

WINTER 2008

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CONGRESS EMBRACES MUSIC AT RECORDING ARTS DAY

Recording Academy advocacy day puts creators' message center stage



GRAMMYS on the Hill Finale: Sen. Ted Kennedy, Quincy Jones and Brett James perform Jones' "We Are The World" Photo: Douglas A. Sonders/WireImage.com



NATIONAL ACADEMY OF
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Music Fills Halls Of Congress As Academy Members Visit Capitol Hill

Academy's Recording Arts Day connects music and congressional leaders

From the Speaker of the House to a freshman congressman with hit records to his name, Congress could not miss the message of music at Recording Arts Day on Capitol Hill on Sept. 5. The music community's day on Capitol Hill, conceived and annually produced by The Recording Academy, brought nearly 150 music professionals to Washington for a day of music advocacy and music making.

In addition to the music professionals participating, 20 organizations representing every aspect of the music community served as co-hosts of the day's events, including American Association of Independent Music, American Federation of Musicians, American Federation of Television and Radio Artists, ASCAP, BMI, Country Music Association, Church Music Publishers Association, Gospel Music Association, GRAMMY Foundation, and the Harry Fox Agency.

Also hosting were the Latin Academy of Recording Arts & Sciences, Music Managers Forum — US, Nashville Songwriters Association International, National Association of Recording Merchandisers, National Music Publishers' Association, Producers & Engineers Wing, Recording Artists' Coalition, Recording Industry Association of America, Rhythm & Blues Foundation, SESAC, Songwriters Guild of America, and SoundExchange.

Lobbyists For A Day

The morning session was designed to brief the music community on key music issues facing Congress in order to better equip participants to meet with their



Phil Ramone (left) and Jimmy Jam (right) present the GRAMMYS on the Hill award to Sen. Ted Kennedy

Photo: Douglas A. Sonders/WireImage.com

representatives. A panel of experts, including attorneys Bill Hart and Montserrat Miller, as well as the RIAA's Mitch Glazier and NMPA's David Israelite, discussed critical issues such as user-generated content, copyright enforcement, and cultural exchange.

Then, to better understand how to engage in a productive meeting with a member of Congress, the participants went right to the source. Congresswoman Linda Sánchez (D-Calif.) kept the mood light and delighted the audience with her tips on how to interact with legislators.

The morning's keynote was given by the chairman of the National Endowment for the Arts, Dana Gioia, who encouraged the music makers in the room to keep culture alive and to help the NEA make the arts part of every American's life.

The next stop for the group was the grand Library of Congress for an event and tour, a first-time visit for Recording Arts Day. In honor of The Recording Academy's 50th Celebration, and to recognize its and the Library's mission of



Recording Arts Day advocates at the Library of Congress

Photo: Douglas A. Sonders/WireImage.com

music preservation, a plaque was presented by Academy President/CEO Neil Portnow to the Librarian of Congress, Dr. James Billington. To symbolize both organizations' commitment to music preservation, the plaque contained an original LP and sheet music of Bob Wills' "New San Antonio Rose." The recording has been inducted into both the GRAMMY Hall Of Fame and the Library's National Recording Registry.

Then, to bring that song to life, Ray Benson of Asleep At The Wheel (currently starring in a play about the legendary Wills) performed "New San Antonio Rose" on acoustic guitar.

An informal lunch reception offered members of Congress and the music industry a chance to mingle. "It was a wonderful opportunity to talk to a congressman from my state one-on-one in such an informal setting," commented Texas Chapter Board member Maureen Doherty after meeting with Rep. Charles Gonzalez (D-Texas). Other members of Congress in attendance included Reps. Marsha Blackburn (R-Tenn.), Howard Coble (R-N.C.), Stephanie Herseth-Sandlin (D-S.D.), Adam Schiff (D-Calif.), and Henry Waxman (D-Calif.).

