

# Collectivizing Rights; Privatizing Taxation: Reflections on the Unarticulated Function of Copyright Collectives

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“The principle of copyright is this. It is a tax on readers for the purpose of giving a bounty to writers.”

Lord Macaulay, 1841



# Encouraging creative works through taxation

## **Advantage**

- No impediment to access

## **Disadvantages**

- Lack of information on what works should be produced;
- How much should they get;
- Potential censorship



# Encouraging creative works through copyright

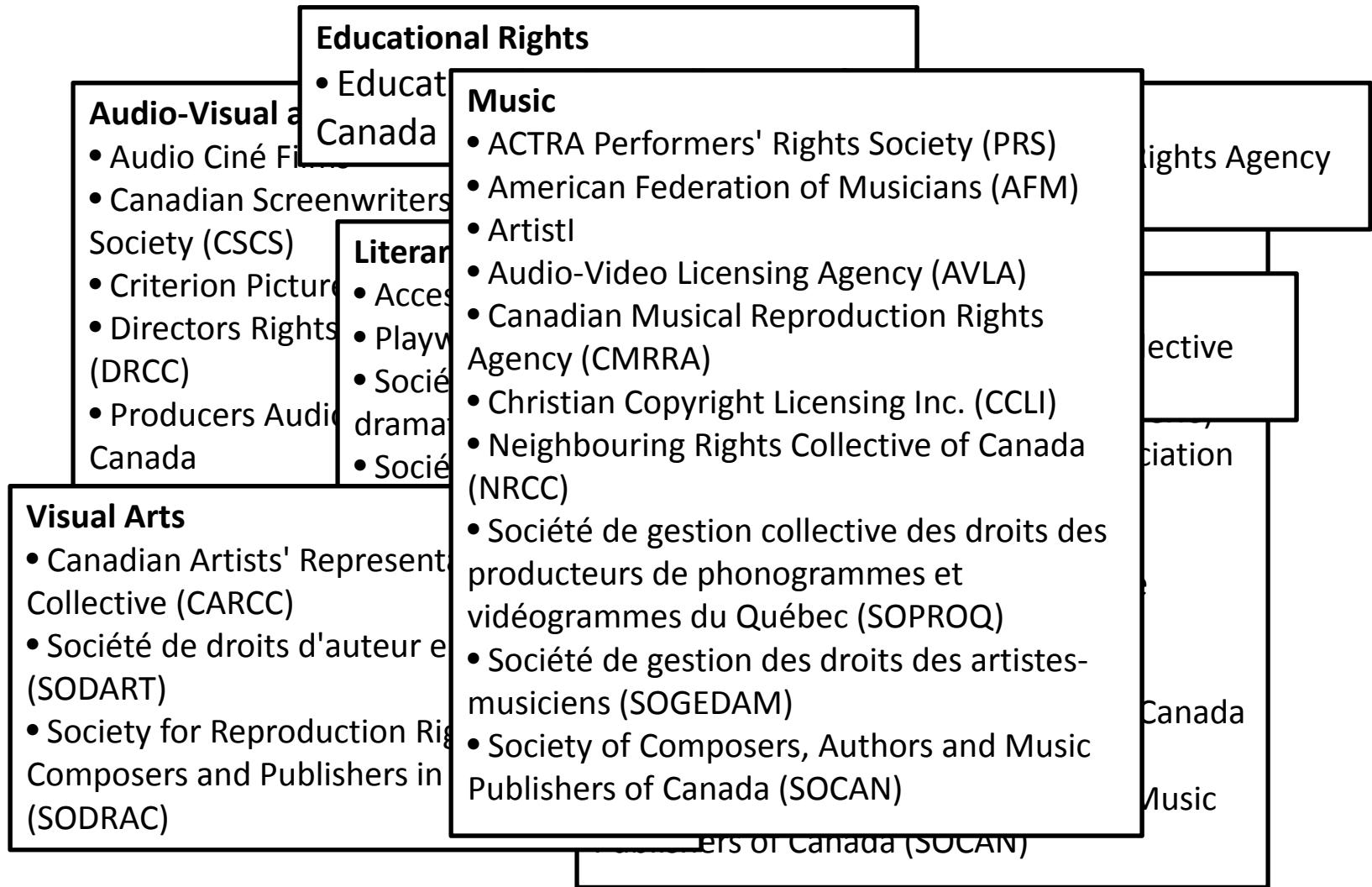
## **Advantage**

- The market decides who gets rewarded and how much;
- No government censorship.

