

Music of the Future

**The New Musical Order:
An Attempt at a Prediction**





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*Since nought so brutish, hard and full of rage, but music for
the time doth change his nature.*
William Shakespeare

The people create the music and we composers only arrange it.
Mikhail Glinka, Russian composer

*The good news is that more people listen to music now than any time before.
The bad news is that it is difficult to make money out of it.*
Hartmut Ostrowski, head of media corporation Bertelsmann AG

A Short Introduction

In order to explain what the music of the future is, it's clear that this life (and a few more) is not enough. But at the same time we need to talk about it now when the world music industry is in a state of panic and chaos. Things are changing too quickly and in an unexpected way, even for recognized professionals in our field. But, still, we have to stop and think.

I'll warn you early; every single fact, every number, every conclusion below can be argued with and completely destroyed with criticism if that's what you want. I am not claiming that I have a crystal clear formula; my aim is to suggest a different role for music and the music business in the modern world. Not only as it is one of the most important parts of the economy (I think that is fairly easy to prove, although for many it will be a surprise) but it is also one of the most mysterious phenomenon in human civilization.

To start with, we will quickly look at some opinion polls before we take a short look at the history of the industry, then a look at the traditional view of the state of the industry, before turning to the heart of the matter.

Music in the Modern World

Music is one of the main entertainments and distractions of mankind. This is an undisputable fact which has been confirmed more than once by research. Here are the results of a survey by **Public Opinion Strategies** in the United States in 2007-08.

Question: What are your favorite ways of relaxing?

	%
Listening to music	51%
Watching television	27%
Going to the cinema	10%
Other entertainment	12%

In a survey conducted by the All Russian Center for the Study of Public Opinion (VTsIOM) in March 2008, 24 per cent of Russians said "listening to music" when asked the question "What do you do in your spare time?" compared to 18 per cent in 2006. Such an increase is typical for other developing countries.

Music web sites are one of the top visited sites according to a survey by the research company **Romir**. Fifteen hundred Russians over the age of 18 were asked in the survey conducted in July 2008.

The top three interests of **Russian Live Journal** users are

Music	116,382
Books	64,046
Cinema	54,290

And finally, the percentage of sites where digital content is sold via the internet (IFPI, 2007, mixed research)

	%
Music sites	15%
Paid newspaper sites	7 %
Downloading movies	3%
Books	2%

Why do we need music?

People buy sausages to eat, electricity for light, lawn trimmers and mobile phones, wood to keep warm (we're preparing for the crisis here). Why do we need music? Why do people listen and continue to buy more and more music.

It's a simple question and the answer for all of us is obvious. But an attempt to explain why in any kind of academic rather than everyday level always leads to interjections and idiotic smirks (which can even lead to fights or at least some will suspect that they are being made idiots of). It is a paradox and a fact that at the start of the 21st century there is no clear explanation for the phenomenon of music, or for the reasons for its explosive development in the last few years.

No one in the world knows why certain combinations of the sound of different frequencies, sound and timber, played in a certain rhythm, is so appealing for man that he is ready to give up a lot for it including his last ruble. And why, if you take two recordings of a song written by one author but performed by two different performers (and objectively differing little from each other), one will become world famous (and bring in lots of profits) and the other will be instantly forgotten. And this is true for all musical styles and genres, in popular and in classical music.

Many scientists have devoted their lives to this phenomenon and devoured a lot of grants in the pursuit of it. They have come at it from a different angle from that of ordinary people - music is joy! To the religious – music is the voice of God, to the doctor – the excitation of neurons – to the psycho-phonetic specialist – speech – poetry? – reading in a sing song voice – singing – instrument), to the parapsychologist - the transference of coded information from higher civilizations, a whole series of theories connected to sex... everyone of these theories has a more or less serious basis, but not one of them can so far explain the phenomenon of music completely.

And as one clear sighted producer said, to the Devil with them. For us the important thing is to make money, to build a business and such deep thinking is only a waste of time. For example, I doubt that Anatoly Borisovich Chubais has any idea how electricity flows, but look how easily he understood the electricity industry. (Now he is in charge of nanotechnology and you can be sure, a year ago he did not know which end of a microscope to look into.)

The laws of business are the same in every kind of business. This is true and not true at the same time.

