—it was not the valuable brand name it is today (Fridell 2007, 22–51).

Beginning in the 1980s, during a time of emerging neoliberalism, the fair trade movement began to decline under the pressures of state downsizing and increased market liberalization. However, the fair trade network flourished as it transitioned from an alternative to the capitalist system to a niche within it. Fair trade products established a foothold in mainstream marketplaces in 1988, when the first "Fair Trade" labels were introduced. In this phase, fair trade has still retained its core tenets of fairness, transparency, and sustainability, institutionalizing them via the certification labels seen on, for example, chocolate bars and bananas. What has changed, though, is that fair traders have largely abandoned the vision of alternative trading networks in favor of market-friendly alternatives. They have also increasingly become non-governmental in their organization and outlook (ibid., 52–100).

The political-economic history embedded in the discourse and strategies of contemporary fair trade has implications for its ability to promote distributive justice, especially when applied to cultural goods. One obvious reason for this is that economic inequality and power imbalances are the inevitable outcome of unfettered free markets. Markets only function for the wider public good as part of a larger set of apparatuses that include legal and political checks and balances (de Beer 2017). While this is widely understood by most fair trade organizations and those that study them (e.g., Fridell 2006 and 2007; Stiglitz and Charlton 2005), it is noticeably absent from the discourse of ethical consumerism that circulates in consumer culture (Low and Davenport 2007). In this discourse, it is up to the individual "ethical consumer" to compensate for the inequalities created by the market structure she is participating in. In the next section, I discuss how this manifests in the discourse and strategies of the emerging "fair music" movement.

The "Fair Music" Movement

The fair trade movement began as a relatively uncoordinated cluster of independent organizations responding to the transitions in global political economy that followed World War II. I suggest a similar occurrence is happening at the present political-economic juncture with what might be described as the "fair music movement": out of a crisis of value(s) has arisen renewed discussion about the economic and social value of music. Most stakeholders in the music industry agree with the basic idea that the digital music market should be fair, transparent, and sustainable. However, they have different ideas of how to achieve this.

One idea that has recently emerged is the establishment of alternative trading networks based on Blockchain technology. Blockchain is best known as the distributed ledger technology that underpins cryptocurrencies such as Bitcoin. When applied to digital royalty payments, it has the potential, among other things, to: help determine authorship and attribution of recorded music, allow artists to set their own pricing and terms of use for their music, facilitate licensing through metadata, and introduce almost instantaneous micropayments for digital downloads and streaming. In other words, the "smart contracts" embedded in crypto currencies could eliminate the need for creators to rely on record companies as intermediaries between themselves and music consumers (O'Dair 2016). This would, in theory, eliminate layers of transaction costs and therefore deliver more value to both producers and consumers. As with most new technologies, the transformative potential of Blockchain is probably overstated—and could even lead to a further concentration of power with those who control the network. But Blockchain has an increasing cadre of music industry evangelists, such as artists like Imogen Heap, who runs the think-tank *Mycelia*,[11] institutions such as Berklee College of Music ICE's *Rethink Music Project*,[12] and streaming start-ups such as the now-defunct Choon,[13] which ran on the crypto-platform Ethereum.

Other companies have adopted similar "ethical" strategies. The most prominent example is Kobalt, which promotes itself as a technology-based label "built for creators."[14] Kobalt positions itself as "a modern alternative to the traditional music industry" by offering "real transparency" to creators through a range of in-house services that include the collection and delivery of micro-payments directly from streaming services to artists in close-to-real time and offering artists the option of retaining complete ownership of their songs. By bypassing intermediaries such as collecting societies, Kobalt claims to deliver up to 30 percent more revenue to artists (Gray 2015) and its contractual terms similarly shift the balance of power toward creators. Since its founding in 2001, Kobalt has built an impressive roster of over 8,000 artists, including Zayn Malik, Skrillex, and the Red Hot Chili Peppers, which lends it "star power." The company's success as a "disruptor" is part of the reason that the major labels are beginning to offer new, flexible "artist services" contracts and roll out apps with which artists can track their earnings in order to compete in the new music "service economy" (The Economist 2016; see also T. Anderson 2014).

