

The Napsterisation of Everything

A review of John Alderman, *Sonic Boom: Napster, P2P and the battle for the future of music*, Fourth Estate, London 2001

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"They just don't get it." During the dotcom boom of the late-1990s, this catch phrase was a popular way of dismissing anyone who expressed doubts about the world-historical significance of the Net. How could someone be so out-of-touch as not to realise that this technology was transforming everything: business, politics, culture and even personal relationships? The future would belong to those did "get it." Yet, only a couple of years later, such optimism about the potential of the Net already sounds dated. How can anyone still believe that this technology will change anything after the implosion of the NASDAQ share bubble and the collapse of so many dotcom companies. Surely the wild times of the Net were only a temporary aberration? As Microsoft, AOL-Time-Warner and the other big corporations take over cyberspace, it will soon be back to business as usual. There is no longer any necessity to "get it." The Net will change nothing.

John Alderman's new book - *Sonic Boom: Napster, P2P and the battle for the future of music* - is a useful correction to this new consensus. Just as it was once necessary to criticise dotcom boosters, it is now important to challenge the Net pessimists. In *Sonic Boom*, John Alderman tells the cautionary tale of a rich and powerful industry which was determined not to "get it" - and how it suffered the consequences of this mistake. During the late-1990s, while so many others were succumbing to dotcom hype, the music business stubbornly resisted any accommodation with the new technology. Its corporate leaders used all of their lobbying power and legal resources to attack the Net. They had the copyright laws strengthened, blocked software development and closed down websites. They even successfully prosecuted Napster - one of the most popular services on the Net. Yet, despite these triumphs, all their efforts could only delay the inevitable. For while others might comfort themselves that nothing much has changed, the music industry is finally realising - much to its horror - that the Net is transforming everything.

Sonic Boom is a journalist's account of this transitional period in media history. In the best tradition of the genre, John Alderman provides a well-paced narrative of the key events and insightful descriptions of its leading players. Above all, he explains why the music business has been so determined to resist the Net. From its earliest days, the new communications system was organised around the sharing of information between its users. Despite its recent commercialisation, this gift economy remains at the heart of the Net. People build their own websites, contribute to listservers, send emails and take part in chatrooms. If someone asks for some information, they are usually happy to give it to them. As long as the Net was only used by a minority of enthusiasts, the music industry could ignore what was going on in cyberspace. However, complacency was no longer an option when

advances in hardware and software meant that large numbers of people started sharing music files with each other. Meeting through services such as Napster, Net users could usually find someone who would give them copies of tunes which they are looking for - and, in return, they were delighted to send out tracks from their own collections to those who requested them.

For music fans, file-sharing is a dream come true. From the latest releases to deleted rarities, everything is available for only the cost of connecting to the Net. Someone somewhere must have made a copy of that sought-after track from their CD and vinyl collection - and, more than likely, lots of other people will have copies of their copy. But, for music industry executives, file-sharing is their worst nightmares about home-taping from the 1970s come back to haunt them. Although accessing Net still costs money, downloaded music is free. Worst of all, this hi-tech gift economy isn't just a short-lived phenomenon. One of the main reasons why the Net was invented in the first place was to allow file-sharing between computers in different locations. Over thirty years later, this concept is at the centre of another wave of technological innovation: peer-to-peer computing (P2P). Contemporary developers are enabling computers, mobile phones, games consoles, and all sorts of other devices to interact with each other. Everything linked with everything. Everyone swapping files with everyone.