You can't forget that the laws of business are not completely understood even in industrially developed countries, no matter what Harvard teachers say (the events at the end of 2008 undoubtedly acted as a wake-up call). This fact has to be taken into account in any area of business including the music business, but this is not the most important thing.

In dealing with any good or service (whether it is drilling for oil, the production of yoghurt, or a dentist's services) you can use objective assessments of quality, predict pricing, the supply of goods, sell by dates, the perspectives for production and merchandising. You can't do this in the production of art. Here there are different laws, far less scientific but still bringing success when taken into account. If you use the standards of business predictions in the music business, then there are fatal consequences far more often than you'd expect. I don't want to be too categorical but this happens for one reason; neither specialists nor businessmen nor, even less, listeners understand why music develops and why people need it.

Of course within the limits of this article we are not going to try and solve this phenomenon. That is not going to happen quickly, but I don't doubt that when it happens, the unraveling of the mystery will be such an event that it will shake up mankind and in many ways change our future development.

There is a more important question for us today. Can a businessman dealing with music ignore its uniqueness in his work? Can he allow himself to work in this sphere as businessmen have always worked – using only his highly developed intuition and Russian "avos" or luck. I think the answer is clear – that would be simply too flippant and self-confident. Even more so, I am certain that the pitiful state of

the music industry at the start of the 21st century is a direct result of the over-confidence and laziness of those who had the chance to see what was happening and who didn't make the right response.

What is Most Important in the Music Industry

Let's start with the main thing – who makes music? In the first place, it is of course the writers of the music and performers. The divide between them is vague, as you all know, for if an artist does not bring something of his own to the work, then there will be no success (that is also a phenomenon that cannot be completely explained). How much and what he brings only he decides, which means that he is also an author of the piece. But are those who financed the musical work (say the producer or the record label) not also creators? What about the arrangers and sound producers? What about those who created the unique musical instruments and the amazing musical equipment, owner's of the concert halls where the mystical communication takes place, those who work on the stage, linking all those cables up so effectively? What about the drivers who bring the artists to the studios so quickly, or the wife of the composer who inspires him to create such works of genius, or on the other hand, inspires him by breaking his heart by running off with the milkman at just the wrong moment.

And maybe music is also created by its listeners. And those who buy compact discs or songs on iTunes.

It's difficult to answer this question - as you know, nobody knows what music is.

Therefore we will say that the creators of music are the writers and those who then play. All the others we respect and consider to have the right for compensation, as the music industry makes money, and good money, as we will see below.

How did the industry begin?

The music industry in the modern sense has existed for just over a hundred years. Only at the start of the twentieth century could music be sold separately on discs made of shellac and soon after be broadcast on the radio. Archaeological digs allow us to say that the profession of a musician is as old as the world's oldest profession (prostitution) and the second oldest (journalism). At the same time the slave owning, feudal economy could not support a large number of musicians, let alone any kind of musical industry. By the 16th -17th century we are talking about tens of thousands of musicians in the whole world and not many more constant listeners, mainly nobles and aristocrats. The arrival of the musical printing industry was also small, but quickly developed an audience. At the same time, the main musical instruments that we use now were created, including the temper tuning system and musical notation. A large quantity of musical works which we now

consider works of genius and the structure of the musical institutes and musical education were also created.

At the start of the twentieth century, the musical process changed so much that it was unrecognizable to those who came before. This came about not only because of the huge increase in audience connected to the invention of the record, but because of the dramatic changes in the lives of millions of people in Europe and America (and in parts of Russia), due to a large decline in mortality, an increase in life expectancy, the level of prosperousness and literacy. This process gained speed like a snowball going down a mountain. In the previous century, hundreds of thousands had begun to listen to music, now it was millions and more. This may seem unbelievable, but remember that only 150 years ago performances of professional musicians were not available to many even well-off people in the USA, Europe or elsewhere, and there were many fewer people. At the start of the 21st century, music surrounds most of the inhabitants of the planet many hours a day, not only in developed countries, but in practically all countries (even the billions of people who live on less than one dollar a day, can from time to time listen to the radio).