There is much to be said about this, but for the purposes of this chapter I want to tie the above back to the strategies of fair trade discussed in the previous section. The above initiatives focus on developing alternative trading networks. They also seek to make markets fairer through contractual terms that distribute the concentration of power and benefits of exchange more evenly amongst stakeholders. In doing so, they are not seeking to create a completely new market, but instead to alter the existing market structure in ways that leverage the political-economic mechanism of copyright more efficiently. There has always been exchange between artists and labels, usually through an arrangement in which artists exchanged the rights to their songs for services such as marketing and development. In retaining the rights to their songs, artists become less producers for the label and more consumers of the label's services, which shifts the locus of power in the relationship between artists and labels toward the former. The shift of the major labels toward this new relationship suggests that, at least in part, a new set of market values is emerging in response to market pressure. However, while these approaches are based on the values of fairness and transparency, they differ from fair trade in that they do not consider the audience in the "ethical transaction."

Fair Trade Music International

In contrast to the artist-focused approaches described above, Fair Trade Music International (FTMI) aligns itself not only with the discourse and brand name, but also the consumer-focused strategies of fair trade. FTMI is an independent, not-for-profit organization "dedicated to building an equitable music ecosystem that treats everybody in the music value chain fairly."[15] According to its website, FTMI is "backed by over 500,000 music creators around the world," including many of the major music creator's groups in Africa, Asia, Europe, and Latin and South America.[16]

In 2014, FTMI released a report commissioned by Music Creators North America (MCNA) and the International Council of Creators of Music (CIAM) (Lalonde 2014). The report compared the streaming music market to similar cultural and creative industry markets such as streaming film and pay-per-view television, which both license music. The report produced three points of conclusion:

> **1)** Music is undervalued by digital platforms. Streaming services currently pay out between 60 and 70 percent of gross revenue to musicians, either directly or through licensing deals with labels. By comparing the streaming market to similar creative industry services such as pay per view television, FTMI's report claims that the price of streaming services is too low, suggesting instead that a payout 80 percent of gross

revenue is "fair." The report asserts that, because of the intense competition between streaming services, streaming services are undercharging consumers and advertisers to win market share. But instead of investors bearing the losses, those services are passing their losses on to suppliers (music creators) in the form of reduced royalty payments.
2) Revenue that is paid out to labels is split unevenly. The ease of reproduction and circulation of digital music corrodes the pricing mechanism in a commodity market, but in theory this could mean more revenue in a streaming service market. Labels bear the initial costs of development, recording, and promotion, but in the digital world the subsequent costs of manufacturing, distribution, and sales are essentially zero. This means that, if music were valued as the report suggests it should be, there should be more profit generated from the licensing of music to streaming services. FTMI's report suggests that the streaming market is similar to the film and television markets, where buyers purchase the use of music but do not incur any manufacturing costs of the physical world. The report found that in these proxy industries, music royalties were split 50/50 between the two main rights holder groups (labels/performers and songwriters/publishers), while the split for streaming music is 94/6 in favor of the labels/performers. In this latter arrangement, those who write music but do not necessarily perform it are compensated very little for their labor.
3) Licensing deals lack transparency. The uneven split above is made possible partly because of the lack of transparency in the licensing and payment process. When acquiring a label's catalogue, streaming services negotiate direct licenses with major rights holders using nondisclosure agreements that leave creators out of the conversation. This means that creators cannot negotiate "fair value," and they cannot assess how much of the revenue is actually being paid out. Compounding this problem is the fact that the major labels (who ostensibly represent creators) hold equity stakes in streaming services, which creates a conflict of interest when negotiating licensing deals.

Based on this report,[17] FTMI created a Fair Trade Music certification program similar to fair trade certifications provided by groups like Fairtrade International.[18] Under the Fair Trade Music program, individual releases are certified "fair trade" if they follow a set of ethical guidelines ensuring that they:

- Regularly and accurately disclose full, complete, and comprehensive accounting statements;
- Pay creators no less than 50 percent of net revenue, and 100 percent of all industry-negotiated royalty rates;
- Efficiently, accurately, and comprehensively distribute royalties in a regular and timely manner;
- Supply creators with accurate accounting statements, in plain language, and allow a creator-appointed accountant to audit the books once a year upon request;
- Allow compliance audits on all Fair Trade Music-certified releases;

- Disclose all conflict of interests, including equity stakes, and equitably distribute any revenue derived from those equity stakes; and
- Ensure that any certified releases subject to a "360 deal" comply with ethical guidelines.