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Sen. Orrin Hatch (left, at head of table) listens to the words — and music — of The Academy's leadership

Photo: Douglas A. Sonders/WireImage.com

Recording Arts Day Continued from page 3



BeBe Winans (far right) conducts the "GRAMMY Congressional Band" with (standing, from left) Reps. Mary Bono, Connie Mack, Adam Schiff, John Lewis, Steve Cohen, John Hall and Paul Hodes. Guest artists (seated) Ray Benson and Keb' Mo' accompanied the band

Bringing Down "The House"

In a packed hearing room transformed into a concert hall, the "GRAMMYS at 50" celebration commenced, hosted by the GRAMMY Foundation. Using live performances by BeBe Winans and Keb' Mo', as well as historical GRAMMY clips, the event showcased the Foundation's efforts to

preserve music on film and living histories of great artists. In an "only at Recording Arts Day" moment, Winans called up the "GRAMMY Congressional Band" to join him, Keb' Mo' and Ray Benson in "America The Beautiful." The band, an informal group of legislators who support music issues, included two new members who are no strangers to the music business, former Orleans band member John Hall (D-N.Y.) and musician Paul Hodes (D-N.H.). Joining them were band veterans Reps. Mary Bono (R-Calif.), Connie Mack (R-Fla.), Stephen Cohen (D-Tenn.), John Lewis (D-Ga.), and Adam Schiff (D-Calif.).

During the final panel of the day, "Congressional Outlook For Music Issues," Reps. Mary Bono and Stephen Cohen shared with attendees some of the important concerns Congress will be addressing this coming session. The discussion was moderated by Greenberg Traurig's Diane Blagman, The Recording Academy's chief legislative consultant.



Librarian of Congress James Billington receives a plaque from The Recording Academy leadership. (l-r) Neil Portnow, Billington, Ray Benson, Quincy Jones, Jimmy Jam and Phil Ramone

GRAMMYS On The Hill

The closing dinner was a chance for The Recording Academy, the music community, and members of Congress to honor those who have improved the environment for music. This year's honorees were Sen. Edward Kennedy (D-Mass.), Rep. Marsha Blackburn (R-Tenn.), Quincy Jones and GRAMMY Foundation Signature School Chesnee High School music department.

The evening began with a surprise performance of an amazingly original version of the national anthem performed by the Godfather of Go-go, Washington, D.C.'s own Chuck Brown, joined by Paul Reed Smith, Ralph Perucci and Gary Grainger.

Television and radio personality Robert Aubrey Davis kept the evening moving as host, beginning with a toast in celebration of The Recording Academy's 50th birthday. Presenters and speakers included hit songwriters Desmond Child and Steve Bogard, BMI's Fred Cannon, The Recording Academy's Daryl Friedman,

Rep. Bob Ingliss (R-S.C.), GRAMMY Foundation Board member Rusty Rueff, the GRAMMY Foundation's Dana Tomarken, Jimmy Jam and Phil Ramone.

Performing were John Rich (of Big & Rich), BeBe and CeCe Winans, and songwriter Brett James, who performed the hit he cowrote for Carrie Underwood, "Jesus, Take The Wheel."

Recording Academy President/CEO Neil Portnow gave the keynote address, unveiling the GRAMMY Music & Technology Principles (see page 16).

The evening ended as it began, with a once-in-a-lifetime musical performance. Rich called up honorees Sen. Kennedy, Rep. Blackburn and Jones, as well as Benson, James and Jimmy Jam to sing the Quincy Jones-produced classic song, "We Are The World."

That finale perhaps summed up the entire day — music-makers and policy-makers joining together to create harmony and, as they sang, "make the world a better place." ■



Host organization representatives David Israelite (NMPA), Linda Lorence-Critelli (SESAC), Jim Donio (NARM), John Styll (GMA), Mitch Glazier (RIAA), Steve Bogard (NSAI), Neil Portnow (The Recording Academy), Karen Sherry (ASCAP), Fred Cannon (BMI), Rick Carnes (SGA), Richard Burgess (MMF-US), Elwyn Raymer (CMPA), Neeta Ragoowansi (SoundExchange), and Tom Lee (AFM)

