CCA's Magnússon and Garcia at Icelandic Airwaves

Magnússon: Jakob Frimann Magnússon, Moderator
Blöndal: Sölvi Blöndal
Björk: Gudrun Björk
Garcia: Guy Garcia
Grant: John Grant
Jones: Will Lamach Jones
Mikaelsson: Kristján Mikaelsson
Audience: Audience Question

Magnússon Ladies and gentlemen, welcome to this part of the conference focusing on the future of intellectual property. We have some great panelists with us here. Next to me is Guy Garcia, a novelist from the US, former journalist, and the founder of the Creators Content Alliance.

Next to him is John Grant, artist from the US, based in Iceland for many years, and fully fluent in the lingo of Iceland [laughter], better than many others. And so we are very proud of people who can do that, because it's the most difficult language in the world, on the cornerstone of our culture, of course. And the class divide in Iceland typically through the centuries was not related to your bank account necessarily, but to your command of the language. And this John is fully aware of. So he's sitting at the top of the heap.

Next to him, Sölvi Blöndal, great musician and economist, and head of the newly founded Alda Music, which sits on the majority of the Icelandic musical catalog.

And Gudrun Björk [ph 0:01:21.0], next to him, is the CEO of STEF, the Collection Society of Icelandic Authors and Composers, one of the five most

efficient collection societies of the world, according to [INDISCERNIBLE 0:01:34.3], the global umbrella for over 250 collection societies in the world.

Next to her is Kristján Mikaelsson, who is the CEO of the Icelandic Blockchain Foundation, a very advanced minded society of people in the blockchain industry. We'll get into that later.

And next to him as the Australian come British-Irish director of the Airways Festival, Will Lamach Jones.

Welcome, everyone. I'm Jakob Frimann Magnússon. I'm going to be sort of leading the discussions from the various aspects that our guests and panelists have to share with us. And at the end of our, you know, maybe 25, 30 minute talk, we'll have room for some questions and answers.

It is definitely what Iceland is most famous for, from the days of [INDISCERNIBLE 0:02:34.0] through to Nobel Laureate Halldor Laxness and all the Björks and the Sigur Róses and what have you, the latest artists and the filmmakers and the art [INDISCERNIBLE] world. So intellectual property matters greatly to us, and we are great consumers of it as well. Book publishing per capita, the highest in the world. Book reading apparently as well. Movie going as well. The records published per capita and concert going public—I mean, it's all in the upper ranks. Probably because the long winters give us room for consumption. [laughter] And we are, you know, relatively high—have a high output as a nation compared to, you know, most islands of 330,000 people.

But I would like to just put forward my first question to one of our panelists here. And you know, world famous singer songwriter from US who has

decided to live in Iceland, may share with us some of his reasons for moving here. But what some of you know and some of you don't is that we have a brand new legislation specially designed for intellectual property. This is maybe about two months old. We are the first country in the world to recognize intellectual property as any other property, any other ownership, real property for that matter, when it comes to taxes. So instead of Icelandic authors or content makers being charged 46% income tax, they're now only paying 22% capital gains tax. That's a great step forward, as well as a new legislation giving 25% rebate on recording in Iceland, like the film industry has had here and in many countries of the world. We are the first in the world to have that for music as well. There's a special recording fund that Gudrun and I agreed on with the minister of culture on our way to Groningen [ph] in Holland a couple of years ago. It was good to be stuck in a cabin with a minister for an hour and a half. [laughter]

And then we have the private copying levy, done in the same trip, pretty much, agreed to be the highest in the world per capita. This is the old cassette levy on empty cassettes that you've made copies of the Beatles or other records for your friends and the levy was put to the rights of the holders of that content. Now, we went from 120 million a year to 7 million a year when it went from cassette to DVD and CD. And for years nothing came in really until the government made this legislation for us.

So John, over to you. Why are you here, buddy? [laughter]

John: Hello. Nice to be here. I suppose when I came to Iceland, I didn't really have a place to call my own. My career had just sort of taken off after a long period of

being with the band that was always close to getting successful, but it never really happened. So I sort of took a break from music for a little bit and was living in New York and then I got a chance to—then my solo career sort of got jumpstarted by my friends Midlake, who brought me down to do my first solo record in Texas. And so I went out into the world touring that album and I was sort of—I had stuff in many different places. I was in Berlin and London and I was staying in Gothenburg, Sweden quite a bit as well.

And so I was invited to come play at Airwaves in 2011. And I had always wanted to come to Iceland since I had got my first Sugarcubes record in 1987, when that came out. That was something that I listened to quite a bit. So I was very cognizant of what was going on here as far as the arts.

And then when I went to school in Germany—because I've always been a language freak, so that's a big part of wanting to live here as well. I remember seeing a slide show in the '80s about the landscape here in Iceland. So I suppose I was fascinated by the music and also by the landscape and the language. So when I was invited to Airwaves, you know, I immediately—I think that was a long time in the making, like 20, 25 years in the making that I was developing this interest in Iceland. So when I came here, I sort of fell in love with the country and the people and the—I mean, it takes a while to get to know other people, so that's a longer love relationship. That's something that you develop over time. [laughter] But the language is—the language is something that's really, really easy to fall in love with because it's fascinating.

Magnússon Let me take it right out of your mouth. You're saying you heard a Sugarcubes record, a piece of Icelandic intellectual property.

John: Yeah.

Magnússon And you were invited to come to Iceland Airwaves, which is all about intellectual property. That's essentially what brought you here?

John: Yeah.

