Silicon Valley's hippy values 'killing music industry'

- U2 manager urges artists to fight online piracy
- Plea to technology gurus to take responsibility

Owen Gibson in Cannes
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The Guardian

U2's manager yesterday called on artists to join him in forcing the "hippy" technology and internet executives he blames for the collapse of the music industry to help save it.

Paul McGuinness, who has plotted the rise of the Irish group over 30 years, said technology gurus in Silicon Valley such as Apple's Steve Jobs and Microsoft's Bill Gates had profited from rampant online piracy without doing anything to stop it.

"I suggest we shift the focus of moral pressure away from the individual P2P [peer to peer] thief and on to the multibillion dollar industries that benefit from these tiny crimes," he said.

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He was speaking at the Midem music conference in Cannes, which has been dominated by talk of new revenue models that might save an industry brought to its knees by piracy and falling sales.

Confusion yesterday surrounded the future of one of those new models, Qtrax, the supposedly legal filesharing service unveiled with the backing of artists including James Blunt on Sunday.

The service, five years in development, was due to launch yesterday and claimed to be able to offer more than 25m tracks legally using a new advertiser-funded model.

But while label insiders yesterday confirmed talks had taken place and were continuing, they were taken by surprise by the launch announcement. They said no contracts had been signed and earlier agreements had expired.

Warner Music, Blunt's label, issued a statement saying it had not signed a deal, but Qtrax insisted talks were taking place and it was hopeful of reaching agreement.

Qtrax is one of several new launches hoping to distribute free music legally and pay artists, labels and publishers through advertising revenue.

At a time when music was easier to make and distribute than ever, and live performance was thriving, McGuinness said, record labels were failing because the technology companies and broadband providers were prospering from illegal downloads. "I call on them to do two things: first, taking responsibility for protecting the music they are distributing; and second, by commercial agreements, sharing their enormous revenues with the content makers..."
McGuinness, who did a deal with Jobs in 2004 for U2 to promote the iPod and create their own limited edition version, said he was "quite friendly" with the Apple founder. But he said technology companies could no longer argue they were a "mere conduit" for illegal music and movies with no responsibility of their own. He likened their behaviour to a magazine publisher which "was advertising stolen cars, processing payments for them and arranging delivery".

Figures released last week showed global revenues had declined by 10% in 2007 as booming digital downloads failed to make up for plummeting CD sales.

Artists and their managers should be open to new revenue opportunities, such as subscription offerings, said McGuinness, but the debate over different funding models had obscured the "extremely urgent" larger problem.

McGuinness said he believed the Silicon Valley culture and its ecosystem had to undergo a cultural shift, noting the original "hippy values" of the west coast technology pioneers in the late 1970s and their internet equivalents in the late 1990s.

"Embedded deep down in the brilliance of those entrepreneurial, hippy values seems to be a disregard for the true value of music," he said.

He said his plea was not made from a position of self interest, pointing out that U2 had sold more than 150m records and grossed $355m on their Vertigo tour.

McGuinness, who also manages PJ Harvey, lent his weight to a campaign by the international trade body IFPI calling on governments around the world to follow the lead of French president Nicolas Sarkozy and introduce legislation forcing internet service providers to disconnect persistent illegal downloaders. He said there should be a "three strikes and you're out" rule for users. The issue would become increasingly critical as more bandwidth was required for video downloads, and he rejected claims by the ISPs that they could not effectively target illegal downloaders.
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