Recording Arts Day 2007



Tammy Genovese of the Country Music Association with Rep. Howard Coble



Rep. Stephanie Herseht-Sandlin with The Academy's Neil Portnow



Desmond Child



Ray Benson and Keb' Mo'



Rep. Joe Crowley (left) and Rep. Paul Hodes compare bids at the auction



Rep. John Conyers shares a laugh with friend Quincy Jones (left)

Photos: Douglas A. Sonders/WireImage.com



Greenberg Traurig's Diane Blagman moderates the congressional panel

Photo: Paul Morigi/WireImage.com



Paul Reed Smith, Chuck Brown, Ralph Perucci and Gary Grainger



John Rich



Rep. Marsha Blackburn accepts her award from NSAI's Steve Bogard (left) and BMI's Fred Cannon



Sen. Richard Durbin (left) hears from music advocates (seated, from left) Neil Portnow, Terry Lickona and Quincy Jones



NEA Chairman Dana Gioia and Academy Chair Emeritus Terry Lickona

Photos: Douglas A. Sonders/WireImage.com

Recording Arts Day 2007 *Continued from page 7*



Rep. Adam Schiff (second from left) meets constituents The Academy's David Grossman, attorney Jay Cooper and TAG Strategic's Ted Cohen



Rep. Linda Sánchez



Quincy Jones and Speaker of the House Rep. Nancy Pelosi



Recording Arts and Sciences Congressional Caucus Co-Chairs Rep. Mary Bono and Majority Leader Rep. Steny Hoyer



The Academy's Wayne Zahner and Neil Portnow with Rep. Henry Waxman



CeCe and BeBe Winans

Chicago Chapter Fights For Arts Education

Event initiates discussion between members and state legislators

With one musical voice, Chicago Chapter members conveyed to state legislators and officials the importance of arts education programs. On May 2 in Springfield, Ill., the Chicago Chapter, in partnership with the Illinois Arts Council, hosted a reception to promote the importance of continued funding for music education in Illinois state schools.

Chapter members, Chapter Board members Lyndia Johnson, Rick Nielsen and Rachel Barton Pine, Chapter President Alice Peacock, and Chapter Executive Director Tera Healy delivered their message to Illinois education officials, including Illinois state Speaker of the House Michael Madigan, that education in the arts cultivates creativity and innovation — vital for success in today's complex and fast-changing economy.

During the evening, Academy members interacted with other important cultural organizations, including Arts Council Executive Director Terry Scrogrum and representatives from the Illinois Music

Educators Association and the Illinois State Board of Education.

Singer/songwriter Alice Peacock demonstrated firsthand what music programs can do and wowed the audience with her musical talent. Peacock also highlighted to the group the importance of music education, noting that schools with music programs have significantly higher graduation and attendance rates.

Peacock's parting words can serve as motivation for involvement in all states and at the national level: "I want to encourage all of you to look for opportunities to increase arts education in public schools. We owe it to our children to give them every experience and opportunity available to them, to allow them to excel not only in the arts and in education, but also in life."

The Academy will work with members of Congress to ensure that arts education does not get pushed aside as Congress revisits the No Child Left Behind Act. ■



Rick Nielsen (Cheap Trick, Chapter Governor), Peter Strand (Chapter Vice President), Michael Madigan (Illinois state Speaker of the House), Shirley Madigan (chairwoman, Illinois Arts Council), Michael Freeman (Chapter Trustee), and Tera Healy (Chapter Executive Director) Photo: Barry Brecheisen/WireImage.com

Putting MusicFIRST, Coalition Fights For Artist Royalties

Academy seeks radio performance right



FCC's Jonathan Adelstein, Rep. Joe Crowley, Rep. Linda Sánchez, Daryl Friedman, Patti Austin and Sen. Bob Corker at The Academy's briefing in Los Angeles Photo: Alexandra Wyman/WireImage.com

On June 14, The Recording Academy, along with other major music organizations, launched the musicFIRST Coalition to begin the campaign to secure a terrestrial radio performance right for sound recordings.