Magnússon Now, let me ask your fellow statesmen from the United States, Guy Garcia, in your mind, what is the angle that you see as the way ahead, forward for intellectual property, being a content maker your good self, author of *Swarm* and other books.

Garcia: Well, one thing, in addition to being a journalist about music for *Rolling Stone*, *Time magazine*, *New York Times*, I've also work on different platforms for the books and articles I do, including AR and VR, video, social media platforms. So the perspective we're bringing as co-founders to the Content Creators Alliance is the idea that in this day and age, it's not just enough to be single mindedly working on one platform. Even though you might just be a sculptor or a writer or a musician, you have to expand into all the other platforms to keep your brand afloat, to compete in this time of general disruption through technology, but also the businesses—as Sölvi and I had a long conversation about this. The business models for being an artist or a musician are changing. The laws are changing in a positive way. So Jakob and I founded the CCA to address not just the larger structural issues, the implications of technologies which are both disruptive and potentially unifying and progressive, but also to enhance, educate, enable and

promote up and coming artists who are trying to figure out how to proceed in a world where there's a lot of confusion and how social media and technology are blurring the lines between, the lines between intellectual property.

Magnússon Okay. Now Sölvi Blöndal, knowing too well how many disillusioned musicians are kind of singing the blues these days, you have acquired the pretty much the entire catalog of Icelandic music, and being a very fortunate contributor to that yourself. We all know about kind of the frustrations related to Spotifys of this world and all that stuff. Could you give us your view on how we can look forward to a bright future for creative artists, in Iceland and elsewhere?

Blöndal: Thank you, Jakob. Yeah, I was fortunate—I'm fortunate enough to know like both sides of this game, both being a musician—for many years, actually. I worked in the US. I had a major label deal, and so I know sort of all the ins and outs and the good and bad, so to say, of the record industry, both being a musician and—as a matter of fact, when I started in this business, I had no idea about anything except that I wanted to write songs and I wanted to be—like just to live my life and then get a paycheck every month. Now I know a bit more. And now I know the difference between publishing and the master recordings and so on and so on.

But it is my personal opinion that Spotify singlehandedly saved the music industry. Is it perfect? No, it's not. But I am absolutely sold on the fact that streaming is the future and it's already become the future. It is the main source of income for music sales today, and it's growing. And I think we still haven't sort of seen the scope of what it's going to become. That's my opinion.

I think it's always been hard to be a musician and to survive as a musician. And it's always going to be hard. It's never going to be easy. You know, people that want safe income, they go learn engineering, you know, that's what they do. And even—it's hard for them, even. If you want—if you are going to choose arts, whether it be painting or musician, music or whatever, it's going to be a tough—it's going to be a tough road. And I don't think we—we're not doing anyone a favor by saying it's easy. So that's my opinion.

Magnússon All right. Let me ask Gudrun Björk, who is the guardian of the 90,000 Icelandic pieces of music that STEF embraces and pays people out of. There's a couple of new challenges facing the collection societies and the authors of the world. One is artificial intelligence, where you have very advanced computers who pick up all the most beautiful melodies of the world, you know, make their own kind of merger and put forward, you know, music for supermarkets or music for airplanes or music for consumers. We have a recent example of a totally fabricated artificial intelligent musician called [INDISCERNIBLE 0:13:51.6]. He's apparently, you know, [INDISCERNIBLE] he's from Iceland and he writes songs with Icelandic names and he's huge on Spotify. Because Spotify created—he doesn't exist. He exists only in the imagery on the Spotify kind of front page, you know.

The other challenge is that now there are businessmen recognizing the value of intellectual property and offering to buy artists outright. So they just pay the artist a sum and they may live happily ever after or be very miserable. [laughs] Your view on these challenging times, Gudrun?

Björk: Thank you. These are large questions. When it comes to artificial intelligence, I definitely see that it will be a challenge. And probably I think musicians, song writers will probably use some of their income from certain areas. For instance, background music, I think that's just inevitable. And I don't think there's any use trying to deny it. Although I was sitting on a panel yesterday with music supervisors which are working on pitching music into film and TV, and they actually, they didn't seem to worry about that. Because that question came up as well. They said that in the end, art is about human connection and when there's a human composing, he has certain emotions that he puts into it and there's a human on the other side, and music made by artificial intelligence kind of loses that connection.

Maybe they said that because they are very passionate about music. That's why they are music supervisors. Maybe that's not something we can say transcends to the general public. But at least I felt a little bit more optimistic after listening to them.

But then when we talk maybe a little more general about the future of copyright, I am though—I am optimistic because I think that the problems, for instance, that we had, collecting societies very much included, when it came to collecting from the internet, the big platforms, etcetera, that these problems are being solved, you know, slowly. We have a new EU law, legislation, directive on platforms. STEF recently made an agreement with Facebook. So even though that agreement has some—it doesn't solve everything there. It's a lump sum payment. They don't report anything. But still, that's a start. So I think we are in

a way, with technology, solving a lot of the problems that we saw five, ten years ago.

Magnússon Okay. Let's think about how we would divide those kind of lump sums, where you don't have the opportunity of earmarking to John Grant or Sölvi, who wrote or performed particular tracks. Maybe the help of, you know, technology related to artificial intelligence kind of in the new industrial [INDISCERNIBLE 0:17:29.3] revolution—maybe blockchain could help make things more transparent. It's over to you, Kristján.

