Public Outcry Staves Off Destruction of Internet Radio

This Sunday, exorbitant new royalty rates for Internet radio outlets like Pandora and Yahoo are set to go into effect, a change that, many webcasters say, will force them out of business. Despite the industry’s Day of Silence protest and outpourings of support from the public and members of Congress – some of whom proposed the Internet Radio Equality Act, which would set the royalty rate at the same level currently paid by satellite radio (about 7.5 percent of revenue) until 2010 – the US District Court of Appeals denied an emergency stay petition that would have given the stations more time to negotiate a settlement.

It looked the music industry was continuing a long tradition of self-sabotage: In an effort to win higher royalties for artists, they
would shut down a budding industry that has sparked interest from consumers and become a vital method of discovering new music.

But late yesterday, Jon Simson, director of SoundExchange – the label-affiliated organization responsible for setting royalty rates – told Congress that the group would not enforce the new royalty rates and would continue to work on negotiating new rates with the Digital Media Association (DIMA), who are acting on behalf of webcasters. “This is definitely a step in the right direction,” Pandora founder Tim Westergren, told us this morning. “At this point, provided there’s good-faith negotiations, they’re not going to go after people.”

According to insiders, negotiations are already making progress – the per-channel minimums that would have cost webcasters more than $1 billion a year are off the table – and it looks like, fingers crossed, this whole crisis could be averted before Pandora, Soma, WOXY or any other awesome web outlets are forced to shut down. Three cheers for those in the record industry who might’ve peeked their heads out of their asses on this one, to the webcasters for sparking a loud protest movement and, most of all, to Internet radio listeners for making their voices heard. “One million people called, faxed or emailed Congress since our Day of Silence,” says Westergren. “That’s what happened here: Public outcry equals Congressional pressure equals intervention.”

-- Evan Serpick

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I’ll be OK with that if that means I can listen to a radio station that doesn’t shove Nickelback down my throat.

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Bring on the extra government intervention and regulation. They’ll be only too glad to get more control of yet another aspect of our economy.

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WOO HOO...lets hope they work something out, huh?

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