Sound recordings are the only copyrighted work that can be performed without compensating the creator or copyright owner. Therefore, over-the-air radio stations can play any record on the air without paying the artist who created it. In every other developed country in the world (and domestically on cable, satellite radio and the Internet), artists are compensated for the playing of their records. MusicFIRST (Fairness in Radio Starting Today) seeks to end this unfair exemption for corporate radio.

"As we celebrate 50 years of the GRAMMY Awards, it is important to note that artists have sought fair compensation from radio for each of those 50 years," said Neil Portnow, President/CEO of The Recording Academy. "Three years ago

in Washington, The Academy called for action at its GRAMMYs on the Hill event. Today, with the launch of the musicFIRST Coalition, that effort moves into high gear.

"And make no mistake, with our membership of both artists and songwriters, we will not allow the discussion to turn into a zero-sum game, pitting one against the other. Current songwriter royalties should and will be protected. A new performance royalty for artists must be in addition to that paid to writers."

Following the creation of a performance right, the creators of sound recordings would begin to collect hundreds of millions of dollars in royalties, as well as royalties from international airplay. Currently, royalties collected abroad for airplay of American artists are not shared with those artists since the United States does not have a reciprocal right.

Months before the official launch of musicFIRST, The Recording Academy hosted a briefing in Los Angeles with leading members of Congress and the

music industry, including singer Patti Austin. The discussion was designed to advance the campaign and educate key legislators about the performance royalty issue. Members of Congress in attendance were Sen. Bob Corker (R-Tenn.) and Reps. Joe Crowley (D-N.Y.), Linda Sánchez (D-Calif.), and Maxine Waters (D-Calif.), as well as Commissioner Jonathan Adelstein of the Federal Communications Commission. High-level congressional staff were also present to provide valuable input: Derrick Brent from the office of Sen. Barbara Boxer, Bruce Cohen of the Senate Judiciary Committee, Alan Hoffman from the office of Sen. Joe Biden, Gene Smith from the office of Rep. Howard Berman and Shanna Winters of the House Judiciary Committee.

The launch of the coalition saw a flurry of activity in Washington, including congressional and media meetings with legendary singer Martha Reeves, former Washington, D.C. Chapter board member Rob Garza of Thievery Corporation, and representatives from each coalition partner organization. Additionally, more than 100 artists have joined the "Founders List" of the coalition, including Recording Academy leaders Cathy Fink, Jimmy Jam, Dave Koz, Keb' Mo', Nitty Gritty Dirt Band, Thievery Corporation, Gerald Veasley and Suzanne Vega, among others.

Chaired by Rep. Berman (D-Calif.), one of Congress' most consistent supporters of music creator rights, the House Subcommittee on Courts, the Internet, and Intellectual Property held a hearing on July 31 to address the radio royalty issue. At the request of The Recording Academy, legendary recording artists Sam Moore and Judy Collins testified on behalf of artists' rights. Also supporting the royalty for artists were Register



Martha Reeves meets Rep. John Conyers during the musicFIRST launch

of Copyrights Marybeth Peters and Rep. Paul Hodes (D-N.H.). Opposing payments to artists was Charles Warfield, representing the National Association of Broadcasters.

Moore, who began his career 45 years ago as part of the duo Sam & Dave, noted, "While my records [such as "Soul Man" and "Hold On, I'm Comin'"] continue to bring joy to music lovers worldwide, and continue to help the radio business become a \$20 billion industry, I struggle to make a living. These recordings are my legacy. They deserve to be protected with a performance right."

In addition to The Recording Academy, which holds a seat on the coalition's executive committee, the musicFIRST organizations include American Association of Independent Music, American Federation of Musicians, Christian Music Trade Association, The Latin Recording Academy, Music Managers Forum-USA, Recording Artists' Coalition, Recording Industry Association of America, SoundExchange and the Vocal Group Hall of Fame. ■

GRAMMY Music & Technology Leadership Retreat Builds Consensus

Unique summit at Skywalker Ranch produces guiding principles

At a gathering once thought impossible, The Recording Academy convened CEO-level executives from both the music and technology sectors for an unprecedented summit to address critical issues affecting both industries.