## **Disadvantages**

- Monopoly pricing;
- Less-than-optimal access.

# 35 Collectives (and still counting)



# Collectives vs. Taxes: Similarities

- No control by individual right-holders;
- Disconnect between one's duty to pay and one's actual use;
- Some disconnect between a particular work's quality, how much it is used, and how much its owner gets;
- No market competition between rights holders;
- No market mechanism to determine prices and terms;
- Government involvement;
- Central role of a single administrator who sets tariffs, collect & distribute them, prosecute evaders.

# Collectives vs. Taxes: Differences

## **Collectives**

- Private entities;
- Governed by members;
- Accountable to members;
- Operate in the realm of private law.

## **Tax Agencies**

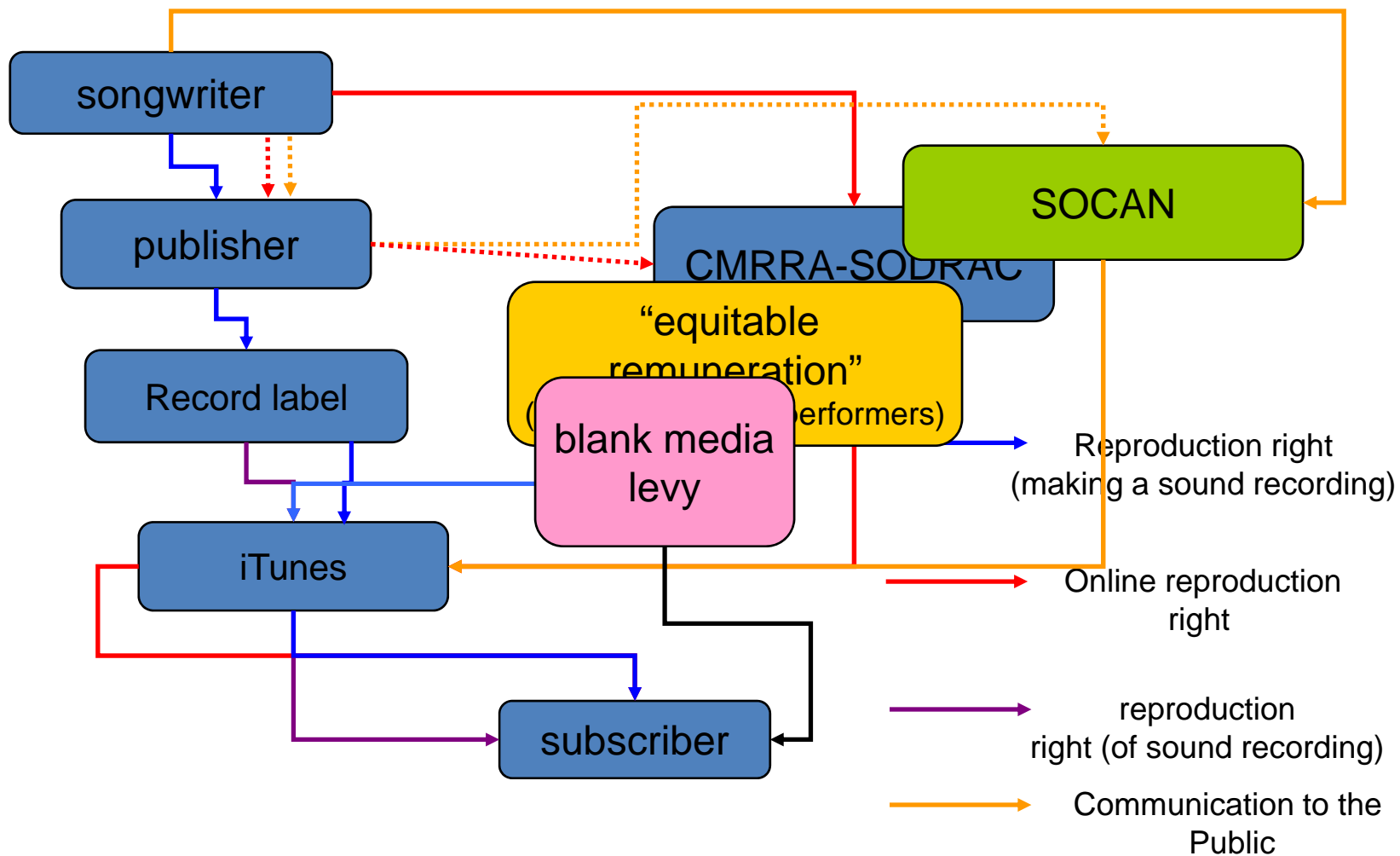
- Public;
- Run by public officials;
- Accountable to the public;
- Operate in the realm of public law.

