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OP-ED CONTRIBUTOR

## The Royalty Scam

By **BILLY BRAGG**

Dorset, England

LAST week at South by Southwest, the rock music conference held every year in Austin, Tex., the talk in hotel lobbies, coffeeshops and the convention center was dominated by one issue: how do musicians make a living in the age of the Internet? It's a problem our industry has struggled with in the wake of the rising popularity of sharing mp3 music files.

Our discussions were brought into sharp relief when news reached Austin of the sale of Bebo.com to AOL for a staggering \$850 million. Bebo is a social-networking site whose membership has risen to 40 million in just two years. In Britain, it ranks with MySpace and Facebook in popularity, although its users tend to come from a younger age group.

Estimates suggested that the founder, Michael Birch (along with his wife and co-founder, Xochi), walked away with \$600 million for his 70 percent stake in the company.

I heard the news with a particular piquancy, as Mr. Birch has cited me as an influence in Bebo's attitude toward artists. He got in touch two years ago after I took MySpace to task over its proprietary rights clause. I was concerned that the site was harvesting residual rights from original songs posted there by unsigned musicians. As a result of my complaints, MySpace changed its terms and conditions to state clearly that all rights to material appearing on the site

remain with the originator.

A few weeks later, Mr. Birch came to see me at my home. He was hoping to expand his business by hosting music and wanted my advice on how to construct an artist-centered environment where musicians could post original songs without fear of losing control over their work. Following our talks, Mr. Birch told the press that he wanted Bebo to be a site that worked for artists and held their interests first and foremost.

In our discussions, we largely ignored the elephant in the room: the issue of whether he ought to consider paying some kind of royalties to the artists. After all, wasn't he using their music to draw members — and advertising — to his business? Social-networking sites like Bebo argue that they have no money to distribute — their value is their membership. Well, last week Michael Birch realized the value of his membership. I'm sure he'll be rewarding those technicians and accountants who helped him achieve this success. Perhaps he should also consider the contribution of his artists.

The musicians who posted their work on Bebo.com are no different from investors in a start-up enterprise. Their investment is the content provided for free while the site has no liquid assets. Now that the business has reaped huge benefits, surely they deserve a dividend.

What's at stake here is more than just the morality of the market. The huge social networking sites that seek to use music as free content are as much to blame for the malaise currently affecting the industry as the music lover who downloads songs for free. Both the corporations and the kids, it seems, want the use of our music without having to pay for it.

The claim that sites such as MySpace and Bebo are doing us a favor by promoting our work is disingenuous. Radio stations also promote our work, but they pay us a royalty that recognizes our contribution to their business. Why should that not apply to the Internet, too?

Technology is advancing far too quickly for the old safeguards of intellectual property rights to keep up, and while we wait for the technical fixes to emerge, those of us who want to explore the opportunities the Internet offers need to establish a set of ground rules that give us the power to decide how our music is exploited and by whom.

We need to do this not for the established artists who already have lawyers, managers and careers, but for the fledgling songwriters and musicians posting original material onto the Web tonight. The first legal agreement that they enter into as artists will occur when they click to accept the terms and conditions of the site that will host their music. Worryingly, no one is looking out for them.

If young musicians are to have a chance of enjoying a fruitful career, then we need to establish the principle of artists' rights throughout the Internet — and we need to do it now.

*Billy Bragg is a songwriter and author.*

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