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## "Clean Air Copyright and Government in Interesting Times", MCA PAC

Max S. Baucus

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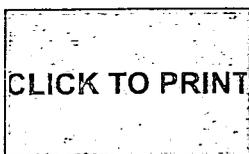
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BAUCUS

## **"Clean Air, Copyright and Government in Interesting Times"**

Senator Max Baucus  
MCA PAC  
Los Angeles, California

April 11, 1995

Good afternoon. Thank you all for coming.

Our Chinese friends might tell us we are living under a curse. I am told that when they want to wish bad luck on someone, they say, "may you live in interesting times." Well, we do live in interesting times.

The economic world is changing. It is becoming more international. Trade made up 13% of our economy twenty years ago; it makes up more than a quarter today. And trade partners are changing. The Commerce Department sees our best opportunities not in familiar places like Japan, Germany and Britain, but in "emerging markets" like Indonesia, Brazil and Eastern Europe.

Science and technology are surging ahead. That means that today, a doctor back home in a rural Montana county can use computer networks and telecommunications to consult with the most advanced specialists in the world. And soon you will be selling movies over fiber-optic networks to homes, as well as through video stores and theaters.

And the political system is changing. It has to address new challenges; some produced by the international economy; some by new technologies; some by the end of the Cold War. And the old ways are not good enough.

You saw that in the last election here. And you see it across the industrial world. In the breakup of the Liberal Democratic Party in Japan a year earlier. In the virtual disappearance of old, established groups like the Canadian Conservative Party, the French Socialists and the Italian Christian Democrats.

### A FUNDAMENTAL DEBATE

Old ways are vanishing everywhere. And so, our country has begun a fundamental debate over the role and purpose of government. It is a debate which calls for careful thought. For review of first principles. For me, and for you, to examine assumptions we have held for a long time and see how they fit with reality.

A lot of Americans feel government has become too big, too wasteful, and too prone to

pushing people around. They want it trimmed back. And there's a lot to that. We can't afford a permanent \$200 billion deficit. There is a lot of waste in areas like the Army Corps of Engineers, TV Marti and more.

But in any such a debate, extreme points of view emerge. And one of these extreme points of view, essentially, says the response of government in this new era should be to dissolve itself.

A Senate candidate in California said last year he wanted a "government that does nothing." A bill in the Montana State Legislature would end compulsory education. A senior member of the House of Representatives wants to repeal environmental laws like the Clean Air Act.

## THE CLEAN AIR ACT AND LOS ANGELES

And let's start with that one.

The Clean Air Act is a big, complicated law. Scientifically, economically, legally complicated. I know that, because I wrote most of the present version. But back home in Billings, where we have a sulfur dioxide problem -- or, I suppose, here in LA -- clean air is a pretty simple issue.

People want the air to smell better. To stop burning their eyes and lungs, and stop making them cough. And there's no reason people here or back home should be denied fresh air.

It may surprise you to learn that LA hasn't always been smoggy. A hundred years ago, in fact, doctors on the East Coast were packing entire trainloads, one Pullman car after another, full of people suffering from emphysema and tuberculosis. Every winter, they sent these people out to Los Angeles and Pasadena because the region was so famous for its fresh air.

Well, LA is a great city. Its growth, in part because of the industry you work for, is one of the wonders of the American twentieth century. But the price of that growth was air pollution. Nobody comes to LA and Pasadena to save their lungs any more. And when I rewrote the Clean Air Act in 1990, just about everybody in LA County we asked said they wanted their fresh air back.

The results of the Clean Air Act are now coming in from across the country. And there is a simple way to show what they mean here in Los Angeles.

The Environmental Protection Agency measures air quality, in essence, by measuring the level of six air pollutants: ozone, sulfur dioxide, carbon monoxide, nitrogen dioxide, lead and small particles like soot. On days when they reach a certain concentration, EPA rates air quality "moderate." A bit higher, it's "unhealthy." Then, "very unhealthy" and finally "hazardous."

In the six years before 1990, Los Angeles averaged 205 days measured "unhealthful," "very unhealthful" or "hazardous."

In the four years since, LA averaged 152 days a year at these levels. In 1993 there were only 131. And last year, 127.

So because of this law, fewer LA children will aggravate their cases of asthma. Healthy adults can jog on hot days without chest pain, coughing and congestion. There will be ten, twenty or thirty fewer cases of cancer a year. And everyone in Los Angeles gets three extra months of fresh air a year.

Now, three months of fresh air doesn't happen by itself. Regulations implementing the law brought the change about bit by bit. And people have made some sacrifices. You can estimate the cost of the new regulations. But you cannot measure the benefit of three months of fresh air. And because of that, the regulations that brought clean air to LA might not survive the "cost-benefit" analysis the House wants to require for environmental regulations.

The clean air regulations are probably imperfect. As time goes by, we may find ways to deal with city smog -- or acid rain, or haze over the Grand Canyon, high-altitude ozone, or any of the other problems this Act takes on -- with less regulation than we had in 1990. And as we find them, we should use them.

