



## AMERICANS *for* TAX REFORM

Grover G. Norquist  
*President*

March 25, 2013

The Honorable Howard Coble,  
Subcommittee Chairman  
The Honorable Mel Watt  
Ranking Member

The Honorable Bob Goodlatte,  
Judiciary Committee Chairman  
The Honorable John Conyers  
Judiciary Committee Ranking Member

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U.S. House of Representatives  
Subcommittee on Intellectual  
Property, Competition and Internet  
2138 Rayburn House Office Building  
Washington, DC 20515

Dear Congressmen:

On behalf of Americans for Tax Reform, I write to you regarding the recent discussions on copyright reform, especially with regard to musician compensation and distribution of creative arts.

We agree with Congressman Blackburn and Congressman Issa's letter stating, "today's business models are far outpacing the regulatory, licensing and royalty governance systems of the past," and also request that you carefully consider any legislation coming before you that could stop this discussion before it begins or examines any music distribution service in a vacuum.

In an increasingly interconnected world where competition is not platform based, we should consider the entire universe of music distribution and how copyright is applied before making reforms. Artists and distributors, including broadcasters, should have the opportunity for free-market negotiations, as do many other businesses. As Congress considers Copyright reform, it should be mindful that market forces rather than increased government intervention are the best tool for unleashing innovation and fostering creativity.

In an ideal world, all parties, e.g, writers, artists, recording companies, broadcasting companies and others, should be allowed to negotiate mutually agreeable terms. There is no way, ultimately, for a legislator to decide what the fair market value of a product or service is. That is what the market is for.

We would note that such private, market-based agreements are actually being to take root. There is a growing group of broadcasters and record labels reaching privately negotiated agreements for both Internet play and over-the-air play that reflect market prices. We fully support such agreements and are hopeful government action does nothing to undermine these free market negotiations. We believe some of the introduced legislation could hinder this discussion by examining one music distribution service in a vacuum.

We should move toward a market **where setting prices, forbidding actions on one side or the other, preventing the acceptance of payment for one service or another, or prohibiting collection of compensation for the use of property** are things of the past. We should not prevent just compensation from work created, or compensation from promotion supplied. This is not a regulatory issue. This is a market issue.

We believe in an open and free market, *and* the vigilant protection of property rights. I strongly urge you to move toward a market solution. Government should extract itself from this debate to allow an environment for negotiations to develop among broadcasters, record companies, artists, and other interested parties.

The debate on performance rights is an interesting and important one. Ultimately, it should be made in the marketplace, not in House and Senate office buildings. These recent private agreements between broadcasters and record labels demonstrate that the performance rights issue is more appropriately addressed through private contracts rather than a broad government mandate.

I urge you to enact reforms that protect intellectual property, nurture the private sector and allow the **free market** to determine prices and compensation for labor and intellectual property.

Onward,



Grover G. Norquist