As Sonic Boom emphasises, this utopian vision of ubiquitous peer-to-peer computing inspired the emergence of a new youth subculture in the late-1990s. Exemplified by the founder of Napster, talented school kids and university students wrote many of the pioneering P2P programs. Their contemporaries were the first to realise the potential of this code - and were the people who turned peer-to-peer computing into a global phenomenon. Napster was the icon of this new generation. As John Alderman points out, the music business has long prided itself in its skill at spotting the latest trends and its ability to make money out of the most subversive forms of youth subculture. Back in the 1960s, the hippie generation had called for political revolution - and broke almost every aesthetic and social taboo. Yet the music industry was still able to profit from its cultural creativity. Compared to their predecessors, the ambitions of the Napster generation seemed much more modest: sharing cool tunes over the Net. Ironically, it was this apparently apolitical youth subculture which - for the first time - confronted the music industry with an impossible demand. Everything is permitted within the wonderful world of pop with only one exception: free music.

Unlike earlier forms of youthful rebellion, peer-to-peer computing is a direct threat to the economics of the music industry. Despite the rapid changes in musical tastes over the decades, the fundamentals of its business structure have remained the same. Musicians are contracted to make recordings. Music is sold on bits of plastic to consumers. Copyright laws ensure that no one can distribute recordings without paying their owners. Everyone supposedly benefits from this arrangement. Fans are offered a wide choice of many different types of music. Musicians are able to earn a living - and a few can become seriously rich. Small companies can survive by selling niche styles of music. Large corporations can own profitable music companies as part of their multi-media empires. Having recuperated successive cultural revolutions, this business structure appeared to be immutable. It took the arrival of P2P to prove otherwise.

The author of *Sonic Boom* argues that the collapse of the traditional economics of the music industry wasn't inevitable. If different decisions had been made at particular moments, it might have been possible to preserve copyright within cyberspace. For instance, in the mid-1990s, it seemed obvious to some dotcom pioneers that the music industry would quickly embrace the Net. Up to then, the business had thrived on technological innovation. The electric guitar had inspired rock music. The CD had given new life to old tunes. Like these earlier inventions, the Net was simply another improvement in the production and distribution of music. Learning from experience, these dotcom entrepreneurs were convinced that old economics would inevitably be replicated in new technologies. All that would happen is that music would be sold as digital files over the Net rather than as bits of plastic through record shops. Encryption would prevent any unauthorised copying of these music files.

As John Alderman relates, these dotcom start-ups were surprised when the music industry fiercely opposed their plans. Despite the Net hype of the period, many executives still hoped that the digital future implied nothing more serious than producing more sophisticated bits of plastic: CD-roms or DVDs. They were worried that on-line distribution systems would wipe out their substantial investments in disc pressing plants. Others feared that a virtual music marketplace would lead to the 'disintermediatisation' of the industry. The Net might allow musicians to sell tunes directly to their fans across the world without needing to sign with a major record label. Either way, these dotcom schemes sounded dangerous. It was much easier to ignore the Net and hope that it would go away. The music industry was determined not to "get it."

According to John Alderman, this failure to create a virtual marketplace for selling music was a fatal error. Deprived of a legal method of obtaining music over the Net, people began swapping digital copies of their CD and vinyl collections with each other. Since payment wasn't required, these music files were usually formatted in MP3 - an open standard without any copyright protection. Like other Net obsessions, sharing music soon developed into a fun way of meeting people on-line. Fans could chat about their favourite musicians while giving away tunes. This underground scene was given a massive boost by the invention of Napster. Written by an MP3 collector, this program created a virtual meeting-place where people into swapping music files could find each other. From the moment of its release, the popularity of Napster grew exponentially. Early adopters recommended the program to their friends who, in turn, passed on the good news to their mates. What had begun as a cult quickly crossed over into the mainstream. For the first time, rebellious youth were identifying themselves not by following particular bands, but by using a specific Net service: Napster.

A new generation gap had emerged. Each youth subculture achieves notoriety by antagonising its elders. Just like hippies smoking dope, the users of Napster were united through a minor form of civil disobedience: breaking the copyright laws. As in the past, their youthful cool was confirmed when out-of-touch oldies tried to stop them from misbehaving. But what was different this time around was that the music industry was leading the persecution of the new subculture. Outraged at young people getting music for free, its down-with-the-street rebels quickly mutated into tight-arsed-corporate conservatives. They compiled long lists of names of fans who had to be prevented from sharing music files with each other.