The Music & Technology Leadership Retreat (part of the GRAMMY Industry Roundtable series) was held at George Lucas' Skywalker Ranch on July 19 and 20. The retreat was a result of ongoing efforts by The Academy to affect a "truce" between the music and technology industries, a policy first proposed in 2006 by Academy President/CEO Neil Portnow at Washington's GRAMMYs on the Hill dinner.

Portnow's vision was realized some months later as presidents, CEOs and other high-level business leaders dedicated

significant time to this first-of-its-kind discussion. Executives from digital music services such as Rhapsody, Napster, eMusic, SNOCAP and Pandora; technology manufacturers such as Microsoft and SanDisk; retailers including Best Buy and Amazon; major and independent music publishers; and all four major music labels came to Skywalker Ranch for the retreat. Additionally, accomplished music creators Ronnie Dunn (of Brooks & Dunn), producer/songwriter Jimmy Jam, Leslie Ann Jones of Skywalker Sound, and producer Phil Ramone took part in the retreat. The retreat was facilitated by music technology guru Ted Cohen and digital entertainment attorney Bobby Rosenblum. Antitrust attorney Stuart Plunkett also attended. The retreat was produced by The

Academy's Advocacy department and its Producers & Engineers Wing.

Many of the executives were meeting face-to-face for the first time, and they engaged in honest and open dialogue about the current challenges and potential solutions existing in the music-technology marketplace. In addition, the participants contributed to several guiding philosophies, which formed the basis of The Academy's "GRAMMY Music & Technology Principles."

The principles were announced by Portnow before an audience of congressional and music industry leaders at the 2007 GRAMMYs on the Hill dinner (see "Sound Policy" on page 16 for more information).

Retreat participant Rusty Rueff of SNOCAP noted, "The retreat was a successful and worthwhile endeavor for those of us working to advance the legal digital music marketplace. The Recording Academy is to be commended for their efforts to bridge the gap between two industries that are so interdependent and have so much at stake."

Legislation and litigation will no doubt continue, but leaders of the music and technology businesses now have a framework for building consensus, and improving the marketplace for music makers and music fans. ■

MUSIC & TECHNOLOGY LEADERSHIP RETREAT PARTICIPANTS

Gary Arnold, senior vice president of entertainment, Best Buy Corporation

Pete Baltaxe, director of worldwide digital music, Amazon.com

Rio Caraeff, executive vice president of Elabs, Universal Music

Ted Cohen, managing partner, TAG Strategic

Michael Downing, CEO, GoFish

Maureen Droney, Executive Director of the Producers & Engineers Wing, The Recording Academy

Ronnie Dunn, artist/songwriter, Brooks & Dunn

Daryl Friedman, Vice President of Advocacy & Government Relations, The Recording Academy

Chris Gorog, chairman & CEO, Napster

Thomas Hesse, president of global digital business, Sony BMG

Jimmy Jam, producer/songwriter, Flyte Tyme

Leslie Ann Jones, director of music recording & scoring, Skywalker Sound

Joe Kennedy, CEO, Pandora

Michael Nash, senior vice president of Internet strategy & business development, Warner Music Group

David Pakman, president & CEO, eMusic

Richard Perna, co-chief executive officer, Evergreen Copyrights

Neil Portnow, President/CEO, The Recording Academy

Phil Ramone, producer, Phil Ramone Inc.

David Renzer, chairman & CEO, Universal Music Publishing

Bobby Rosenblum, entertainment attorney, Greenberg Traurig

Rusty Rueff, CEO, SNOCAP

Daniel Schreiber, senior vice president of audio/video, SanDisk

Daniel Sheeran, senior vice president of music & video, RealNetworks Inc.

