

Manifesto against the shutdown of the Music Industry

21st of June 2007

In response to the decline in value of digital cultural content

Today there is less and less funding for cultural creativity. The rapid proliferation of freely-traded digital goods is a serious threat to their creation and means of production.

Music, cinema, and literature will always remain indispensable to the lives of everyone. But if they are free, their only possible source of funding will be from advertising

Subjected to this singular possibility of funding, cultural creativity will soon become subject to interests which are foreign to its nature.

The music industry is in danger of being shut down. The sale of compact discs is already being phased out. In just three years, it will have all but disappeared. Insolvency in record sales is becoming the norm the world over. Industry professionals are already in the know: the market for compact discs no longer exists.

But if the CD is dead or dying, that only applies to its present format. Music is alive and well. In the world of tomorrow, the public will access music, films, and cultural content through digital, non-material formats. As soon as the consumer adopts this new digital format, it renders the physical format obsolete and meaningless.

But to think that the legal downloading of digital media will compensate for the disappearance of the physical format is illusory. It is also illusory to think that live concerts will succeed in themselves in supporting musicians in their creation of music.

The exponential growth of freely-shared digital media is impossible to regulate and directly takes away from legal download sites, thus inhibiting the funding of music creation.

« Like Hot Cakes »: Digital content is non-exclusive.

To give music does not take away from the giver. If I give you a file, I still possess that file. Thus the economic value differs in nature (from physical formats). In the virtual world, different laws hold true than in the physical world.

« Giving is playing »: Digital content is non-exclusive.

It is impossible to stop someone from giving. More and more digital content is being exchanged and this will continue to increase indefinitely.

Legal download sites are not the only solution.

The system of paying sites for distribution of digital media may survive, but the level of sales for such downloads will be so low that it will not allow artists to create as much as before.

A danger in 2 years: The creation of cultural content may no longer have any funding.

The only works which will find funding are those which the masses are exposed to. The artistic industries will go through a period of massive decline, accompanied by economic and artistic losses.

We must find a new path, other than the Dadvsi law, which in any case is not and cannot be applied, or the “global licence” which is destructive for young talents and for production in

general. We propose a third possibility: An obligatory fee to permit the funding of cultural content in France and the world.

One number: 40 billion dollars. Today, there are 1.3 billion internet subscriptions and 2.6 billion cell phone subscriptions. If for each subscription 1 dollar per month went to music, 40 billion dollars a year would be freed up. This amount corresponds almost exactly to the sales figures of the music market in 1999.

We propose a fee, payable online

We are heading towards permanently online connections to the internet which allow the exchange of digitized cultural content instantaneously. A bandwidth fee is a good, natural format for funding creation of cultural content in the information age, in addition to the tax on digital memory.

How do we apply this fee around the world?

France could be the engine for this initiative by first applying it domestically and then proposing it to the European Union and then worldwide, as it has already done for the tax on airplane tickets to assist developing countries.

Who would pay this fee?

The internet service providers would pay the fee. 4 billion subscriptions are managed by 300 companies, and due to the current period of mergers and acquisitions it will soon only be 50 companies. These companies are charging people to allow them to exchange cultural content. But none of the money that they charge goes to the creation of that cultural content. Instead, all the money goes to paying for the network.

It is possible to make 50 companies obey the law; in any case it is easier than trying to make 6 billion people obey the law.

The providers have to obey these rules, country by country. It is illusory to try to make 6 billion people pay an optional license (Global License); it is just as illusory to try to stop them from exchanging digital media (Dadvsilaw). But it is certainly not illusory to make 50 large multinational companies, who are the most profitable players in the telecommunication industry, pay a fee.

Who will collect this fee?

The collection societies of each country will collect for copyright and neighbor's rights. Their duty will be to collect the tax and redistribute the funds to the copyright holders. There is no need to create another system; we can use the companies which have existed since Beaumarchais.

This tax will allow funding for creativity in a market where the rate at which files are being exchanged freely is increasing exponentially. This tax will not legalize the illegal exchange of files on the internet on P2P networks; it will still require the first download to be legal..

Indeed, we believe that a retail distribution system must remain intact. For the public, as for the artists, it is important to maintain a market whose value can still be in competition. Purchasing is a matter of choice and freedom, and appreciation.

We are fighting against the application of the principle of the lowest common denominator in the arts. That is why we are fighting for the survival, existence, and development of a market for cultural content.

How will the collected sums be redistributed?

To identify the content producers (the copyright holders) we propose setting up a tracking system for digital files: a new DRM which is an unobtrusive (respects privacy), non-anti-copy (nothing which stops users from copying) way of ‘watermarking’ the file.

The present system of DRM is becoming obsolete. Apple is already beginning to abandon it. Let’s take advantage of this evolution by putting in place a new DRM, a system of watermarking, which will be endorsed by a new file format.

This light ‘watermarking’ will allow the copyright holders to be determined so that the sums collected can be fairly redistributed to them : an Incremental soft tattoo system.

Each file will keep and accumulate the imprint of these different copies without saving any personal information of the users. The catalog of imprints of the files will give the collecting organization a sample which is sufficiently representative to give a fair redistribution of funds.

During the first few years the redistribution will be based on statistical prediction models but within five to ten years, once the phasing in of the new format is almost complete we will use a redistribution model which is much more detailed and perfectly fair.

How do we get the industry and private users to adopt the new file format?

In adopting this new format, users will have the possibility to participate in creating and accessing a file of better sound quality. The mp3 format is outdated; it is an algorithm which alters and deforms the music. Nowadays CD-quality audio formats exist with no deformation (lossless)

How do we make the industry adopt this new format?

With a large base of users, motivated by the cultural phenomenon of style as well as being educated about the new format’s superior attributes, the industries will consider the product to be a positive one and will upgrade their hardware, just like the rapid development of “divx.”

It is not necessary to put all industry executives at one table as the market will eventually sort itself out.

How do we make it so that the system of watermarking is never used for marketing methods or surveillance of users?

The earmarking system has to be held by a non-governmental organisation at the worldwide level whose goal is to protect the privacy of users.

This NGO already exists. We propose to entrust the managing of the earmarking system which will enable users to distribute files to the **Electronic Frontier Foundation**.

The organization of this plan is simple; it uses structures which are already in place. It will function country by country within the framework of a redistribution system which will be worldwide, in the same way that there is already a system for managing domain names on the internet.

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This manifesto will be further developed in a book which is being written. The book has the goal of putting this proposition on the discussion table and to present in detail the technical solutions which have been considered to put in place this fee. This book will be published by IRMA in December 2007.