

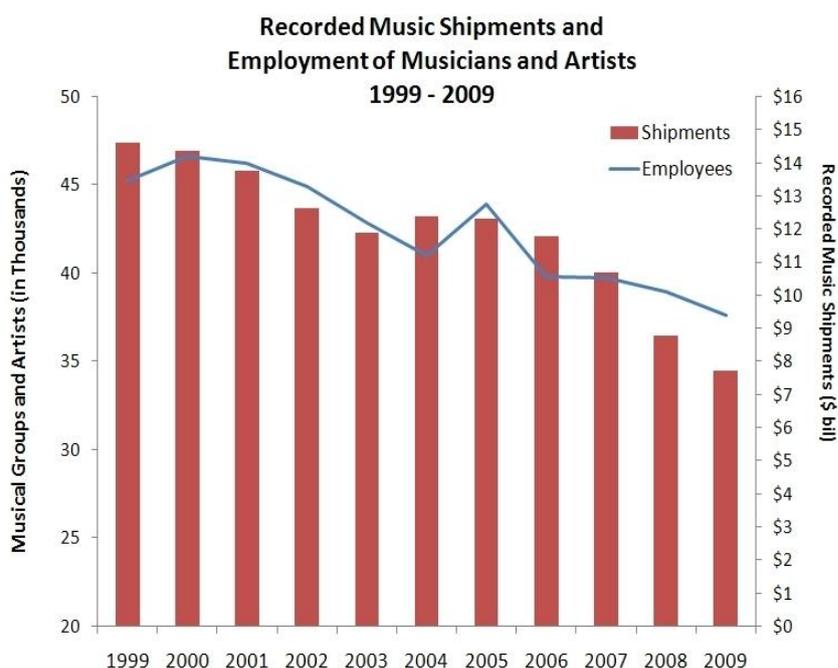
Illegal Downloading = Fewer Musicians

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Professors Oberholzer-Gee and Strumpf [recently recanted their assertion](#), made with great fanfare six years ago and since discredited (see [here](#) and [here](#)), that the illegal downloading of music from file sharing sites had no impact on the sales of music. The professors now apparently believe that in fact, yes, illegal downloading does undercut sales. [From their most recent paper](#) (page 16), “The majority of studies find that file sharing reduces sales, with estimated displacement rates ranging 3.5% for movies (Rob and Waldfogel, 2007) to rates as high as 30% for music (Zentner, 2006).”

This is a well-tread debate, but a little digging and research on our part has unearthed an interesting and different way to examine the issue. The professors cited SoundScan data which shows an increase in the raw number of albums released during the past decade: “Since 2000, the annual release of new music albums has more than doubled” they write, suggesting that musical production, or the incentive to create music, has not diminished because of declining sales and illegal downloading. But this data alone does not tell the whole story. For example, this figure includes re-releases, new compilations of existing songs, and new digital-only versions of catalog albums. Further, SoundScan has also steadily increased the number of retailers (especially non-traditional retailers) in their sample over the years, better capturing the number of new releases brought to market. What Oberholzer and Strumpf found was better ability to track new album releases, not greater incentive to create them.

More compelling, when [data from the U.S. Bureau of Labor Statistics](#) on the number of people employed under the category of “musical groups and artists” is compared with music sales, a strong correlation is evident. See chart below. What does this show? Selling music is an important motivator to creating music, and that the decline in sales has correlated with fewer people making a living in music.



Source: US Department of Labor, Bureau of Labor Statistics; RIAA

Note: NAICS code 71113 “Musical Groups and Artists” full description available [here](#)

Yet another way to demonstrate that illegal downloading undermines the entire chain of creating and investing in music.

By Joshua P. Friedlander & Jonathan Lamy, RIAA

[http://www.riaa.com/blog.php?content_selector=Illegal Downloading Fewer Musicians](http://www.riaa.com/blog.php?content_selector=Illegal%20Downloading%20Fewer%20Musicians)