Ann Sweeney, executive vice president, Warner/Chappell

Chip Wood, senior director of business development & strategy, Microsoft

Barney Wragg, global head of digital music, EMI



Standing, l-r: Daryl Friedman, Richard Perna, David Pakman, Ted Cohen, Leslie Ann Jones, Joe Kennedy, Rusty Rueff and Chris Gorog. Seated, l-r: Ann Sweeney, Phil Ramone and Neil Portnow



David Renzer with Chris Gorog



Neil Portnow, Ronnie Dunn, J.W. Dunn and Bobby Rosenblum

Recording Academy Members Testify Before Congress

Judy Collins, Cathy Fink and Sam Moore speak out for artists' rights



Photo: Ken Cedeno

Artists are in front of audiences for a living, but recently, leading Academy members appeared before a different audience — members of Congress. Cathy Fink, a Recording Academy Trustee from Washington, D.C., and GRAMMY-winning recording artist, testified before the U.S. House Committee on Small Business on June 28. Her testimony, supporting the fair market rates for music set by a copyright royalty body, followed an e-mail campaign by more than 3,000 music creators who petitioned Congress to support the rates.

Judy Collins and Sam Moore, Academy members and GRAMMY-winning artists, testified for a Subcommittee on Courts, the Internet, and Intellectual Property hearing titled “Ensuring Artists Fair Compensation” on July 31. The artists

testified in favor of ending the terrestrial broadcaster exemption (allowing over-the-air radio stations to use sound recordings without compensation to artists). The hearing was a strong start for the musicFIRST campaign to protect music copyrights (see story on page 10). ■



Photo: Ken Cedeno

Advocacy Roll Call

Policy briefs for the music community

Insurance Parity Bill Championed By MusiCares Passes Both House And Senate Committees

Mental health parity made it through its checkups when HR 1424 (Paul Wellstone Mental Health and Addiction Equity Act of 2007) was cleared by the House Energy and Commerce Committee on Oct. 16 by a vote of 32–13. The bill also received approval from the House Ways and Means Committee on Sept. 26, approved by a vote of 27–17, and the Education and Labor Committee by a vote of 33–9. The bill now needs to be considered by the full House. The Senate passed its version of the legislation, S 558, on Sept. 18 by a voice vote. The House Mental Health Parity bill is more comprehensive than the Senate measure. If the bill clears the House, the differences between the House and Senate versions will need to be reconciled in conference committee.

Progress Made On “White Spaces” Issue

An FCC study released July 31 confirmed that concerns raised by a coalition of music organizations, including The Recording Academy, with regard to new devices intended to use wireless “white

spaces” are valid, resulting in slowed progress for three Academy-opposed bills. The bills would seek to rush approval for new portable consumer devices that would use the wireless spectrum currently used by the concert industry for mics and monitors. The Academy and many other music organizations oppose the bills because of concerns that new handheld devices would cause interference at live concerts.

Lyrics Make Front-Page News

On Sept. 25, the House Subcommittee on Commerce, Trade and Consumer Protection heard testimony from 13 witnesses on how, as Universal Music Group’s Doug Morris put it, the “B-, H- and N-words” in hip-hop lyrics may impact society. Warner Music Group CEO Edgar Bronfman Jr. testified that Warner complies with labeling restrictions, but does not censor the music they release. Rapper Percy “Master P” Miller said that he wants to be a part of the solution and not the problem going forward. Rep. Marsha Blackburn (R-Tenn.) commented that although she may think that some lyrics are “filth,” regulating content is a slippery slope. ■

More Information @ GRAMMY.com

GRAMMY.com is the best real-time source of information on Recording Academy initiatives and news, as well as up-to-the-minute stories affecting the industry, technology and artists. Go to www.grammy.com/news and click on the “Advocacy” and “ArtsWatch” links for the latest stories, and www.grammy.com/action for tools to make your opinions heard on Capitol Hill.

Sound Policy is a regular column by Recording Academy President/CEO Neil Portnow on Recording Arts issues. The following is a transcript of Portnow's keynote address at GRAMMYS on the Hill in Washington, D.C., on Sept. 5, 2007.

How does it feel to turn 50? For some in the room, it may be a fond memory. For The Recording Academy and the GRAMMY Awards, on our 50th anniversary, we're using the tagline: "For some it's a milestone — but we're just getting started."