FTMI certified its first release in July 2016, *PersonA* by Edward Sharpe & the Magnetic Zeros. According to FTMI's website, the program is a work in progress; for example, it is not yet clear how fair trade criteria will be applied to the channels, labels, digital platforms, or stores in which music is sold.[19] Ultimately, though, FTMI believes that:

> Adopting Fair Trade Music practices would give artists, songwriters and composers the chance to earn a living from their work. It would help create more jobs for musicians, recording engineers, producers, record companies and music publishers. It would also drive growth in numerous other ancillary industries such as broadcasting and live performance. We believe that the ethical path that Fair Trade Music nurtures will unleash the true economic and creative potential of our connected world.[20]

With its certification program, FTMI provides guidelines for a market structure and contractual terms that benefit creators, and by extension a sustainable digital music ecosystem. But the long-term efficacy of the program will largely depend on consumer activism "encouraging" streaming services to participate.

Ethical Consumption, Consumer Activism, and Intellectual Property Legislation

Consumer activism comes in many forms, such as campaigns, legal action, education, individual and collective acts, and whistle-blowing. The goals of consumer activists are wide ranging, but what unites them is the underlying assumption that corporate strategy must respond to, and even anticipate, their demands (Gabriel and Lang 2015). This is also the assumption of FTMI. As Eddie Schwartz suggested to me, if enough listeners "vote with their wallets," then streaming services will need to adopt fair trade certifications in order to stay in business:

> One could see a future where [streaming services] understand that they have to start complying to ethical, sustainable, and transparent business models—business model period—and we would say "we will certify you" and they would be a Starbucks sized "roaster" if you will (Schwartz, interview with author, April 12, 2016).

As Schwartz's comparison to Starbucks alludes, Corporate Social Responsibility (CSR)—or at least the appearance of it—is increasingly a concern of large corporations. CSR is a self-regulating business model through which an organization remains accountable to itself, its stakeholders, and the public. Organizations will engage in CSR differently depending on context, but the overarching goal of all CSR is to ensure that an organization's normal business activities enhance society and the environment instead of hurting them. In theory, this does two things: first, it "adds value" both to the brand and society; second, as the organization becomes more visible and successful through CSR, it sets the standard for, and leads to changes in, the "ethical" behavior of its peers, competitors, and ultimately the entire industry (Investopedia 2018).

As brand value becomes a larger portion of stock market valuation under neoliberal information capitalism, public opinion becomes more and more valuable. This has led some commentators to envision a future where info-tech and the "general intellect" meet to create a more ethical (post)capitalism (Arvidsson and Peitersen 2013; Mason 2016).[21] This raises the interesting question of the extent to which an ethical consumerism of digital music (i.e., the "ethical consumption" of services rather than commodities) and neoliberal political economy are related. As Kathy Newman (2004) suggests in her study of American radio advertising and consumer activism in the 1930s and 1940s, the relationship between consumer movements and corporate strategy is dialectical: consumer activism forces corporations to shape their strategies in *anticipation* of consumer demands, which leads consumers *to increasingly see themselves as economic agents*. Newman points out that this relationship is made possible because the audience is the commodity; although radio stations ostensibly sell advertising, what they are actually selling is listeners' attention.

