

The Day the Music Died?¹

Bronwyn Howell finds evidence that rumours of music's demise have been greatly exaggerated.

Submissions from the recorded-music industry in support of increased powers of copyright enforcement give the impression that Napster and other file-sharing software signalled the arrival of the anti-Christ. Visions are conjured up of great Satanic powers laughing with delight at sacrificial burnings of the very sources of creative endeavour. Without virtuous legislators crusading against copyright infringement, the returns will be so insecure that artists will reduce the effort they put into creating great music, its quality and quantity will fall, and we'll be left sitting in Don McLean's chevy at the levee drowning our sorrows (silently?) in 'whiskey and rye'.

On the other side of the debate, however, it's argued that whilst Napster et al may alter the economics of music distribution, the effect on the underlying incentives to create are at worst unaffected and at best increased. With lower costs of distribution, more talent will be heard by more people, reducing barriers that might otherwise have retarded the cream of great talent rising to the top. Metaphorically speaking, the deaths of Buddy Holly (and Ritchie Valens and The Big Bopper) in the 1959 plane crash that initially inspired Don's song were tragedies - but in the wake of bourbon-fuelled mourning, an arguably even greater creativity within Don McLean had its chance. What's more, with improved and cheaper technology, Buddy, Don, and their heirs and successors can make even more of us smile.

Up till now, the debate between the opposing 'death of music' camps has been based more upon ideological positioning than empirical evidence. However, Joel Waldfogel (the killjoy who calculated the deadweight loss of unused and unloved Christmas and Hanukkah gifts in 1993 at over US\$40 billion)² has recently compiled a novel dataset that sheds some light on the subject.³ This dataset enables a quality-controlled comparison of the quantity of new (post-Napster) music albums against both the level and trend of releases pre-Napster. It also allows insights to be gained on the volume of new songs released since iTunes revitalised the cult of the 'single'.

Waldfogel collected data from professional critics' retrospective rankings of songs and albums from multiple years since 1960. As these rankings are from different years, there's a time-constant quality threshold for inclusion: the critics will include a recent item only if its quality surpasses that of an older item. If the quality of music has fallen post-Napster, then it would be expected that the critics' post-Napster preference lists would include a larger number of older items. By counting the number of new items that enter the critics' lists each year, the quantity of new post-Napster quality items can be compared against what would be expected from pre-Napster observations.

Using a number of econometric tests and cross-checking against other data, such as the sales of albums over time, Waldfogel concludes that his data show no statistically significant evidence that the number of post-Napster quality items released is any different from what was released before Napster. Nor does he find any evidence that the number of emerging new artists has been affected. Whilst it was not directly part of

¹ With apologies to Don McLean and his 'Bye Bye Miss American Pie'. Lyrics courtesy of www.lyricsfreak.com/d/don+mclean/american+pie_20042099.html (the author having been too busy discoing away in the 1970s to have them perfectly etched in memory).

² J Waldfogel (1993) 'The Deadweight Loss of Christmas' *American Economic Review* 85(5) pp1328-36.

³ J Waldfogel (2011) 'Bye Bye Miss American Pie? The Supply of New Recorded Music Since Napster' NBER Working Paper 16882 (available at www.nber.org/papers/w16882).

his econometric analysis, Waldfogel notes that the greatest effect of Napster has likely been on the industrial organisation of the music industry, with a greater proportion of new music now being released by 'independent' labels. This supports the thesis that lower distribution costs related to internet distribution are having an impact upon the way new artists are being 'discovered'.

So it would seem that whether or not music can save your mortal soul, lonely teenage broncin' bucks with pink carnations and pickup trucks aren't (yet) going to be out of luck. The music hasn't died after all.

Bronwyn Howell is ISCR's General Manager.