

**THE PROBLEM WITH THE GOWERS REVIEW**

Consultancy group LECC has identified the following problems with CIPIL's research, which led to the

Gowers Review: economic model used was too simplistic and made wrong assumptions. CIPIL model also made "fundamental error" in its key equation for social

welfare. CIPIL assumes "perfect" capital markets and that record companies will borrow to fund new investment. However, LECC suggests that record

companies finance new artists internally

**STEREOPHONICS CAST LIST**

Press: Barbara Charone, MBC PR. Publisher: Universal Music Publishing. Regional press: Mandy Crompton, Momentum PR.

Marketing: Claire Moon, V2. National radio: Jodie Cammidge, V2. National TV: Karen Williams, Big Sister. Regional radio: Neil Adams, V2. Agent: Scott

Thomas, Xray. National sales: Jim Brain, V2. Indie sales: Ben Jones, V2. Digital sales: Stephen Hallows, V2. Digital marketing:

Karen Piper, Alex Fordham, V2.

# Flaws uncovered in Gowers Review



by Robert Ashton

Copyright term campaigners have been buoyed in their bid to persuade the Government of their case to extend the term by a new study that debunks the economic analysis underpinning the Gowers Report.

The 38-page Economics of Copyright Term Extension report by the consultancy group LECC has produced strong evidence to suggest the economic modelling used by the Gowers team is "too simplistic".

Daniel Ryan, director of LECC and one of the authors of the report, commissioned by the BPI and IFPI, says that economics is "essentially a framework for understanding how people interact. The model used in Gowers is straightforward... it has taken a too simplistic view of the world. We don't believe their formula is sufficiently reliable".

Ryan and his team at the consultancy were asked by the two music industry bodies to investigate the various research and thinking that has been

conducted in the copyright area, including work done by PwC, Bernt Hugenholtz, Professor Stan Liebowitz and the Centre for Intellectual Property and Information Law (CIPIL) at the University of Cambridge.

However, BPI director of public affairs Richard Mollet explains the consultancy was not given a specific brief to overturn the findings of Gowers.

Ryan explains that LECC created an alternative economic model, which more accurately reflected the workings of copyright in the "value chain". "CIPIL took too simplistic a view of the world," says Ryan, adding that LECC added a whole series of groups to the value chain such as lyricists, publishers and distributors and applied a number of assumptions not used by CIPIL. Using this economic model LECC concluded "the available evidence suggests an extension of the copyright term is likely to benefit consumers rather than harm them".

Perhaps, most alarmingly for a report that is being used to help shape Government policy decisions, LECC suggests that the CIPIL report contains a basic error in its

calculations. Ryan explains that the "effect of the error they made is that the length of term is irrelevant. In their formula, term could be infinity or zero".

Mollet now believes the momentum for copyright extension is gathering pace, given also the Conservatives' newly-unveiled backing of the campaign and the DCMS select committee coming out in favour of "at least" 70 years' protection.

"We are not surprised with what LECC came back with," he says. "We were always suspicious that Gowers was wrong and now we have the evidence. There was a case they had not considered it (copyright extension) on fairness grounds and now there is a case that they have got the economics wrong."

A spokeswoman for the UK Intellectual Property Office would not be drawn on the specifics of the LECC case. She says, "This is one of several reports which discusses the issue of term. It will add to the current debate, which is likely to continue for some time, in view of the EU's intention to examine term in due course."

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## SNAP SHOT

V2 is turning to Stereophonics' most active and dedicated fans to drive awareness of the band's sixth studio album, due out this autumn.

It has invited moderators from the band's official online community, as well as the site's top 20 most active posters, into its Fulham offices this week for an advanced airing of the album, which is not commercially released until October 1. Marketing manager Claire Moon says fans come first. "It's important the word of mouth about the album comes from the right place. We have always made a point of getting any news or music to the band's fanbase as early as possible," she adds.

With the release

of Pull The Pin, V2 is hoping to return the group to the commercial success of 1999's breakthrough set Performance & Cocktails.

The album has already spawned the download-only single Bank Holiday Monday, which was downloaded 50,000 times when it was given away to anyone who bought advanced tickets for their November arena tour in May. The first commercial release comes in the shape of It Means Nothing, which is set to precede the album on September 24.

"It Means Nothing is one of those singles that can sell an album," says V2 managing director David Steele. "It's just a massive single for us."