Mikaelsson: Yeah, it solves everything. [laughter] No, it doesn't. It's really interesting because technology usually comes first after the consumer end. So that is what Sölvi [ph] is describing. We see Spotify, we see all these solutions coming out. But usually what happens is that we have a massive frontend where all the people consume stuff, while the backend remains fairly complex and it grows organically and usually out of—you know, it becomes a weed that grows on its own. So what we have today is a hybrid system of many things that are from the old world, have been patched onto the internet for the consumer, but are still living in the backend in terms of the old world. So we have a lot of inefficiencies, especially when it involves money and, you know, collector societies and, you know, everyone that has to deal with charging someone internationally, that's usually a huge problem. And, you know, the blockchain technology has been mentioned. Many of you may not know about it, but it's simply a database technology. But it has some advantages in that regard that it answers some of the questions posed by the people that want solutions to be fixed. And those are automation. Everyone

wants now—everyone wants more speed. It's not acceptable to receive a payment many months or even years after they should be paid. And you know, that's a technology that definitely can improve stuff, and processes, and definitely will. Because we are in an era that we have seen the internet kill a lot of things. That's for sure. We've also seen the internet improve a lot of things. And we are in that hype or trend in music. It's still trying to figure out where it is. I'm not a music expert. I'm more of a technologist. But I think we will see more solutions coming to musicians from the supply side, focusing on the supply side rather than the demand side for the consumer. And I think blockchain is one of the obvious answers that will be filled as a piece to that technology.

Magnússon Thank you very much. Now, Will is lucky enough to be in the sector that is making most musicians their income these days. It's from the live and kind of concert arenas. Some musicians are lucky enough to be popular on Spotify or know how to penetrate their music onto the playlists that make money. We know a few examples in Iceland, like there's a peaceful piano playlist [ph 0:20:20.2], one of the biggest in the world, has made a few young men millionaires, surprisingly. But on the live side—and I know Will has worked in both the so-called popular musical arena and the more kind of classical or modern music arena. Some of our activities are naturally sponsored by the state or the municipalities. Popular music, generally less so. But being the director of Airwaves and having worked with [INDISCERNIBLE 0:20:57.0] and all these big artists in your time, what is your angle on the future of the people in the intellectual property sector?

Jones: Firstly, you have to forgive me because I've slept about three hours a night for the last four weeks, so if I'm a little slow in gathering my thoughts, that's the reason why. I mean, I think a lot of these things are obviously very much at the surface right now. I think, as you said, with technology changing so much, it's forced us to look perhaps a lot—stare directly at what the future holds. I mean, when formats change, in particular, obviously we're talking about cassettes to CDs to DVDs to MP3s to Spotify. These are, you know, seismic shifts from—firstly from physical to digital, and then I guess in terms of digital distribution, it's something else too. But it's intriguing to me with music really how all this means for the music itself. I know that in terms of concepts and moving to a digital space is one thing, but obviously not one size fits all for where this is going to go. You know, some artists are obviously going to be very strong on streaming because of the nature of the music. But then there'll always be other artists who are primarily live artists or their reputation as a live audience precedes them. And then again, you have people that maybe didn't enjoy great following or breakthrough on radio, but the DSPs have allowed them huge opportunities to reach people. I mean, I think it's fascinating, particularly Icelandic music, that a platinum album was 5,000 copies in the past, right? I think. So now you've got—you're paying Crowley [ph 0:22:44.3] and all these people that have millions and millions and millions and millions of streams. You've got H__ [ph 0:22:47.9], all these people that have, you know, streams on these playlists that have enabled them to have multi multi-platinum albums, which is something that the previous kind of set up would never have allowed them to do traditionally.

In many ways, I think the future really—it's almost like in some ways many things have changed, but nothing's changed. To me, I feel we're almost at a stage again where it's like the '50s. You know, the song is king. The song I think resonates with people very strongly, but in a very different way. I think the challenge for all of us is, as these new kind of shifts come into place, where does music fit into it for everybody?

When I was growing up, you know, buying records, discovering records, flicking through the racks in a record shop and having a heart attack because you see the new Sugarcubes record or something you didn't know was going to be there, that sense of ownership, of buying something, holding it in your hands, the investment, you know, it meant that you—you know, music was almost tribal or something. You know, you identified by what you listened to and what it meant for you. These days, I think what's going to be a challenge, certainly for the festival, is now that, you know, people like a song, but they don't necessarily know who it's by or why they like it or how they listen to it. It can be background music or made by somebody else, we don't know. So how do we as a festival continue to want people to come, you know, to encourage you come to, you know, multi-artist discovery, you know, space shows when how people are consuming is shifting so much.

I was speaking to Heather, the manager of M__ [ph 0:24:24.1], and she told me a statistic which was quite shocking to me, that apparently something like 70% or something of people under 25 have never listened to an album in its entirety. So that's pretty interesting.

I'm rambling. But, you know, I think that, you know, basically all these innovations are fantastic. I think what we don't know is how it's going to—how the boat's going to steer, whether it's going to hit the glacier or go somewhere else.

Magnússon That point is very kind of encouraging for the musical people, the people who make or create the music. In the old days, they said it's all in the grooves. It's all in the grooves, meaning the vinyl record grooves. You know, the song was there with a proper performer and production, and of course then the marketing powers would take over and then it was kind of a secret, sort of like a jungle, how to get that long record or that song. At the end of the day, it was all about money, paying a promotion guy to take it to the radio stations and putting it to their—promoting and publicizing us. And I guess that is pretty much the same. Spotify has its own kind of promotional access entries, levels of entry. And I guess same goes for many other—I don't know about Netflix, how they work in the film industry. Now a platform for books and how you push a book on the internet. I'm not familiar, so maybe somebody is. But at the end of the day, I can follow the money trail to a large degree and how far the song will go, ultimately it's all in the grooves. Is there a proper songwriter behind it, is there a proper lyricist. And I am slightly worried, personally, having followed the very kind of mediocre Eurovision [ph] kind of meter on the state of things in 50 countries or whatever. I find that the craftsmanship in songwriting in general is declining a little bit. I hope I don't sound like an old fart saying, well, they put on a beat box and they just ramble over the music. [laughter] I'm not saying that. There's a lot of great

rap and hip hop stuff going. Some of that is the biggest stuff on the Spotifys of the world.