# Questions

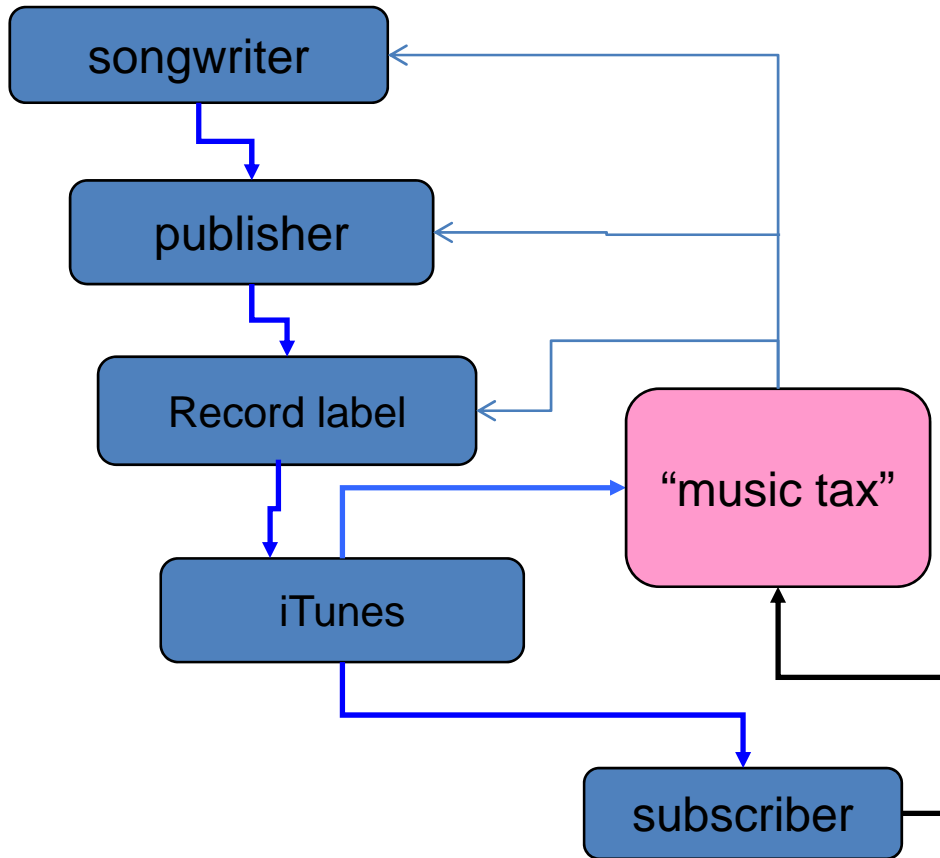
- Do markets for copyrighted works systematically fail?
- Are witnessing the emergence of an alternative reward system?
- If collectives perform a tax-like function, do they do it in an optimal way?

Cross subsidization: Vice or  
Virtue?

# Canada: Online Music Services (iTunes.ca)



# More rational “music tax”?



“The Committee agrees with the copyright holders’ presumption that just as schools pay for desks and heating, they should also pay for intellectual property.”

Bulte Report, 2004

