The Distribution Revolution: A Global Recalibration of Media Production, Ownership, and Economics

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Eight years ago, the millennial odometer clicked over and the doomsday predictions of collapsed computer systems dematerialized like RAM data on a restart. At that time the corporate mandarins of the self-canonized music industry were locked in what was deemed a life-and-death struggle against the evil forces of peer-to-peer file sharing, incarnated in Napster, Inc. How peculiar and ironic it seemed to watch the incorrigibly exploitive recording industry lament being taken advantage of. Had music labels not screwed musicians and artists for most of the 20th century? Were the corporate labels not simply getting their just dues, and might not peer-to-peer distribution be the dawn of a new era for musicians?

Opposite the music industry stood Napster's free distribution of music and the questions its presence posed. If no one is paying for music, how will musicians and composers get paid? What will happen to music? Should people not pay for product? Should creative works produced from a lifetime of dedication to the arts — or even on a creative whim for that matter — not be justly paid for?

A three-day recording industry conference held at California State University, Chico, in 2000 included panel discussions between Napster representatives and the Recording Industry Association of America (RIAA) — the legal arm of the music industry. Attendees of the gathering got to see first hand where creative artists stood in this battle of evil against evil.

After three days of discussions and watching the two opposing interests joust and debate, a noticeable pall and unease crept over the musicians and composers in attendance. In the hallways during breaks talk revolved on how *not once* had either Napster or the RIAA discussed the artists. *Not once* had they talked about what was at stake for the performer or the writer. *Not once* had either of them mentioned the interests of the people whose plates they were eating from.

There was a strong sense among the conference attendees that if this conference represented the breadth of the discussion, then the only absolute that could be determined with confidence was that the musicians, artists, writers, and composers of the world would for the duration of the upcoming century continue to get screwed.

During the second half of the 20th century the recording industry consolidated its music production monopoly. If a musician wanted to record music that more than a dozen people would hear, he or she needed to be "chosen" by the industry. Under this strict control of production it developed that there was no need for an open music distribution system: since only industry titans were producing, only industry titans needed to distribute, so the industry took control of distribution as a side project.

Since the early 90's, however, the personal computer has progressively democratized the means of production for music. Today, any kid can sit in his dimly lit bedroom and produce high quality recordings, ready for sale. There has been a parallel production revolution for digital video running just a few years behind audio. Marx must be dancing in his grave — to an iPod, most likely — as the multi-million dollar means of production houses find themselves competing with tools bought off the shelf at Circuit City.

On the heels of this means of production revolution, Napster arrived with a blind-side kick to the head of the music industry's side-monopoly, means of distribution. The internet was still too slow for the larger sized video files, so the initial fight was to be waged over the smaller audio files. Too late to prevent the kid in his bedroom from producing high quality music, the industry sought to retain control of the market by preventing that kid from *distributing* his work. "He can't be stopped from producing, so let's stop him from selling."

This obstruction of distribution can be seen most clearly in the industry's refusal to create a trackable revenue model for internet distribution by the common person — i.e., a publicly available watermark and auto-pay system that can track and charge for downloadable or streamable files. The industry instead focuses on proprietary control systems while fighting fierce legal battles against net distribution at corporate and consumer levels, suing peer-to-peer software designers along with teenagers and grandmothers with copyrighted ditties on their hard drives. The industry's message has been simple: buy the CD from a store at the price we dictate or we will sue you.

For several years the digitizable industries have struggled to prevent a publicly useable, revenue-configurable distribution system from coming into play. The problem in a nutshell is that if Jimmy can yodel an amazing rendition of 'Mary Had A Little Lamb' and distribute it online using a nickel-per-listen payment model, his revenue stream becomes independent of the middle-man industry. Great for Jimmy; bad for the industry. At a million hits — a not uncommon number on YouTube — Jimmy could yodel himself $50,000 towards his college education. The industry, still charging a-buck-a-song, needs the 95-cents of gravy to survive. Jimmy does not.