No one doubts that this progression, even though we still do not understand why, is needed by practically everyone on Earth. However this process which quickly grew by millions of times and had to work according to some civilized rules. (You need to know that music from the start, was the prerogative of the most civilized countries and the most civilized part of society.) Here is the source of the current problems of the industry.

Should the music industry be honest?

For tens of thousands of years the writer of music, the performer and the producer were almost always the same person, or at most a small musical group. A student performed the work heard from his teacher, maybe with a touch of ad-lib or a variation and so became practically a coauthor. The epic works that exist in most civilized countries were the collective fruit of the collective work of many generations. There were no particular problems in this situation (demand was always more than supply, you could always agree with your students, or you could always poison your competitor and luckily there weren't many of those).

The situation slowly began to change in the second millennium after the birth of Christ. The spread of musical notation allowed the author of the music to be separate from those who performed it. This provided the basis for the development of the future music industry by raising the professional level of the music writer and the performer. The growth of income and the economy, especially rising wages among ordinary people, the development of transport infrastructure (the arrival of the railroad) and PR (increased distribution of newspapers) plus unprecedented migration, created the basis for the beginning of the concert industry. The number of authors and performers increased dramatically. This created a serious legal conflict as more and more money came into the music business, while

authors lost direct control over the commercial use of their works. In the nineteenth century, the spread of printed sheet music made the problem critical. In developed countries the basic business model stopped working. (This is in accordance with the dialectical law on the **move from quantity to quality**. We will talk about this law a bit later on.) Of course, decent civilized people (and they were then in the majority among those who worked in the music field) could not let this outrageous disorder to continue. This was not only because of an abstract idea of fairness but of commercial revenues – for if one part of the industry lost income to another, then the industry would not develop. The music industry used a system of division of income long established in the publishing industry (important for selling of sheet music) that divided the incoming money according to **authors' rights**.

The era of sound recording again increased the audience dramatically and introduced producers, owners of radio stations and many others who wanted to earn money through music. High ideals did their job. (It was only much later that decent people in the twentieth century found other things to do which were not linked to music and fairness.) **Neighboring rights** appeared, protecting artists and record companies. The legal system had been improved upon again. International musical exchanges, characteristic for classical music (classical music initially ignored all national borders) unexpectedly began to spread to folk music which thanks to sound recording very quickly became **popular music** and was broadcast on the radio and sold in shops. This process, in just a few years, quickly spread throughout the world - remember we are only speaking about developed countries in Europe and North America - and **a system of international conventions** (Bern, Rome, etc.) had to be created. With every new stage of development in technology and the appearance of new countries, the musical process became more and more confused. The swift rise in use of music continues and as more social layers and ethnic groups join in. I think that today even the work of all the lawyers in all the developed countries is not enough to prove that the present legal system is good enough for effective use in the industry today.

But how else could this be you ask, business has to be civilized.

Where are we going?

As we have already made clear, the industry can't exist without generally accepted rules, otherwise it will develop into banditism. Let's have look and see if the present legal system could go this way.

Piracy in the sale of music media – more than 35 per cent. Levels of piracy of less than ten per cent are seen only in 17 countries including the US and Great Britain. In many developed countries, including Italy, Portugal and Holland levels of piracy are between 10 and 24 per cent. Piracy is more than fifty per cent in most countries in the world.

Digital distribution - more than 95 per cent.

The level of piracy in the music industry (the spread of musical tracks without the consent of the author, performer or producer – according to IFPI)

Can the present system ensure fairness? The answer is clearly - no.

It seems that music in the world has become a million times more popular. The turnover of the music industry has risen by a few times (and continues to rise) but the civilized nature of the business has deteriorated. How did this happen?

First let's answer some important questions.

1. *Do we understand what the modern music industry is today?*
2. *How do international organizations' legal mechanisms help the development of the music industry?*
3. *Are these mechanisms good enough to work in the future?*

The matrix of the modern music industry

By music industry we usually mean, first of all, the production and the distribution of music recordings. Is this correct? Maybe, but there remains some doubt. The IFPI, a very traditional organization published this analytical table

World Music Market 2005 (IFPI)

If not marked differently, then all the figures are from retail sales.