They hired expensive lawyers to scare the youth into obeying the law. Rock 'n' roll had declared war on the Net.

Sonic Boom takes the reader through the twists and turns of the celebrated court case against Napster. Having persuaded the political establishment to tighten the copyright laws, the music industry decided to close down the most prominent threat to its profits. Since the Napster service had become a dotcom company, it was an easy target. Here was a commercial operation hoping to benefit from the theft of intellectual property by its users. The music industry eventually won its case. Napster was ordered to prevent its users from sharing tunes without paying their owners. However winning a battle isn't the same as winning the war. Crucially, Napster was an underdeveloped form of peer-to-peer computing. When it was disabled, people were forced to move their music file-sharing to more sophisticated P2P programs: Gnutella, Aimster, Morpheus, Freenet. Ironically, the court case has provided the opportunity to fix the social and technological flaws within Napster. A proprietary program requiring a central meeting-place was being replaced by open source software directly connecting users with each other. One court case couldn't destroy the hi-tech gift economy.

In his book, John Alderman remembers attending one of the first on-line music conferences in the mid-1990s where an industry executive declared that the Net should be immediately closed down. Copyright protection had to take precedence over technological innovation. In contrast, the author of Sonic Boom - then and now - does "get it." The music industry has no veto over the future. Its lobbyists and lawyers can only slow down the spread of peer-to-peer computing. Sooner or later, file-sharing over broadband networks will become as unremarkable as making a phone call, watching television or using a computer today. The utopian vision of the Napster generation is technically feasible: every tune - ever made - for free. Quite rightly, what worries John Alderman is how anyone can earn a living from making music in such circumstances? While almost every other sector of the economy will be profiting from peer-to-peer computing, the music industry will have lost its major source of revenue: selling bits of plastic. Who then will pay the piper?

Sonic Boom begins with an introduction by Herbie Hancock who - not surprisingly - emphasises this problem. Like so many others, this great musician knows how the industry has always cheated and exploited both artists and audiences. Yet, he fears that the cure of the youth might be worse than the disease of their elders. Musicians could end up the biggest losers if all music files are free. At the end of his book, John Alderman outlines some possible solutions to this dilemma. Even if it might have been possible in the mid-1990s, it is now too late to replicate the buying and selling of music imprinted on bits of plastic in virtual form. Big mainframes serving encrypted tunes to passive consumers is a science-fiction fantasy from the Fordist past. Instead, the music industry must find some way of commercialising peer-to-peer file-sharing. Even before the Napster case was concluded, the Bertelsmann corporation broke ranks with the other major record companies to buy a stake in this P2P pioneer. For a small monthly subscription, Napster users would be allowed to break the copyright laws. Soon afterwards, its competitors announced their own plans for on-line music services. Yet even this compromise may have come too late. Why would anyone pay for music which is easily available for free? The old tunes are all available on unencrypted formats

and the protection on new tracks is quickly broken. Once they have experienced digital abundance, why would anyone welcome the forced imposition of analogue scarcity upon the Net?

John Alderman believes that more inventive methods must be found to finance on-line music. Like so many other Californian analysts of the Net, the author looks back to the West Coast's hippie past for potential solutions. For instance, the Grateful Dead - a prominent late-1960s psychedelic rock band - pioneered one promising way of creating an alternative economic relationship between musicians and their audiences. Although signed to a major label, its members encouraged their fans to make and trade tapes of their live performances. Contrary to free market orthodoxy, these altruistic ethics proved to be financially rewarding. While their contemporaries faded into obscurity or lost all credibility, the Grateful Dead are still worshipped by a devoted community of fans long after the demise of the band's charismatic leader. Any money lost from bootlegs has been more than compensated by increased sales of their commercial recordings and of tickets for their live concerts. The Grateful Dead proved that musicians could earn a good living out of free music.

