

## **MP4 submission to Gowers Review**

MP4 is a cross party parliamentary *group* – literally. Unlike other parliamentary groups we are ‘practitioners’ having performed live on several occasions since our formation in 2003.

We have also produced a recording with Robin Millar at Whitfield Studios, which was given a digital release by EMI in 2005, with proceeds going to Save the Children. A CD version of this recording is sold for charity through the parliamentary gift shop.

Our members are Kevin Brennan Labour MP for Cardiff West (guitar/vocals), Ian Cawsey Labour MP for Brigg and Goole (bass/vocals), Rt Hon Greg Knight Conservative MP for East Yorkshire (drums) and Pete Wishart Scottish Nationalist MP for Perth and Perthshire North (keyboards). All of us have some musical background, but Pete was a full time professional musician and recording artist for many years before his election to parliament, most notably with Big Country and Runrig. He therefore wishes to declare his pecuniary interest in some of the matters covered in the review.

Having been through the practical process of the digital release of our recording, we have gained additional insights into digital downloading, and the need for digital rights management. We have also become aware of the issues concerning the current term of protection of copyright on sound recordings.

We would therefore make these observations in relation the specific issues of digital rights management and extended copyright.

- 1) Artists should be able to benefit from the sale and broadcast of their work.
- 2) Technological change does not alter that fundamental principle.
- 3) In order for artists to be able to benefit there must be sound law on copyright, and recognition that some protection and enforcement is necessary.
- 4) The challenge of technological change is nothing new. In 1982 the Musicians’ Union called for synthesisers to be banned as a threat to musicians’ earnings, and there were considerable industry fears about cassette recordings. There is now a stronger recognition that new technologies must be embraced.
- 5) It must be accepted, however, that the digital technologies pose greater challenges to the music industry. In effect they reduce to zero the cost of copying a recording and distributing it *ad infinitum*.

- 6) It does not require a degree in Economics to know that if it is not possible to charge for a product or service, then investment in its supply will fall to zero.
- 7) The music industry is a very important earner for UK plc, as well as a significant direct and indirect generator of paid employment.
- 8) It is in the economic interest of the UK, that the producers of recorded music should be able to develop technologies that curb the unlimited copying of digital recordings, so called 'digital rights management'. It should also be noted that DRM is currently used in other contexts like payment systems.
- 9) In doing so the industry will need to respond with imagination to the new technology, and may have to develop new ways of paying for music, including subscription services, but these will require methods to protect against unlimited copying.
- 10) Some musicians and small record companies may wish to be able to use the new technology to distribute some of their products free of charge for promotional reasons. This should be left to market forces.
- 11) Since the principle of copyright remains intact, there does not appear to be any requirement for legislation regarding digital rights management. Intellectual property used to be an intangible concept delivered via a tangible product. Now both concept and product are intangibles, and therefore without the right to operate a technological barrier to reproduction there could be no added value, and no effective reward for investment in creativity.
- 12) We believe that the new technology represents a great opportunity for the music industry and for artists.
- 13) We do not accept the argument from some that unlimited copying is a "victimless crime" for those whose living depends on creativity in music.
- 14) The prevalent concept of the "victimless crime" is an area where industry and government could play a role in educating the consumer.
- 15) The exponential growth in legitimate music downloading shows that there is a strong potential market for paid digital recordings.
- 16) In their book 'Freakonomics' Steven Levitt and Stephen J Dubner describe the 'honesty box' bagel business of a former American executive. He carefully monitored stock against payment in the 'honesty box', and

found that where consumers were subject to social incentives, as well as the likelihood of discovery, they were far less likely to steal the bagels.

- 17) Industry and government could play a part in creating a better understanding of the potential impact of illegal downloading or stealing the bread (or bagels) from those working in music and related fields, and not just industry “fat cats” and “celebrities”.
- 18) The current diversion between the copyright term for artists in the European Union and the USA is unacceptable. There is also no good reason why performers should receive such significantly inferior protection in comparison with composers.
- 19) Technological change and increased competition have already benefited the consumer in terms of the falling price of recorded music. There is no powerful consumer argument sufficient to outweigh the unfairness of the divergence in copyright protection for performers. By no means all performers on successful recordings of half a century ago are ‘fat cats’. For many individuals payments from performance royalty is a crucial component of retirement income.
- 20) We believe that the review should recommend a retrospective extension of copyright for performers to bring the term more closely in line with longer terms available in other markets.

In conclusion, the development of DRM will be necessary to retain the fundamental right of the creators of recorded music to earn a living from its consumption in the new digital age. The extension of performance copyright should be a key recommendation of the review.

Kevin Brennan MP  
Ian Cawsey MP  
Rt Hon Greg Knight MP  
Pete Wishart MP

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