Newman's work draws inspiration from that of Dallas Smythe, who argued that neither neoclassical economics nor Marxist cultural studies adequately explained the relationship between consumers, producers, and advertisers under monopoly capitalism (Smythe 1977; 1981). Smythe argued that, although engaging with mass media through activities such as listening to the radio is ostensibly a leisure and therefore non-economic activity, it is actually a particular kind of unpaid labor in which listeners market consumer goods, state legitimacy, and capitalist ideology to themselves. He called this "audience power":

> The results of audience-power at work are, first, that audience members market consumer goods and services to themselves. Second, they learn to vote for one candidate or public issue rather than another in the political arena. The difference between the first and second result gets increasingly blurred as political candidates and issues are marketed with the same techniques as other commodities. And, third, audience members learn, generation after generation, belief in the ideology of capitalism. (Smythe 1986, 6)

Smythe's ideas have been critiqued as being overly simplistic (e.g., Caraway 2011) and reductionist (e.g., Hesmondhalgh 2010). However, his formulation of audience power is useful for theorizing an ethical consumerism of digital music because it provides a framework for observing the dialectical relationship between consumer action and activism and (neoliberal) regimes of value (e.g., Bolin 2009; Fuchs 2012).[22]

Streaming music services are built to leverage audience power, for example, the personalized playlists that Spotify assembles are based on information collected each time the user listens to a song or builds and shares her own playlist. It is not just the consumer's purchasing power that is commodified; it is her active engagement in the "social network." The streaming music market, then, is "powered" by consumer use. From the perspective of consumer activism, this enhances the consumer's position as *the* agent of change. The theory of fair trade since the 1980s is that if enough market agents—in this case individual consumers—adopt certain ethical practices (i.e., purchasing music) and patronize artist-focused services, the "bad actors" in the streaming music market will be forced to change or go out of business. It is a market solution to a market problem. From a critical perspective, though, this strategy both legitimizes and contributes to neoliberal political economy by promoting the citizen-consumer above other forms of citizenship; and while the notion of consumer sovereignty is pervasive it is ultimately political intervention and governmental regulation that shifts economies toward sustainability (Low and Davenport 2007, 337).

Much of FTMI's strategy has developed in response to the inadequacies of copyright legislation to protect creators' rights. This includes the failure of several efforts to reform copyright legislation in the United States, and the introduction of regressive legislation in Canada. Chief among the failures was the Stop Online Piracy Act (SOPA) in the United States, which included a provision that would weaken the "safe harbor protections" set out in the 1998 Digital Millennium Copyright Act.[23] Although SOPA received initial support from Congress, it was torpedoed at the eleventh hour due to lobbying by tech giants like Google and Apple, pointing to the increasing influence of info-tech oligarchy over the creative and cultural industries (Hesmondhalgh 2013). In Canada, a 2012 Supreme Court of Canada decision reversing the right to collect performing rights on permanent downloads cancelled five years' worth of collections (Schwartz, interview with author, April 12, 2016).

These legislative setbacks, coupled with the music publishing industry's inability to control piracy by legal means, pointed to the fact that the cultural norms that previously underpinned copyright had shifted with the rise of convergence culture (Jenkins 2006). So, according to Eddie Schwartz:

> we felt like we've got to find some other way, some non-governmental [approach], some new narrative that is non copyright-centric, because copyright was a term that seemed increasingly problematic and had negative connotations at that point. So just a new narrative. (interview with author, April 12, 2016)

Like the current incarnation of the fair trade movement, FTMI seeks to mitigate the dearth of governmental support by appealing directly to consumers. In doing so, it addresses the "culture clash" in which creators are stuck: on the one hand, creators make a living from copyrighted information. On the other hand, the norms of convergence culture are, at least to some extent, at odds with copyright. By adopting the language of fair trade—fairness, transparency, and sustainability—FTMI shifts the conversation from the "you can't" (share) to "you can" (make a difference). It eschews the "big brother" of government for the "sovereignty" of the consumer. In other words, it adapts its discourse to resonate in a neoliberal marketplace.

Conclusion: A Fair Trade Digital Music Market?

This chapter has attempted to unpack some of the complexities of promoting "ethical consumerism" in the digital music market. Although the principles of fairness, transparency, and sustainability should undoubtedly form the foundation of a more distributive market structure, how they are understood and put into practice must be considered carefully in relation to the multivarious needs, goals, and values of different actors working within a neoliberal political economy.

Crises of value(s) occur during transitions in political economy. Capitalism's shift to neoliberal information capitalism is one such juncture. As the relationships between different kinds of value and modes of exchange have once again become unsettled, it is no surprise that struggles over what its "fair" value is have come to the fore. What is perhaps new at this juncture, though, is that the framing discourse is one of ethical consumerism, and particularly the neoliberal form that circulates widely in consumer culture.