To a large extent, what that means to us is looking ahead to the next 50 years, and that includes preparing to turn over the reins to the next generation. And for that next generation of music makers, creators, executives, legislators and fans, these next 50 years will define the future of the music industry and, indeed, the future of our entire cultural landscape.

As I travel, I meet students from our GRAMMY Signature Schools from all across the country and I can tell you, they make me very optimistic about the future of the music industry. They are bright, passionate and, who knows, maybe one of them even dreams of growing up to be a music lobbyist.

For all these reasons, I want to particularly recognize our guests from Chesnee High School's music department, whom you just met. To them I say, keep up the great work, use this grant and recognition wisely, and know that the current generation of music leaders is relying on you to carry the future of our business to even greater heights. As I add my personal congratulations to each of our GRAMMYS on the Hill honorees for their impressive achievements that have allowed all of our lives to be enriched through music, I'd like to direct my comments tonight to music students everywhere, and particularly to the music students of Chesnee High School and the students from all of our GRAMMY



Photo: Douglas A. Sanders/WireImage.com

Signature Schools, each of whom will receive a podcast of these remarks.

I know to many of you in high school music programs, it looks like we don't have a clue. Technology is changing faster than we can manage it, and you — the young music lovers — have mastered it far better than we have. It may even appear as if we are fighting new technologies, trying to hold them back. And I can certainly understand how it might look that way.

But let me assure you that every music industry leader in this room, every member of Congress here tonight, every technologist present, and every legislative staffer here with us, is working as hard as they can to prepare for and adjust to the new world of music.

We may not always get it right. But our overriding concern is a noble one — protecting the intellectual property of music makers and copyright owners so that music creation can and will continue. And if it appears that we are treading too slowly into the new world, it is because that

concern is paramount in our minds and certainly is not easy or simple to address.

You should also know that technology entrepreneurs and music industry leaders are working together each day to solve these issues and hasten the digital transition. And I'd like to share with you — publicly for the first time — one such place where this occurred at an entirely new level.

Last year at this podium, I spoke about the so-called music and technology war. Rhetorical battles were creating an environment in which cooperation was difficult. I called for a truce, and offered The Recording Academy as the facilitator of a high-level summit between music and technology leaders.

That summit actually took place this summer — at George Lucas' Skywalker Ranch in Marin County, Calif. Why at Skywalker? No, it wasn't because each side saw the other as the evil empire.

It was because Lucas' operation is one that seamlessly — you might even say "magically" — melds content and technology to produce results that are at once artistic, popular — and profitable.

Sitting at a conference table in the cavernous Skywalker soundstage where so many innovative films were scored, we were inspired by what can happen when music and technology work together toward a common goal.

So, we gathered our participants for a two-day retreat. To keep us honest, we mixed in four music creators: Ronnie Dunn of Brooks & Dunn, Leslie Ann Jones of Skywalker Sound, and two of the industry's most successful producers — who are here with us tonight — Jimmy Jam and Phil Ramone.

Guided by our expert moderators, technology guru Ted Cohen and

digital entertainment attorney Bobby Rosenblum — and, I should disclose, under the watchful eye of an antitrust attorney — the participants set out to find common ground.

Presidents, CEOs and other high-level leaders dedicated significant time to this unprecedented discussion. Executives from digital music services such as Rhapsody, Napster, eMusic, SNOCAP and Pandora; from technology manufacturers such as Microsoft and SanDisk; from retailers including Best Buy and Amazon; from major and independent music publishers; and from all four major labels came to Skywalker for the retreat.

Many of these executives were meeting face-to-face for the first time and to us, that alone was important. That they engaged in such an honest and open dialogue was even more fulfilling. That they all agreed to continue the discussion beyond the retreat was gratifying all the more. But perhaps paramount were their contributions to several guiding philosophies, which we're calling the GRAMMY Music & Technology Principles. These include:

First and foremost, **music creators are the foundation of the music business and must be adequately compensated regardless of the technology.** We must ensure that whatever technology is used to bring music to the public, creators are paid, period.