Compounding the industry's problem of (lost) control of means of production and distribution is an attendant shift in the aesthetic of production qualities. Hissy music and pixilated video are creating a new aesthetic sensibility with a fast growing audience. There is an immediacy and directness found in home music and video that can trump the cumbersome and excessive gloss of multi-million dollar studio work. This shift in content aesthetic can be compared to the response of late-70s punk music to the over-ripe production schlock of mid-70s arena rock. We might call this new sound and picture aesthetic 'neo-proletariat punk.'

It was bound to happen and the Apple Corporation got there first. Using iTunes and the iPod along with negotiated contracts with members of the RIAA, Apple began selling downloadable music at old-market valuation — a buck a song. The RIAA bought in to the deal because Apple offered restrictive data encoding and the industry just could not resist making equivalent profits for distribution without production. The iTunes system is rife with problems: its AAC compression technology is proprietary, the inflexible pricing structure of $1 per song is industry dictated, and its catalogue is music label based — no home production music without a so-called "legitimate" label contract is allowed. But despite these malignant shortcomings the iTunes structure has nevertheless managed to move the industry one balky step towards online distribution.

Comcast, Inc.'s efforts to bring relatively fast broadband to the average home — and not that piddly DSL stuff, either — laid the groundwork for YouTube, where more than 100 million videos are watched daily. While the "open pipe" world of live, real-time data flow is still a few years off, the simmering hunger for the next level of content — video — is clearly seen in the willingness of tens of millions of people to watch pixilated approximations of life in a 3x2 square on a computer screen.

In August 2006 the New York Times reported on the mysterious guitarist "funtwo" whose video of himself sitting in his bedroom playing Pachelbel's Canon had been posted online by a friend. At that time the young man, who turned out to be a 23-year-old Korean named Jeong-Hyun Lim, had received over *seven million* viewings of his five minute and twenty-second video (by January 2008 over 35 million viewings). Without a revenue model this young guitarist received zero compensation for his efforts, and only a modest opportunity to leverage his fifteen minutes of fame into better rewards.

Had there been an accessible, flexible revenue model, however, say a dime-per-view charge, Mr. Lim at 7,000,000 viewings would have earned more than $700,000 for his performance. Even if a music label had by some freakish miracle been able to deliver the same number of sales, the per-view charges would have needed to be ten times higher for Mr. Lim to receive the same income. The label would keep 90% for administration and production, and consumers would pay a dollar instead of a dime.

The October 2006 purchase of YouTube by Google, Inc., represented another chink in the armor of distribution. Google's confidence in YouTube was bolstered by working agreements reached with several members of the RIAA for a revenue model that pays whenever a work is used, a sort of "on-the-fly-and-after-the-fact" licensing system. Unfortunately, there is little mention of using this model to pay the creators of the works. Once again, the corporations are cutting up the pie without cutting in the artists.

The latest salvo in the industry's fight to prevent individual distribution is the effort to pass legislation that would end net neutrality and award privileged broadband access to the highest paying customers. The intent of this kind of law is to create a tiered system that offers special distribution access for established industries and their VIP cronies. The goal is — as usual — to retain control of distribution within the corporations. Right where they want it, and right back where we started from.

The only solution for consumers and artists alike is a publicly available tracking and payment system that allows *any* individual to configure individualized use and payment terms for creative works. Helpful but not necessary would be legal access to the "on-the-fly" price model that YouTube is developing for the use of resampled materials. As well, individuals need full and equivalent access to online distribution without being slow-laned into oblivion by privileging broadband for corporations.

The music industry as we know it is currently working its way through the five stages of death and dying as developed by Elizabeth Kubler-Ross. First denial, then anger, followed by their current transition from anger into bargaining. Here's a heads up: the music industry will feel depressed for awhile, and finally accept their own death, then pass away. At that point we shall all gather together to bury them — online, of course — and then the rest of us can go on living, creating, giving to the community, and getting fairly paid.

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