But I'm wondering, I mean a lot of young people are saying things like, well, I can't be bothered to learn an instrument. I'd rather—I'd like to run a computer. So it's not kind of fashionable anymore to do your piano lessons and all that stuff, but learning the computer, essentially revamping what already has been done. So a lot of music is created that way.

Before we do the next round, I just want to call from the audience, is there a particular angle or a question that somebody wants to transmit right now, before I go on to the next level of things? I mean, we are basically searching for encouraging angles for people who have committed their lives to intellectual property making. Some of them are quite disillusioned [INDISCERNIBLE 0:27:44.5] digital show, yes? Can't find their way forward in the world. They put their things out on the track, nothing happens. They spend all their money on overdrafts and making a record and nothing happens, while others seem to have the secret code somehow or have the great help of the Fionas [ph] of the world to find their way in the industry of things.

But Guy, can you share some of your views on how, well, young and old intellectual property makers can find their ways forward in the jungle of current times?

Garcia: Well, I think the good news is that music and the arts have never been more popular. There's never been a bigger audience for it. The importance of music in particular, representing all the other arts, is not going to go away ever. In the near

future, I do think artists are going to be forced to, or by choice, work on multiple platforms to distribute, to create awareness, working with social media and of course, streaming. But other ways that are more experiential, not just to reach and connect with their audiences, but also to create alternative revenue streams. In the not too distant future, we may find ourselves looking at something along the lines of our friend Elon Musk talking about the neural lace, you know, embedding sensors into your head where information can be streamed. Guess who's going to be interested in that? So you may have a Spotify channel in your head, but it may be competing with something else, your own stuff, peer to peer. It's a very interesting tabula rasa if you look just over the horizon.

Magnússon I mean, we have intellectual property being made as we speak. We are being filmed here. All your wisdom is being, you know, turned into a film with sound which could be sold to the right customers, maybe. Everyone has a camera, a cinematic camera with great quality and recording. Do we have a danger of intellectual property becoming disposable and valued less because everyone is making it?

John: Yeah, I think that's an interesting question. I think about that quite a bit, and I feel like there is these days, the numbers, the sheer numbers of people who have access to technology, and therefore are able to be creative, you can do it from anywhere. And you know, you hear people—one of the things that I find—well, I don't know if it's disturbing, but I mean, it's interesting at the very least, as you see—especially, you hear a lot of people talking about algorithms, you know, about how to get something—there's this definite split between the right side of

the brain and the left side of the brain, because as a musician in today's climate, you're called upon to switch effortlessly between those two halves of the brain in order to have a successful career. And I think, you know, one of the things that you are saying, like the—and forgive me if I'm a little bit all over the place here, but there's so many thoughts coming into my head, just having listened to what you were saying. But I feel like there are a lot of negative things happening, but I feel like at the same time, there are a lot of positive things happening at the same time. I mean, there's still, the music that you want to hear is still out there. I feel like there's a very strange homogenization going on as well in certain sectors, where you hear people talking about algorithms and sort of like how to manipulate the system in order to achieve the result, which to me is the other side of the brain. That's not the side of the brain that sits down at the piano and writes the song, where you end up with, you know, if it's the right thing that's in the grooves, that gets caught in the grooves.

So it's sort of the same problem that I have as somebody who works alone a lot of the time. I mean, you have to bring other people into it. When I sit down and I have to engineer and write music at the same time, or sing, that's a very difficult process because just switching between those two halves. And I sort of feel like that's something that, you know, people are finding their way. We're in a place that we've never been before. It is saturated. There are billions of voices that are able to make themselves known now. And I think one of the big problems is that you have—you know, tying in with what you were saying earlier about decline in songwriting. I mean, in some ways, I feel like there's a huge

percentage of people who are so concerned with what it takes to make your voice heard in this climate because there's so much going on.

Record companies don't do what they used to do for people either. Record companies do not develop an artist and allow them to develop over time. They want a finished product. A demo is something that's almost a thing of the past because you're expected—you have access to technology that allows you to deliver a product that's basically a finished product. And that's what people want to hear. And they want to hear something that is impressive. And I find that you hear a lot of people talking about feeling irrelevant these days because they simply cannot do what it takes to, you know, enter the emotional creative state in order to do what they do best—which is a skittish creature at best, the whole creativity thing. And then also at the same time, to harness, you know, the endless myriad possibilities that you have today of getting yourself out there. I think that's causing a lot of confusion right now. And I think we're just sort of getting our sea legs and starting to figure out, okay, this is what I can do. In my case, as you were—you've talked about everybody having a Fiona. Well, I have a manager that I've known for over 20 years and this person makes it possible for me to exist in this environment. Because I cannot do a lot of those things that we're talking about here.

And you know, the younger generations are growing up having to do that, or simply that's part of their—

Jones: [overlapping 0:34:07.3]

John: Exactly. And so you've seen them—it's very natural for a lot of them. But it's very interesting to see this connection between those two sides of the brain and those processes happening simultaneously. There's a difference between the younger generation and the older generation.