Similarly, **meeting the needs of consumers is critical, and the music and technology industries must provide a wide array of business models that appeal to consumers and value compensation to creators and copyright owners.** Ultimately, consumers will tell us how they wish to enjoy music. Our job is to provide

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SOUND POLICY

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them with legitimate choices that value creators' rights.

Third, new technologies are essential to the future of the music business, therefore an environment for experimentation and innovation — that respects copyright and music creators — should be fostered.

Content providers must give entrepreneurs the freedom to explore new and untested business models — but in return, those innovations must build in an appreciation and respect of copyright.

Fourth, interoperability across hardware and services is essential to the consumer experience and should be a priority in the digital music space. We cannot continue to frustrate and confuse our customers. They know any DVD they buy plays on every DVD player, and every CD plays on every CD player. Music files must do the same.

Fifth, the best defense against music piracy is a vibrant, complete and legal digital marketplace. Yes, legislation, litigation and education all play important roles. But without giving the consumer legal options that provide the same deep catalogue as pirate sites, we will never solve the problem of piracy.

Sixth, the industry must make faster rights clearances a higher priority in order to grow the legal digital distribution of music and to more effectively compete with the volume of titles available through illegitimate sources. Now, we all recognize that music licensing is complicated by nature, and streamlining the process would help grow the business. Since the retreat, rights owners already have started to compile a "roadmap" document to make the process clearer.

Seventh, the music economy is not a zero-sum game; music and technology

sectors can both benefit as the business grows. Perhaps the biggest disservice of the rhetoric wars is framing the debate as though if content wins, technology loses and vice versa. The leaders at our retreat understood that this truly can be a win-win game.

Finally, and perhaps most importantly, **continued dialogue among music and technology leaders is essential to facilitating growth in the marketplace.** That these very busy leaders of their industries left the retreat committed to continuing the dialogue is perhaps the most gratifying principle of all.

Now, we realize that these principles are just a first step in greater cooperation between the music and technology sectors. There will continue to be hurdles and challenges ahead as we adapt to the new marketplace. But I have great respect for these leaders who came to Skywalker to build consensus, and I believe the entire industry should follow their example and the standards they have set forth.

So, to the music students listening: Know that we are working to create an environment for music that recognizes the value of both creators and consumers, an environment that rejects a winner-take-all approach, and one that encourages innovation and experimentation. Even though the music industry you will manage will look very different from the one we have today, these concepts will remain constant.

Our generation will do its part to live by the GRAMMY Music & Technology Principles, and we hope yours will too. We're counting on all of you to ensure that in another 50 years, the GRAMMYs' centennial will be a time to rejoice and celebrate a music industry and a culture that we all can be proud of. ■

VIEW FROM THE HILL

A Demotion Of The "Promotion" Fallacy

by Daryl P. Friedman

As you read about the important launch of the musicFIRST campaign (see page 10), I'd like to give you a glimpse of how the battle is playing out on Capitol Hill. Corporate radio simply cannot justify its decades-old free pass that allows it to broadcast sound recordings without compensation. So broadcasters are shopping a fictional argument in the halls of Congress: radio shouldn't have to pay artists because it "promotes" artists.

So far, Congress doesn't seem to buy it, and with good reason. First, the majority of radio airplay is no longer current music and oldies stations move scant product. Secondly, while radio has grown (thanks to music) to a \$20 billion business, record sales are falling, again debunking radio's effect in boosting sales. Third, Internet, cable and satellite radio all pay royalties to artists. Any promotional effect of AM/FM is surely exceeded by the newer, more diverse technologies. Why should big corporate radio get a free pass?

We should never allow a supposed "promotional" effect to substitute for fair compensation to music creators. And yet that is what radio has been doing for years — broadcasting any sound recordings it chooses, selling ads around the music to earn billions, and not paying artists one cent. So when radio lobbyists say they're doing artists a favor, well "thank you," but we'll take fair compensation instead. ■



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Jimmy Jam
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