John Alderman proposes that the music industry should learn from this tried and tested example. For a start, swapping MP3s should be accepted as the contemporary equivalent of trading bootleg tapes. Instead of fighting this phenomenon, corporate executives should realise that giving away music can be another way of making money. For instance, a tune available for free over the Net could persuade someone to buy a concert ticket or, as long as the sound quality remains superior, to purchase CD or DVD versions. Above all, the music industry must move from selling tunes to servicing fans. Although young people are reluctant to buy individual tracks over the Net, they have already shown willing to pay for a more intimate relationship with their heroes. New releases, concert tickets, celebrity gossip, chat zones and other goodies can be made available on-line for a monthly fee.

From being little more than a sideline, fan clubs could become the major source of revenue for the music industry in the future. As one way of making money disappears, another may be opening up.

Being a journalist's tale, *Sonic Boom* can't be expected to provide a sophisticated theoretical analysis of the economics of the Net. Neither Adam Smith nor Karl Marx were ever likely to appear in its index. Yet, John Alderman's populist account is still much more perceptive than most books or articles on the subject published by academics. Above all, this author does "get it." No copyright law or encryption system is going to stop the swapping of music files between consenting adults in the long-run. There can be no return to business-as-usual for the music industry. It's over, it's finished. The ideological shibboleths of neo-liberal economics have been broken. Just as importantly, John Alderman knows that money can be made inside the hi-tech gift economy. Free music on the Net will provide wages for musicians - and profits for their employers. A more evolved form of capitalism will emerge from the advent of ubiquitous file-sharing.

Living in California, the author of *Sonic Boom* has to concentrate on the economic consequences of peer-to-peer computing. What has happened within the music industry is already beginning to spread to Hollywood. With a broadband

connection, sharing movies becomes almost as easy as swapping music. Lots of jobs and money could be at risk on the West Coast if the leaders of the movie business repeat the same mistakes made by the CEOs of the music industry. Sonic Boom has an important lesson to teach them. However, John Alderman's fascination with the economic impact of the Net sidelines any consideration of its cultural meaning. Over the past few decades, musicians have been using computer technologies to change music itself. Long before people were swapping MP3s, sampling, remixing and home studios had already redefined the sounds heard in the clubs and on the airwaves. Above all, these new ways of creating music anticipated many of the contemporary changes in the economics of music caused by the advent of peer-to-peer computing. The fixed product has long been mutating into a fluid process within house music. Despite living near San Francisco's famous rave scene, John Alderman never discusses this socio-cultural revolution. While the Grateful Dead may have pioneered new methods of rewarding artists, their music never evolved beyond the aesthetics of the electric guitar. Yet, as was pointed out long ago, radical changes in the economic base of society are paralleled within the cultural superstructure. By transforming the ways of distributing music, peer-to-peer computing will also inspire new forms of music.

No book can predict the exact shape of the P2P future. Rather Sonic Boom should be praised for providing some important lessons from its recent history. Although they were a minority even among Net users, the Napster subculture successfully pioneered peer-to-peer computing for the masses. As increasing numbers go on-line and connections speeds keep rising, more and more people will come to discover the wonders of swapping information over the Net. The secret is out. However, as Sonic Boom recounts, there are powerful interests who are terrified of the social upheaval being unleashed by peer-to-peer computing. The prosecution of Napster has encouraged more attempts to reverse the evolution of the Net. Repressive legislation and technological fixes are still being used to inhibit the spread of file-sharing. There are even plans to outlaw all computers which aren't hardwired to protect copyright material! What Sonic Boom does so well is demonstrate is the futility of these schemes in the long-term. Digital files can't be confined inside bits of plastic for ever. Instead the music industry - and other creative industries - will just have to develop more sophisticated ways of doing business. For peer-to-peer computing isn't simply a technological leap forward. More importantly, it is also the catalyst of economic innovation. Now do you "get it?"