Jones: And the vision is kind of holistic as well about—as you were saying before about it, not the AI world, but you know, a lot of artists coming through—of course, it's always existed, but a lot of artists coming through where it is very 360. They're thinking about their socials, they're thinking about how they're presented and their music is almost an adjunct in some ways to [overlapping 0:34:44.3].

John: Sorry to babble on there—

Magnússon No, it's a very valuable. And just by bringing a few, you know, bright minds together to think about it and talk about it, you know, it inspires new thoughts and ideas. You know, it's like a lot of people are extremely frustrated by the incredible consumption that is now possible. For say $10 dollars a month for the whole family, you can have all the records of the world for $10 dollars a month, or less even. And I think, you know, if you were a young person deciding whether to become an engineer or become an artist or musician, you need to think that, you know, you will be able to support yourself. And I think the main criticism currently for Spotify is that 95% of the income goes to 5% of the artists. So the other 95% of the artists have to fight for the remaining 5%. And that's like a very extreme mean capitalist system, you know, surprisingly, from the cradle of democratic welfare states like Sweden. Now, how can we create a better deal for the artists? How can we make sure that if you are playing my record all day and

all night for months and years, that I get that money that you pay instead of, you know, some big bastards who are getting a much better deal than the smaller person? Maybe Sölvi has some thoughts on this?

Blöndal: Yeah, I think from Spotify's perspective—and I don't work for Spotify. [laughter] It sounds like I work for Spotify. But they pay out probably 80, 90% of all the revenue to record companies and publishers and artists. So they would say, if they were here, that they are losing money every year and they've never made a cent.

Magnússon They keep 30% for themselves.

Blöndal: I don't think—that that's not enough for them to develop the streaming platform. And they have 40,000 people only working in Stockholm. So I think they would claim that you pay—I mean, I think it's fair to say that if Spotify has benefited anyone, they have benefited the consumer. Number one, two and three. The consumer—I probably spent all my money on records and CDs [INDISCERNIBLE 0:37:21.7]. Whereas today I can get all the music in the world for $10 dollars. Is that fair? I don't know. I'm an economist. I don't want to talk about what is fair. You know, the value has gone to the consumer. The consumer has everything. But I think still, from the music industry's perspective, and the musician's perspective, I would claim that at 5% of $10 dollars is better than 50% of zero dollars. So [INDISCERNIBLE 0:37:58.5] like 10 years, 2009, where you had a whole generation of people that have gotten used to paying nothing. So think about that for a moment and think about what we have today. And if you would have a music industry that is only concerts, I mean, real person

in live concert, that's okay, but is that industry scalable? No, it's not. So if you're a musician, how many concerts can you at maximum play, 250, 300?

Jones: That's right. And let's not be romantic about the old music industry as well. Don't forget, all record deals were signed to the earth, the universe, all known universes—this is no joke, the major label deals—for perpetuity. So let's not pretend that, you know—yes, Spotify has its faults, but it's not like the major labels were any saints. Music, for better or worse, is a speculative business and it's not fair.

Magnússon Well, life is not fair, for sure. But, you know, while people complain about the incredible access to everything that's been created for such meager amounts, the good news is that, during these times where, you know, our business model—the LP or the CD has been ruined pretty much. It was a great time when you could sell people for $25 dollars your collection of 12 songs and make lots of money from that, but that doesn't exist anymore. There is a business idea out there, and I'm hoping that it's between your ears, Will, or yours, John, or somebody's ears, a new concept, a new angle to make money for the existing musicians and the new up and coming musicians is around the corner.

The good news is that Gudrun, who is head of the Collection Society of Iceland, she has every year over the last 10 years since she started with STEF, increased the income by 3, 4, 5% per year, and 10% last year. So share the bright prospects. [laughter]

Björk: Wow. Thank you.

Magnússon Why is that?

Björk: There are several reasons. I think we have a great team, obviously. But we also have maybe looked into markets that have been neglected in a way, changed our pricing a bit. We also see that revenue from live concerts has increased. At the same time, we hear from the organization of concert promoters that that market might be very difficult for them, might be too many concerts being held. But at least on our side, we see that it has generated an increase for songwriters. And then also, we have seen increase when it comes to private copying, as Jakob already described. That has made an impact for us. And—yeah, and then we have also seen an increase from revenue from platforms like Spotify. So all put together, that's generated steady increase. And hopefully we've nowhere stopped. Hopefully we will continue this.

Magnússon Yes. I think we were coming to the end of this thing. If you think of a question or an angle that you would like to have clarified, please, before we finish. One of the things we mentioned earlier is how to divide the money that comes un-earmarked into the pools, how can we make it more transparent, how can we get better information on what is being played, say in this hotel, in the lobby or whatever, and give that money to the relevant authors, performers and record companies? Do you have an answer to that dilemma, Kris?

Mikaelsson: I don't have a solution to that. But also, my brain is racing with all the information coming in here on this panel. There are two ways to increase revenue. One is charging more and the other one is using it more efficiently, distributing it more efficiently. And that's exactly what technology is doing and will do better in the future, reducing mistakes, increasing the speed and

efficiencies within the current system. I think that's something very valuable, and of course, it's going to change a lot. But you know, it's a good thing in the end, taking a lot of havoc out of people's daily jobs of managing all this for themselves. If we could have this in an automated way where music—now we have in Iceland, every music is tagged, which is fantastic. Of course, it's only 90,000 records or songs. But you know, what if we have for the whole world, especially in an era where music is becoming maybe more complicated from the perspective of there are more authors of every song. So they're using clips from every single song and you know, they're mixing it together, like how do you even begin to split it? It's such a complicated question. It's even hard to do it in hands; it has to be done by computers. So we need to build something, and I think it's—you know, Iceland is a small country. We have a lot of people who look to us so we should be at the forefront of [***end of IMG_1931 video]—

[BEGIN CCA's Magnússon and Garcia at Icelandic Airwaves 0:27:03.2]

— developing solutions to make more money out of the system by distributing it more equally and efficiently.