The music publishing industry has embraced streaming as its future. The "Big Three" music publishing companies have equity stakes in streaming services such as Spotify, even as those services are becoming more label-like in their offerings to creators.[24] There is also a new "Big Three" at the centre of the music industry—not music publishers, but the digital oligopoly of Google, Apple, and Amazon. Furthermore, the MP3 is quietly being put out to pasture. The company that created the format, Fraunhofer Institute for Integrated Circuits, has terminated the licensing agreement, and Apple and Amazon are both replacing their MP3 lockers with streaming services. As users become dependent on access, these technology companies become ever more embedded as the central nodes of the networks within which digital music circulates and accrues value.

Digital utopianists believe that distributed networks will be the foundation of a fairer and more transparent "post-capitalist" society—and Blockchain technology is the latest version of this vision. There is some evidence to support this argument: contracts that give more power to artists and new technologies that increase the accuracy and transparency of royalty payments are gradually becoming more common. But there are at least two tendencies that militate against this: first, the intentions of whoever controls the Blockchain will dictate its effects—corporate mottos such as Google's (now abandoned) "Don't Be Evil" gloss power inequalities with a sheen of benevolence; and second, these networks will continue to facilitate the scarcity/abundance paradox through which information capitalism tends toward either monopoly or non-economic self interest.

Can consumer-focused strategies such as FTMI's Fair Trade Music certification lead to a fair, transparent, and sustainable streaming music ecosystem? Research suggests that consumers look favorably on, and are willing to pay more for, fair trade products when compared to mainstream products (Rashid and Byun 2018). Furthermore, fair trade products return more revenue than the comparable mainstream ones (Dragusanu and Nunn 2018). However, consumer adoption of fair trade products depends on at least two related factors. The first issue is that fair trade products need to be perceived as, and are marketed as, being of higher quality than mainstream products (Low and Davenport 2007, 337). Although Edward Sharpe & the Magnetic Zeros may be a very good band, the star-centric economics of the music industry suggest that fair trade releases can only achieve scale if name-brand stars begin releasing certified albums. (As the reception of Jay-Z's streaming service TIDAL suggests, though, this is no guarantee.) A second issue, then, is the "value-action" gap, in which consumers will be more likely to adopt fair trade products that are located in everyday consumption practices and framed as lifestyle choices (Barr and Gilg 2006). In other words, consumers will more often choose the music they like over an "ethical" competitor that they do not.

Yet without significant governmental regulation, neither artist-focused nor consumer-focused strategies can achieve much, and there is progress on this front. Since FTMI's 2014 report, significant new legislation in the form of the Music Modernization Act has been signed into law in the United States. Furthermore, The European Directive on Copyright in the Digital Single Market is moving forward. FTMI's strategy to close the value gap seeks to create trading relationships in which consumers *voluntarily* re-embed the governmental mechanism of copyright into the social norms of the market—although the *focus* of change is primarily record labels and streaming services, the *agent* of change is the consumer. As Bendell (1998) suggests, the early consumer movement saw clear links between citizenship and consumption. Furthermore, the idea of consumer sovereignty is imbedded in classical economic conceptions of well-functioning market relations because, fundamentally, producers respond to consumer demand (Low and Davenport 2007, 338). This suggests that forms of CSR and consumer activism are concomitant with their political economic contexts. The fair trade movement has a long history of providing ethical spaces (ibid., 343). Notwithstanding this, the current incarnation of ethical consumerism gives primacy to individual decision-making, and places ethical consumption squarely "in the market" as opposed to "within and against the market" (ibid., 338).