№	Type of Sale	\$ billions.
1	Sale of music on music media (CD's etc)	31.4
2	Advertising income on music radio*	29.9
3	Concert business (live performances)	14.4
4	Sale of compact digital players	9.0
5	Income from music publications	6.9
6	Sale of musical equipment **	4.8
7	Ring tone sales***	3.5
8	Digital music sales on internet	2.0
9	Paid subscriptions to radio stations****	0.8
	Total	103

**As most radio stations fill their airtime with music made by the music industry, the IFPI experts consider it fair to include all of the advertising revenue of radio stations in the total income of the music industry. In reality, rights owners only receive five per cent of the sum listed above.*

*** Only counting sales in USA and Europe*

****after paying royalties*

*****Only in the USA*

As you can see, the IFPI considers the industry's turnover only 0.15 per cent of the world's GDP (which is approximately 65 trillion dollars), a surprisingly small figure for an industry whose fruits the majority of the world's citizens taste every day. Let's have a look at those figures. Let's look clearly at when and why people use musical works

to be around 100 billion dollars. It is a huge number but it is in the modern world. The results will be very entertaining I'll just add again, the statistics in most cases are very rough estimates by experts although many official documents were also used. But of course we are not interested in exact figures but in tendencies and trends.

Section	Worldwide			Russia		
	Annual turnover	%	Separate annual turnover (US \$ mill)	Annual turnover	%	Separate annual turnover (US \$mill)
	(US \$ million)			(US \$mill)		
Music players	70 000	100,0	70 000	1 000	100,0	1 000
Concert acts with ticket sales	15 000	100,0	15 000	220	100,0	220
Concert acts without sale of tickets	20 000	100,0	20 000	300	100,0	300
Sale of music and musical services by telephone	10 000	100,0	10 000	28.8	100,0	28.8
Sale of music on internet	4 700	100,0	4 700	30	100,0	30
Sale of Music DVDs	500	100,0	500	10	100,0	10
Music clubs	100 000	100,0	100 000	50	100,0	50
Sale of MP3 players	50 000	100,0	50 000	548	100,0	548
Music press and news agencies	10	100,0	10	1	100,0	1
Publication of music books	300	100,0	300	1	100,0	1
Sale of Musical equipment	300 000	100,0	300 000	3 000	100,0	3 000
Sale of musical instruments	10 000	100,0	10 000	200	100,0	200
Musical theater (opera, operetta, musicals etc.)	20 000	100,0	20 000	100	100,0	100
Radio	47 200	80,0	37 760	614	80,0	491.2
Television	333 000	20,0	66 600	8 000	20,0	1 600
Other spectator arts (theater, circus, fashion shows exhibitions, installations, performances etc)	15 000	10,0	1 500	100	10,0	10
Internet media and services	40 000	15,0	6 000	300	15,0	45
Internet Service Providers	100 000	15,0	15 000	100	15,0	15
Sale of computer equipment	3 400 000	15,0	510 000	18 500	15,0	2 775
IT Services and software	1 000 000	10,0	100 000	4 400	10,0	440
Video and television equipment sales	500 000	10,0	50 000	4 500	10,0	450
Movie industry	26 700	10,0	2 670	563	10,0	56.3
Sale of movie and other non-musical content on DVD and the internet	10 000	10,0	1 000	400	10,0	40
Print industry	200 000	5,0	10 000	4 000	5,0	200
Production and sale of computer games	200 000	5,0	10 000	200	5,0	10
Advertising business	1 200 000	5,0	60 000	12 000	5,0	600
Gambling	1 000 000	5,0	50 000	50 000	5,0	2 500
Mobile phone sales	1 000 000	5,0	50 000	6 800	5,0	340
Restaurants	5 000 000	5,0	250 000	13 000	5,0	650
Primary, secondary and higher education	1 000 000	2,0	20 000	30 000	2,0	600
Transport	5 000 000	0,1	5 000	100 000	0,1	100
Hotels	2 000 000	1	20 000	5 000	1	50
Trade	20 000 000	0.5	100 000	500 000	0.5	2 500
State Budget	10 000 000	1	100 000	227 000	1	2 270
State military	2 000 000	0.2	4 000	35 000	0.2	70
Regional and political	500 000	1	5 000	1 000	1	10
Total			1 704 530			16 121

Some clarifications

1. Only industries where music is used systematically are listed in the table. By systematic use of music we mean (even if most of the cases it is not that important) that it is a factor in the development of the industry and accordingly plays a role in the creation of turnover (otherwise why continually pay for using music). The importance of the musical factor for the total in each of the industries is of course very different. We tried to estimate approximately the share of the music factor in the total turnover of each section (in the per cent column) The source of each of the figures has been left out because of a lack of room, but can be passed on in private at anyone's request.