Magnússon Right on. Yes. I mean, we of course, we are very happy with the new legislation, which is acknowledging the importance of the creative process of intellectual property as the core of our lives, really. And I know Gudrun sometimes has to take a fight with the people who do not want to pay the fees and, like the shops and restaurants who say, "Why the fuck should we pay that money?" or, "Who is getting it," blah, blah, blah, how can you know who's getting what? A good argument used by Gudrun [ph] is that, you know, we can have this meeting

outside in the cold, in the yellow warning storm that's pending, and it costs nothing. If we choose to be inside, you know, there's rent to be paid. If you want to have lights, you pay for the light. If you want heat, you pay for the heat. If you want music, pay for the music. It's a very simple argument. And despite the times that people feel a bit frustrated about certain things, we have seen income for authors [ph 0:28:13.0] anyway, increase greatly. Maybe not for the record companies as such like the good old days. Performers get more on the road than they did. They generate more income. So I know Airwaves has to compete with a lot more events now than it did 20 years ago when it was brand new. I think the events, the live events—am I right, Gudrun, in saying the live events in Iceland have multiplied since 20 years ago? We have a [INDISCERNIBLE 0:28:47.0] of events every night, many, many events in one house, all these venues of all sorts. So the consumption of live events never be more—more of a challenge for somebody running an individual festival for a weekend or whatever, because you're fighting with all Biebers and Timberlakes who come here and sweep up 60,000 tickets in a weekend. We didn't have to worry about that 20 years ago, or 10.

And the fact that we are now being supported indirectly by the government is also an indication of a new deal for the popular art, say—the popular music never used to get any stipends or grants from the government. There's about a billion put on the theater, the national theater and municipal theater, a billion and a half on the symphony orchestra. And we are very happy to have a little bit of a tax cut for the popular sector, or all sectors.

The role of the state in the arts in general is a natural one—subsidize this, subsidize that. The people trying to thrive on their own, of their own means, independent of such grants and stipends, they will continue to face challenges, but the new legislation certainly just gives us hope that it's not only Austrian and German composers were worthy of a billion krona grant, but anyone who is participating.

Final words from the view from the [INDISCERNIBLE 0:30:35.8] before we go on to take a couple of questions.

Jones: Well, you know, I think it's interesting, something like a festival like Airwaves is obviously really challenging. You know, as you were saying before, there's many more concerts here, many more festivals, with a limited number of people in the country in a really rainy weather week in November, you know, is a real challenge. I don't know, I think that—sorry, my brain is really falling apart right now. [laughter]

Yeah, it's tricky. And of course, you know, we always would like and look and need more support from various sources. You know, we have a lot of great support from the City of Reykjavic, and also from other sponsors and things. But it's interesting for us because, you know, we are in the middle of a festival that generates quite a few billion krona income to Reykjavic and to Iceland that, you know, it's more than a nice age [ph 0:31:33.9] for profitability for us amongst, you know, a lot of people working themselves very, very hard and trying to kind of do a good thing, with also an event that feels to many people like

an institution, both in terms of its history and how people have a sense of ownership to it, which is very good in many ways.

So, yes, I don't know the answer. It's very challenging. I would like more funding from everybody. Please give us more. [laughter]

Magnússon Well, this is good to point out that Sigur Rós, who you worked with for many years, they pretty much got discovered at an Airwaves festival, am I right?

Jones: It's true. And, of course—

Magnússon Múm as well.

Jones: And the relationship—you know, people like [overlapping 0:32:13.8] naturally [overlapping] been very good with their support of KEXP [ph], creating opportunities where bands have been discovered through some of those channels and then it's turned into a career. But this stuff is also very hard to quantify, which I think probably for people, especially perhaps people that are just secondary, tertiary from a connection to the music industry, you know, whether it's in government or other parts of the city, it's often difficult to kind of convey that in meaningful terms. You can't run a program and necessarily crunch those numbers—

Magnússon And we should congratulate you on a great festival, great, you know, authentic Iceland Airwaves. It's a very—it's sort of keep up well—

Jones: Let's pray for no more yellow fucking storms. [laughter]

Magnússon Yeah. But also thank you for being part of the enhanced income for STEF, just as the film industry is now with all these syncs [ph], all the musical that's being used globally on television and film from Iceland that is helping Icelandic composers

thrive. And it's those kind of—plus of course the computer game industry, which is now bigger than both music and the film industry. That is an arena that we need to tackle in terms of actually—they are taking just one fee and no involvement, if the game becomes the biggest game in the world. And that's the type of challenge that we need to be very aware of that we are not kind of—authors' rights or copyrights are not just taken for granted and, you know, bought for a little fee for a little for, you know, limitless time. Those are the challenges.

Some of the ideas that you've shared with us here are very valuable. We need to continue to think of ways forward, ways of making it better.

Björk: Can I add something?

Magnússon Yes. And then we'll take a couple of questions from the audience before finishing.