In the end, it may be a question of scale. The fair trade movement began as an alternative trading network, and today exists as a market niche despite its brand recognition. According to co-founder Safwan Javed, this is the goal of FTMI:

> What happens is you create a pocket, you create a significant enough niche that it stops being a niche and that it significantly moves the needle on the whole industry. But really it's about carving out a piece of that to ensure that at least those who do want to buy and consume ethically have that option. . . . it's a question more of drawing up the blueprints for what ethical creation, production, distribution, collection, and ultimately consumption of music looks like. (interview with author, April 12, 2016)

Javed is gesturing toward what he sees as the revolutionary potential of ethical consumerism, which he sees expressed in the discourse of the fair trade movement. Fair trade principles of fairness, transparency, and sustainability were first articulated to address contexts of scarcity. A digital ethical consumerism will be one that addresses abundance. If info-tech is leading to a political-economic shift toward a new (post)capitalism, then the values and ethics associated with digital music consumerism, whatever they are, will be abundant.

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Notes:

(1.) Digital music revenue accounted for 54 percent of all recorded music revenue in 2017. Streaming accounted for 70 percent of digital revenue (IFPI 2018).

(2.) http://www.rethink-music.com/. Last accessed January 12, 2019.

(3.) http://myceliaformusic.org/. Last accessed January 12, 2019.

(4.) https://www.kobaltmusic.com/. Last accessed January 12, 2019.

(5.) https://www.humbolt.rocks/. Last accessed January 12, 2019.

(6.) In this chapter, I will be using the term "fair trade" in order to distinguish the broader movement from Fairtrade International, the certification organization whose brand name and logo is widely known (https://www.fairtrade.org.uk/).

(7.) A value chain is a series of steps through which "value" is added to a product (in this case music) with the goal of securing competitive advantage for the producer (Porter 2001). This stands in contrast to the goal of a supply chain, which is oriented toward customer satisfaction through product delivery. In this chapter, I am using the term as the Fairtrade Foundation (2016) and Fair Trade Music International use it, to refer to global value chains. This takes into account that the production and circulation through which music accrues value is often globally distributed among actors within and beyond the music recording and publishing industries (see Global Value Chains 2018).

(8.) See Webster (2006) for a useful overview of theoretical approaches to "information society."

(9.) This is evident in Google's extensive lobbying efforts against Article 13 of the European Union Directive on Copyright in the Digital Single Market.

(10.) On the day Spotify went public, Sony Music sold approximately half of its 5.7 percent stake in the company for $750 million. Warner Music Group followed suit, selling approximately 75 percent of its shares for $400 million. Sony has released plans to share the proceeds amongst its artists, sub-labels, and other partners (Resnikoff 2018), while Warner has stated that it will share approximately $300 million with shareholders and artists (Sanchez 2018b). Although this "windfall" has been generally greeted positively, this kind of one-off payment does not address the long-term structural royalty payment problem.

(11.) https://www.myceliaformusic.org. Last accessed January 12, 2019.

(12.) https://www.rethink-music.com. Last accessed January 12, 2019.

(13.) https://www.choon.co. Last accessed December 12, 2019.

(14.) http://www.kobaltmusic.com. Last accessed January 12, 2019.

(15.) http://www.fairtrademusicinternational.org. Last accessed January 12, 2019.

(16.) Ibid.

(17.) Rethink Music reached similar findings and recommendations independently in its 2015 report, "Fair Music: Transparency and Payment Flows in the Music Industry." In particular, the report recommends a "Fair Music" certification of transparency for digital services and labels (Rethink Music 2015, 25).

(18.) Several locals of the American Federation of Musicians in the United States (most notably Portland and Seattle) have launched a similar, but independent, scheme that certifies venues that offer a certain standard of contractual and working conditions “fair trade.”

(19.) http://www.fairtrademusicinternational.org/fair-trade-music-endorsement/.

(20.) http://www.fairtrademusicinternational.org.

(21.) Critics of this view, however, point out that rather than change their business model, corporate giants such as Starbucks or Nestle instead agree to buy relatively small amounts of fair trade certified commodities in order to be certified. In this view, it is business as usual.

(22.) Thanks to Tim Taylor for alerting me to Smythe’s work and the debate surrounding it.

(23.) Under SOPA, websites would be legally responsible for removing material that infringed on copyright, even if it was posted by a third party.

(24.) Since Spotify went public on April 3, 2018, the Big Three have sold all or part of their equity stakes in it and redistributed a majority of the revenue to artists. This, of course, is a one-time event that does not address the underlying structural issues that cause the value gap.

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