2. Some things listed in the table are not sections of the economy (they are linked to the state, the army and religion). We have placed them in the table as music is used for state, military and religious purposes virtually everywhere (from national anthems to military marches to church choirs, symphony orchestras and folk groups). The numbers given are calculated according the official exchange rates. Usually, this would be converted according to purchasing power for greater accuracy but for our research the official rate is adequate.

3. All the figures given include totals for piracy, grey schemes and other illegal music sales.

4. Amateur music playing and the basic swapping of music (including peer-to-peer) which is not aimed at making a profit or political or other advantage are not included. It is impossible and meaningless, although, of course people are spending more time on music and it would be interesting to count this too.

I'll mention one more thing again. I fully understand that the table above is far from complete. It is possible to argue with the numbers, they can be clarified, added to, or corrected, but the finished result will only be slightly changed.

The result will still look like this: the turnover of the whole musical industry is about \$1.7 trillion, which is many times larger than the turnover of the «clean» music business. You have to agree that this is a completely different figure – about 2 to 3 per cent of the GDP — and it demands a more respectful approach.

Some additional information

Some more important figures to help understand the situation (the spread is quite large but we can't be more precise at the moment).

1. the number of performers, solo and group, who receive a majority of their income from musical work – 1,000,000 to 2,000,000.

2. the number of composers – 1,000,000 to 3,000,000

3. the number of professional works created by professional artists every year – 10,000,000 to 30,000,000.

4. Different ways of musical distribution. In 2003, there were around ten formats, mainly CD and cassette. In 2007, the Justin Timberlake's hit "Future Sex/Love Sounds" was issued in 115 formats and sold approximately 18 million copies of which only 20% was on traditional CDs.

5. Number of mobile phone holders – 3.5 billion. In 2004 – 1.35 billion.

6. 74% of modern mobile phones are often used to play music.

7. 90% of modern computers are used for something linked to music.

8. When asked the question "Why are you interested in buying more music online?" a majority of respondents answered because easy access and variety of choice.

You can also find lots of useful information in the other parts of the **Russian Musical Yearbook 2009** which you now have in your hands. I urge you to pay special attention to the article by A. Tikhonov "**Recording Industry 2007-08**".

Some Words about Fairness

It is impossible to count the income of authors and performers worldwide, but I will be brave enough to suggest that in total they don't go above \$5 to 10 billion, which is a lot less than one per cent of the total turnover.

Where does the rest of the money go?

The answer is clear, music stores, distributors, managers, producers, radio stations, the state, the political world, the church, internet providers, restaurants, manufacturers of computers and software - all those who successfully use what the authors and the performers created. In developed countries, the number of authors and performers is a lot higher, but they still receive depressingly little. In developing countries, like Russia, it is a lot less and it is countries like these that are starting to play a bigger role in the world musical process. Is this fair?

Can you imagine if car manufacturers or oil companies received less than one per cent of the total turnover of the industry and that they were not only supposed to live on that money, but actively expand and develop. I think that those industries would not last too long and probably would never have ever arrived on the scene, but music as we know is an industry that develops on its own rules and it exists and will exist. But how? This is how?

1) In the balance between the three business plans of the music industry, direct sales, advertising and religious-political, the industry is increasingly moving toward the second and third.

2) Talent is the key to any industry.

3) Investment in a musical project does not happen according to the usual laws of business (you can't work out the profit at the time) but according to the principle of sponsorship and more often of relations (in a daughter, a son, a wife/husband, a lover). The quality of the music is not going to get any better because of this.

4) The creators of music, the authors and the performers do not get a fair reward for their work; most do not earn a decent living. Those who are weaker will find a new job, the stronger will continue to make music, gritting their teeth and

counting their last pennies. The music will be of a suitable quality too.

5) Listeners are not worried about these problems. They need music. To paraphrase Josef Stalin, We do not have any other musicians or music. They complain about the music but they still listen.