Björk: I just want to add a little bit about what you said, Will, about the importance of stipends and support from the government. I think what has been lacking is lack of statistics, especially when it comes to popular music. And I recently saw a report from the European Intellectual Property Office saying that in Iceland, almost 8% of all jobs are based on copyright, which is more than in the rest of Europe. That is 5.5%. And I think when—and then I saw a different report saying that when we talk about the arts in general, actually, music is the profession that generates most indirect kind of income or generates growth in other sectors, meaning that every musician has such a large support network. He needs a record company, he needs a publisher, he has some live venues, etcetera, etcetera. So even though the other sectors of art, like literary, they also need their

support system, but somehow it's larger when it comes to music than in other sectors. And recently the Icelandic statistics decided to employ a person which is now going to be collecting more statistics on the creative arts in Iceland. I think when we have those statistics, we can show the government how important the musical sector is. And then we are in a much better position to demand support.

Jones: It's so true. And I mean, even as John was saying, for me the same thing, I was a Sugarcubes fan. That's how I first got to know about, you know, Iceland. It was a complete mystery before. And I think if you go back 30 years, you know, the correlation between tourism, which is now the primary industry in Iceland, and music, you know, they're completely tied together and one would not have existed without the other and one would continue to not really exist without the other.

Magnússon Very, very right. And I think the unanimous answer to the challenging question, what does the future of intellectual property hold for us? It's a six-letter word. [laughter] It's a six-letter word. The future of intellectual property is bright. Am I right? [laughter] It is bright. Any comments from the audience, any question, any angle that you would like to clarify?

Audience 1: I'm just curious—first of all, I'm from Seattle. I'm a KEXP lover and it's my first time at Airwaves so I'm pleased to be here. I'm curious what you all think of the value and role 10, 20 years from now that labels will really provide for artist. Is there a significant role for them as you look to the future or—I'm so curious to get your thoughts on that.

Jones: I think it really comes down to the label. I mean, obviously labels, like artists, are so different from one another. I think if there is [overlapping 0:37:45.0] it's a good start. But it's such a challenge these days, you know, so not every is the same, but you know, resources, sales, all these things played a huge factor. So I think too, obviously, you know, while we are seeing that the decline of so many sales, we are seeing things like vinyl, you know, is doing so well. So I think there'll always be a place for labels.

Blöndal: Yeah, I think first you have to understand what the label does. It provides funding and curates. It makes a home for the artist. And then you have to ask the question, okay, you know, you hear this all the time, will the label exist in 20 years. And I think like overwhelmingly the answer is yes, of course. Because let's take the biggest artist in the world. Let's take Lil Nas or somebody. He could be independent, but then he has to go out, hire people and form a label. It's going to be his label. But he has to have people who like collect and manage. And you can call it whatever you want, but it's going to be a label. So that whole myth about a label-less this world, it's bs, sorry. [laughter]

Magnússon Do you want to elaborate?

John: Yeah, I think it's all about—these days, it's all about managing expectations of artists because labels are a different beast than they were too. So it's all about understanding the transformation that, you know, the role of the label is going through. And you know, whereas—like I was saying before, labels don't do the same things. But like Sölvi was saying, there is a shitload of things that you would have to do if you don't have a label and there's a lot of people out there

going it alone. And, you know, I hope they're in therapy [laughter], because it's tough, you know?

Magnússon Any last comments, questions? There's a couple. Ladies first, they say. Yes?

Audience 2: When you're talking about, for example, the label, I feel like you're talking in the sense of it's kind of it's going to be the same thing it always has been, but still not because it will evolve. But can technology replace the label? And I'm just asking. I'm just putting it out there. I don't know. Can technology replace label in terms of the artist or manager or whoever [INDISCERNIBLE 0:40:38.7], can they go into technology to do the things that label have done before? I'm just throwing out and asking, what's your thoughts on this?

Magnússon Good point to keep in your minds when we—I'll take a couple of more comments, some questions. Do you just want to comment on that briefly, maybe Sölvi?

Blöndal: Yeah, because we've been talking about intellectual property and why is that important. You know, as a matter of fact, I also teach at the economics department in the University of Iceland. But I don't teach actually anything about music. I mainly focus on monetary economics. But they say in the economics profession that, you know, we have to enhance and encourage productivity. And Iceland has been somewhat lacking in that sense, after the Scandinavian nations. But why do we have to, and how do we enhance productivity? That's by encouraging intellectual creativity and intellectual property and so on and so on.

So the question was about technology, and I think that's a pretty good

question. And I think the answer is in some ways yes. Mainly regarding collection and infrastructure. But look, in the future we're going to be losing all kinds of jobs. But the jobs that are going to remain are the jobs that have something to do with creativity, curating, art installation, stuff like that, that is going to be much harder, replacing that with technology. So I hope that answers your question.

Magnússon Yeah, the future [INDISCERNIBLE 0:42:27.3] just claimed in his new article, saying the future is going to be a gig-based economy. Everyone—you know, you don't have like a steady job, but you have lots of different gigs, like appearing on panels like these, and then going to the concert venue in a couple hours. John has a concert tonight and tomorrow, for those of you who didn't know. I recommend it very highly. Did you have a comment?

Audience 3: Yes. As a gig economy person and a content creator and as a consumer and everything, I've always wished that there was something in education that would tell children the basics of who owns the music that they're listening to. Just like we learn so many other basic things, or basic lies in school when we were little, they could learn something, just a sentence that got put in their head around nine or ten that this belongs to somebody. They could just put that in the curriculum, because that's—to get something in a schoolbook is quite a process. And then every young person could actually have heard once in school that music, which everybody listens to 24/7, belongs to somebody and the right belongs to somebody. Just if they could have that thought in their head for the rest of their

life, I think it would be a phenomenal change in the attitude [overlapping 0:43:45.5].

