

Copyright Levies as an Alternative Compensation Method for Recording Artists and Technological Development

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Abstract

The idea of alternative compensation methods for recording artists has gained increasing popularity as Internet copying has started to seriously threaten record sales. Alternatives such as free non-commercial blanket licenses combined with levies (compulsory licenses) to recording devices or Internet connections are not only promoted by cyber liberty organization like Electronic Frontier Foundation but also by academics. We start this article by looking at the general theory on alternatives to copyright royalties and show that recording artist income is in practice not dependent on record sales. Music industry is much larger than the recording industry. Then we move forward and map the features of the current alternative proposals as well as their critique. We end the first part of the article by combining the proposals and construct yet another iteration of a levy-based compensation method for the recording artists.

In the second part we analyze what our model would mean in Finland. We start this section by describing the current situation with the Finnish copyright law and the levy-system. We discuss shortly the governmental subsidies to the music industry. We then show what kind of changes would be needed to implement our system and how the changes would be most likely against both EU copyright directive and WIPO copyright treaties. Not discouraged, we move on to calculate how the legislation would work. In the end of this section we also aim to predict how the proposed model would affect the income of recording artists and the music industry at large.

In the third and final part we reflect the idea of a levy-based compensation method to the current predictions of technical advances in communication networks. We especially pay attention to two factors, which are the price of storage capacity and communication speed. We show that consumers will be able to copy and store more music than they will be able to consume with off-the-self standards components without using any public networks, which will have severe consequences for all levy-based models – ours included. We conclude this article by discussing what this will mean to the alternative compensation proposals and the music industry in general.

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