I ask you to understand me correctly. If Paul McCartney, because of the ineffective legal system in the industry, has one billion dollars instead of five, it is terrible, bad and shameful, but it is not a tragedy. It is the same with Alla Pugachova, Yuri Antonov or Alexander Gradsky who, instead of 500 million only get 50 million. Its ok, they've survived like that for many years, although of course they would have spent the 450 million in a way that would have helped music far more than the owners of kiosks and internet sites.

I am speaking about something else. I am speaking about the young, talented author of a new super hit who sings the song all over the country to tens and hundreds of million people over the course of a year and all he gets for that is six thousand bucks, even though hundreds of people with that one hit earn millions of dollars. It is not just unfair but offensive. It is a blow to the industry and is driving new talent away. This happens again and again all over the world and not just in Russia.

And where is the mechanism, especially designed to make the industry more effective, to bring order and fairness. Where are author's rights? Where are neighboring rights?

They exist of course but you see they work rather weakly (see above). The fight with audio piracy isn't producing results, a statement that I think few will argue with.

But maybe the time will come soon and tens of millions of organizations which make money with music, will sign hundreds of millions of agreements, with tens of millions of rights owners - of course with the help of hundreds of millions of highly paid lawyers? Maybe all the countries who have signed international conventions will finally set aside billions of dollars so that the conventions can be observed. The army will at last be called out and placed with all the street vendors and at all the internet service providers. Maybe the understanding of authors' rights will at last not make most ordinary people burst out laughing. Do you sincerely believe in that?

A Bright Future

In order to answer that question, let's have a little look at the future. The uncertainty and mystic nature of the music industry does not mean that we can't forecast anything. Let's think about it. After all, there are laws which the industry has developed since its beginning. Let's try and formulate them. If we deliberately ignore the difference between mass and elite music, the laws, as we look closer, are almost the same with the border between the two practically invisible.

Timeliness. It has always and everywhere been the case that new music, just appeared on the scene, is most popular and has the biggest business potential. Some eventually becomes in the course of time retro, then turns into music of the "good old days", then into classics of its time and finally into world classics, such as Vivaldi, Elvis Presley or ABBA. There aren't that many who are mega-popular now who will be considered classic, but if you are not popular among your contemporaries, then there's not much chance of becoming a classic. Still, no classic can compete with current, modern music.

Availability. Listeners have to be able to have easy, quick and cheap access to the music. And the listener has to be able to get the music they want. In other words, they need a way to search and have as large a choice as possible.

Quality. The listener has to get the whole track in good quality, or be able to attend a concert as easily and as comfortable as possible.

That is all. Now let's try and imagine what it might look like in practice in the very near future.

The acoustic systems for public listening to music will be powerful and compact. You will be able to bring a device that gives you the sounds of an average concert hall in your briefcase and a school hall sound in your pocket. High quality **individual acoustic systems** will be implanted in your ears, more than likely they will go in not long after birth in a technological piercing and will be used not only to enjoy music but for communication which be similar to today's telephone conversations – they will no doubt find that the best place for the microphone will be at the end of our noses. A super powerful microscopic computer **carried on** the wrist will answer for playing music and further in the future it will be implanted under the skin. **It will be controlled** either by voice or by gesture, possibly with the help of a virtual sensor display which will appear in front of you when needed to choose the music. There will be other devices too difficult to predict but all, most importantly, will be simple to use and efficient.

We will forget about cables. The link between sources of musical information, the controls of acoustic systems and other components will be linked by more perfect ways. It is possible that we will use the warmth of our bodies to recharge devices.

How will musical content be delivered to the consumer?

As simply as possible. The consumer at any moment will have access to all the musical tracks that exist in the world including the ones just recorded in the last few minutes and to all the famous live performances at the moment at any place on the Earth. The consumer won't worry about how he does this. That will be the work of his **musical provider**, a sort of robot program with an element of artificial intelligence who is tuned in by the user himself. The musical provider will also determine what the user should listen to in accordance with his preferences and wishes. How do you organize access to music? Possibly through the memory of

the device, or through something that is similar to our archaic TCP/IP internet server system, a super fast global wireless network which gives a person access 24 hours a day. And the consumer will more and more move from passive listening to taking part in different ways in the musical process, even including collective or individual creation of the music.

