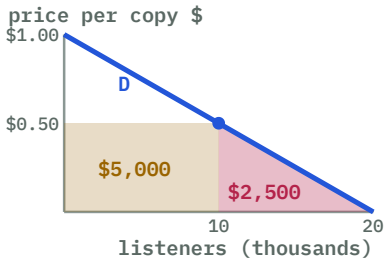
Who owns a song?

A song costs a lot to make and nothing to copy, so a price of $0 can leave the next one unmade. Copyright trades some access today for more songs tomorrow; piracy and streaming each answered the problem in their own way. The numbers, the trade-off, the money of one stream. Question 7 of the ten to ask about any app.

1 Free to copy, costly to make

non-rival

- **Rival** = my using it leaves less for you (loaf, seat, T-shirt) · **non-rival** = we both use it at once (song file, stream, recipe)
- **Kai** (on **Coralia**, toy island) → song costs `$4,000` to record · 1 more copy `$0`
- Demand: `listeners = 20,000 × (1 − P)` · at $0 → 20,000 listen, Kai earns `$0` → next song unmade?
- Best price → biggest box (price × listeners): `$0.50 × 10,000 = $5,000` → keeps `$1,000` · $0.20 or $0.80 → $3,200
- Practice: album $12,000, `40,000 − 20,000 × P` → **$1.00 × 20,000 = $20,000** · keeps $8,000



2 Copyright

a monopoly by law

- **Copyright** = right, for a limited time, to decide who may copy a work → author = only seller → **temporary monopoly** (Lesson 6)
- **Statute of Anne** (Britain's first copyright law, named after Queen Anne, 10 April **1710**) → 14 years, renewable once → `28` years max · US today → author's life `+ 70` years
- **Lost value** (deadweight loss) = what buyers would pay but the price prevents · Kai: `½ × 10,000 × $0.50 = $2,500` · album: `½ × 20,000 × $1 = $10,000`
- **Trade-off**: NOW less access (lost value) ⇄ LATER more songs (creating pays)
- Right ends → **public domain** (anyone may copy) → many sellers → price → cost of a copy → more readers · practice: died 1950 → `1950 + 70 = 2020` → free from 2021

3 Piracy and streaming

two answers

- **Piracy** = copying without the owner's permission → price $0 from outside · **Napster** (file sharing) **1999** → court orders → shut **2001**
- **RIAA** (Recording Industry Association of America), US recorded-music sales, each year's $ (bn = billion): ≈ `$15bn` 1999 → ≈ `$7bn` 2014 → `$17.1bn` 2023, **84%** streaming
- WATCH 17.1 > 15 but prices +83% (1999 → 2023) → $15bn then ≈ `$27bn` in 2023 $ → real total (price rise taken out) still lower (Data Lesson 4)
- **Streaming** = play almost any song for a monthly fee or with ads · a version better than the free copy: instant, safe, everywhere (Lesson 3)

4 One stream

follow the money

- Example: `$0.004` (0.4 cents) a play → `1,000,000 × $0.004 = $4,000` = the cost of Kai's song
- Practice: `500,000 × $0.004 = $2,000` · `$12,000 ÷ $0.004 = 3 million` plays · label keeps half → `$0.002` a play → $1,000
- In between: listener → **service** → **record label** (often pays for the recording, sells it) + **publisher** (rights to the words and music) → musician · their deals split the money
- **Spotify**: over `$10bn` paid to the music industry in **2024** · pay per stream differs by country, plan, deal → no single number

5 So what?

question 7 of 10

- **Ten questions to ask about any app** · 1 · Who pays, if not you? · 2 · How many others are on it? · 3 · What does one more copy cost? · 4 · What does it know about you, and what is that worth? · 5 · Why did the price just move? · 6 · Could a rival take its place? · **7 · Who gets paid when you press play?** → follow the money · how long does the right last?
- Noa → $10 a month on **Tide** (Coralia's film and music service), shared among the songs played · Kai → paid by the play, after service, label, publisher → Lesson 8 (gig work: is the driver an employee?)
- Debate, no verdict: SHORTER TERM after the first years a song earns little → long term mostly delays free access · LONGER TERM more years of earnings → recording worth the risk

Watch out: $0 to copy ≠ $0 to make · lost value = buyers priced out, not Kai's cost · compare years in the same year's dollars