Magnússon Well, that's a great point. I mean, some people have wondered why the high percentage of the nation here has become—we have a very high percentage of creative musicians and bands and filmmakers and writers. In music, generally the explanation is that in 1959, [INDISCERNIBLE 0:44:11.4] initiated the [overlapping] insisted to form a government with a right wing party, but they would agree that there would be free music teaching in all schools, and this founded the basis of the musical success that we were all very proud of. So good point. And I want to add that my two little daughters were here—

[overlapping 0:44:38.1]

Magnússon [overlapping], but basically they were creating intellectual property from these discussions. But I say to them, you can do what you want. Without music, my life would have been so different and so miserable compared to the fantastic life I've had. So it's one thing that you can't [INDISCERNIBLE 0:45:06.3] is music. So they have to go to piano twice a week, not only because I want them to be musicians, but what it does for the brain, the maturity of the brain to send ten messages simultaneously to ten fingers is the best preparation for the future society of multitasking, the gig economy. [laughter] So you had a point.

Audience 4: My name is [overlapping 0:45:38.9] from Hungary. I'm studying music now. I'm a music enthusiast and an IT professional as well, working in the field of IT security. My question is regarding blockchain technology. What kind of possible solutions do you see for protecting intellectual property beyond the well-known

ones based on technology like fingerprinting, tracking and securing and enabling secure payment?

Audience 5: Yes, I go in the same direction. Because when I think about—so I am undergrad [INDISCERNIBLE 0:46:23.3] Iceland but I'm from Germany. I'm a music teacher and music therapist, and also very interested in blockchain and digital money. And my question is, when we talk about intellectual property, I see on one side the artist and he's creating because he wants to create and he wants to express something, and for that, he needs freedom and he needs protection and he needs not to think about the government and Iceland, like the land, because he's not creating for a country, he's creating because he wants to express something, I guess.

And the other side is the product. So my question is, you can save the product on a blockchain, like the WikiLeaks is safe now on Bitcoin Cash blockchain. But on the other side you have a lot of centralized blockchain and this is not a support. This is taking—can take perhaps freedom. So how you can protect freedom and privacy for artists through technology.

Magnússon I think Kristján—

Mikaelsson: Two questions at once. Very easy ones. [laughter] Yeah, so I mean, like I said earlier, I'm a technologist and I live in that world. But I quickly came to a realization that we always interact with humans. We're building stuff for each other and that's what is driving the world. So technology will never solve something that is inherently human and needs to be done in an emotional way. But what technology can do is that it can make us more efficient and it can

increase our ability to do complicated tasks that we're not good at. So like you asked with blockchain, like how can it work? It can basically make the pipes and the processes more efficient. Like I explained before, it can speed up how we're doing things and it can offload that work from people that are currently doing something else, making value add to others, to something that can be automated.

I think that's the biggest role. You already mentioned some of the biggest problems. It can be used to track all of these things that we now do more in a manual way. But what people don't realize with the blockchain technology is that when we start bringing different aspects to—I'm not a fan of the word platform, but when we start bringing different things, so you have identity, you maybe have ownership of songs, you have payment rates, you have fracturized ownership or tokenized ownership. When you bring all of these things together, you can start building new ideas. And that's where creative creativity comes in again. We can start to see new paradigms. So we're talking about like how do labels exist in the future, but like maybe there is a new paradigm. So before label was a label, there was not the label. You know, I'm not—I don't know too much about industry to go deep into that. But I think that's something fundamental to think about and it's not something that will be a silver bullet, but it will solve our main problems and draw our focus to things that are truly important.

Magnússon Gudrun, briefly maybe on the proposals you've been listening to?

Björk: We have been looking at using blockchain technology for our database. What that would give us would give—it would give us more transparency and more traceability, a more secure database. Hopefully everybody here knows a little bit

about blockchain. That's why maybe you chose to come to this panel. But we would always keep that blockchain locally, on a local server. We would not put it out in the big blockchain, because we have to protect the privacy of our members and we can't share the information that we have on our members to everybody. But it would always also be possible for instance to take a look at smart contracts that would be—that is really exciting because, you know, talking about fractured ownership, this person owning 10% of a song and this this person 90% or whatever. And by using smart contracts, they could agree on the split of the property rights before we would put anything into our database in a more secure way than we are doing it today. I'm not saying that we are doing it in a bad way, but that would be even better.

Magnússon We need to allow the next lot of people to enter the room shortly. I wish to thank you all. Was there anyone who I ignored here in terms of—no, I think everybody has [INDISCERNIBLE 0:51:45.8].

Just one second, [overlapping] is going to take three final sentences to you the man of the content creators, before we bid you all farewell.

Garcia: Thanks. I would just say everything I heard from the panelists and the audience today is literally music to my ears because this is what CCA, the Content Creators Alliance, is all about, building awareness, supporting artists, working with technology and existing platforms and distribution, but also pointing out the inherent and extended value of creative people and what they're doing instead of undervaluing it, which seems to be happening in so many ways. So because a society that does not support and nurture its artists is starving its own soul. So I

think we have to send that message. And I think we're all on the same page on that point. Thanks.

Magnússon Very good. Just very finally, John, because some of us do not know exactly where or what time you will start performing.

John: I think—I'm at the [INDISCERNIBLE 0:52:51.8] tonight, and I'm there tonight and tomorrow night. And the show starts at 10:00—9:30?

[overlapping/unrelated]

[END OF RECORDING]