The ways the concert industry works will practically not change at all, just as it hasn't changed much since the Paleolithic era, apart from the fact that live translation all across the world will become an integral part of practically any famous concert.

Is this delirium or science fiction? Try and explain the functions of an ordinary smart phone to an advanced specialist from the mid-70's and see what kind of rude words he would call you? Only 30 years have passed. What the consumer wants, sooner or later, science and industry will create. There's no doubt about that. And consumers as we know REALLY want it (but I remind you once again, that we do not know why they want it). Consumer demand is answered very quickly as it always has been in the history of the musical process because music is in harmony with its three chief laws and uses all the latest technology. And, this is very important; the consumption of music world-wide will increase by thousands and millions of times.

What is next?

How will our legal system deal with all these wonderful things following the wonderful results since the beginning of the 21st century (see above)?

I don't think it will.

Since the 19th century the structure of the musical industry has been built on the idea of author's right and neighboring rights but has constantly changed, been repaired and remodeled. With every technological or political revolution in history, the building has received new floors, balconies, penthouses and in recent times a new supports and beams and patches to cover the holes. Now we see a frightening looking but grand multi-story construction, filled by millions of occupants happily putting struts under the collapsing walls. Have they thought about the fact that the thousand ton giant was built on the foundations of a simple Victorian one-storey mansion. And every new strut, whether it is the 360 degree model or the Sarkozy agreement only moves the date of its collapse even closer.

And now is the time to return to the dialectic law of moving **from quantity to quality**. Much is already clear now. The music industry since it has grown by hundreds of millions of times does not need to be "patched up" by horribly expensive PR campaigns or far too late attempts to catch up with technical progress and social changes. Any attempt to follow the existing legal formalities, even the most honest attempt, will not ease the way of music to its listeners (which as we have seen is COMPLETELY NECESSARY for mankind) but will only create serious obstacles on that path.

So there is only one possible conclusion: the present legal system cannot provide normal development for the music industry. We need a **COMPLETELY NEW legal system for the music industry**.

It's a very difficult task but the world needs it. That means that sooner or later it will happen. Many professionals in the music business have their own projects or suggestions about this. I suggest that we think about it, accuse me of naivety if you want. Let's try and start, only start, to formulate the aims and characteristics of this system.

First aim of the System — allow as much as possible the unchecked distribution of musical works

Second aim of the System — allow for fair rewards for authors, performers and creators of records and other parts of the industry for all uses of the music works including those not connected to the business.

Characteristics of the System

An inexpensive, transparent and universal mechanism of control that works not only in the developed world, but in all countries world-wide and with the ability to adapt to future technological and social changes.

Some important questions and answers

Is it possible to create such a complete system? Of course it is.

Is it easy to create such a system? No, of course not.

How quickly can you create such a system? Years, decades.

What do we need to do now? Start! Begin a national and international debate, create a convention, find the finances for a working group on the subject. First of all, we need to think about whether licensing agreements can exist in the modern world. Do we need them and is it not simpler to move completely to a royalty system. Is it worth moving to equal conditions for every country no matter what their position in the world economy? Is it worth creating a single international billing system for the music business? We need to think about how to move from one incomplete system to the new as yet not built system, without losses for those who make music and those who listen to it.

(I'd like to note that in a few years social and technical progress will put the movie industry in a similar position. They are close to the music industry – Hollywood and the ministries of culture theoretically are still trying to shore up the industry to stop it collapsing. That is a shame, in agarage you can record pretty good music but it is not easy to film good movies there.)

Epilogue

The world music industry has done a lot and will do more in the future for world civilization. Just because we're in crisis, we should not put ourselves down. It is an excellent time to reexamine our real and artificial accomplishments, for the creation of new mechanisms, which are so necessary to mankind. The time has come to consolidate our strengths and start work **on the New World Order**.

Editors of "Russian Musical Annual 2009" express its sincere thanks for creative help in preparation of materials for this Article to:

*Mr. Bob van Ronkel,
Doctor of History, Lev Agronov.*

The article was published in Russian Musical Annual 2009

<http://intermedia.ru/rme2009.php>