But we should remember the big point. Clean air -- like clean beaches, or pure drinking water, or clear lakes and streams -- is a fundamental American value. It is part of the high quality of life we expect as American citizens. And to repeal clean air is to turn your back on something good about our life.

#### COPYRIGHT PROTECTION

In this case, gutting government would make American life, and life in LA especially, worse than it is today. And I'll give you another example, from a different field. That is, trade policy.

Again, the orthodoxy is that government should stay out of trade. In most cases it should. It should let businesses compete, and may the best firm win. We should expect competition, welcome it, and let it go on. But without government, in some areas competition becomes grossly unfair.

One area is copyright. Artists and authors need the protection of government, because their works are hard to create and easy to copy.

Computer software, for example, demands technological sophistication, knowledge of computer languages and much more. It takes years and a lot of money to write a program. But a smart three-year old can copy it in seconds, for nothing. Likewise, writing a novel demands

creativity and hard work. To pirate the novel, you need a printing press and a weak sense of ethics.

An MCA film, of course, requires a whole battery of artists. Screenwriters. Software engineers. Set painters. Musicians, actors, directors and more. And in an age when commerce is global, MCA often needs government to make sure competition is fair. To guarantee that foreign countries don't tolerate or encourage piracy.

### SPECIAL 301

As recently as 1988, no Asian country but Japan had anything like a modern copyright law. Enforcement did not exist. Pirates controlled virtually all the film markets in the world's fastest-growing region. The motion picture industry did not even bother to keep track of its losses, because they could not sell anything.

In that year, however, we decided to try and stop it. As part of the 1988 Trade Act, Senator Mitchell and I wrote the so-called "Special 301" law, which told the Administration to name the worst foreign copyright violators every year, tell them to stop, and back that up with trade sanctions as a last resort.

There was some resistance. It took two years before they used the law as aggressively as we intended. But every year since 1991, we have done it. Set priorities. Got results.

Special 301 succeeded beyond our wildest dreams. We went to Korea, Taiwan, Indonesia, Thailand and China, and demanded fair treatment for companies like MCA. And today, every single country in East Asia has a modern copyright law. Everywhere but China is enforcing those laws in ways the movie industry considers fair to excellent. And just a month ago, China agreed to enforce its laws.

That is real. It means sales abroad for MCA and jobs here.

In Taiwan, motion picture companies earned \$20 million in 1988, the year we wrote the law. The same companies earned \$56 million in Taiwan in 1993.

Thailand, \$3 million in 1988, \$16 million in 1993.

In South Korea, \$8 million in 1988, and \$132 million in 1993. A sixteen-fold increase in five years.

This did not happen by evolution or accident. It would not have happened at all under the ideal view of zero government. It happened because we saw a problem, got involved, and made Taiwan, Thailand, Korea, China and all the other countries behave like law-abiding citizens instead of Captain Kidd.

## EUROPEAN BROADCAST QUOTAS

A lot more than mopping up is left on these issues. We have to monitor China carefully. Piracy is growing, not declining, in Russia and Eastern Europe. But if we keep at it, I believe we can reduce piracy to nothing more than a nuisance.

There is, however, always unfinished business. Europe's broadcast policy is the most obvious case. I am sure you are all familiar with it. Quotas for television programs, discriminatory taxes on foreign movies, and subsidies for European studios. A complicated system with a simple goal -- keeping out imports.

The European Union obviously presents it a bit differently. In fact, if you listen to the French, it is practically apocalyptic. TV quotas mean "the survival of European culture."

Well, the reality is rather different. I have been to France a couple of times. And I can tell you that French TV is not a steady diet of Proust and Racine and Truffaut. And if you want to know the awful truth, I commend to you a very good article which ran in the Washington Post about a year ago.

As the Post somewhat indelicately put it, French TV "has begun to resemble a low-grade peep show." Much of the article is not fit for a G-rated speech. But at the risk of getting a PG-13, I'll report that the "European culture" they are talking about is really a disgraceful parade of lurid shows with names like "Lesson of Love," "Beware of Blondes" and "Sexy Dingo."

In fact, last year the French network TF-1 canceled a show, described as a "poker-faced presentation of men showing their buttocks" because the network considered it -- and this is a quote from the TF-1 press secretary -- "too educational." That's right. Like Mel Brooks says in "The Producers", it was too good.

So it is not Moliere versus Mickey Mouse. That is a big fraud. And it is no easy fight, but I guarantee you that our side is right. Right on fair trade, right on culture too.

## NEW COPYRIGHT ISSUES

With all the legal complexity and rhetorical hot air that surrounds it, the Broadcast Directive is a plain protectionism. Even in Europe, it is not popular outside France. Ultimately, I think we will win this one. But the future will be more difficult, because it will make us answer entirely new questions.

For most of history, there were just a few kinds of what we now call copyright works. Painting, sculpture and written literature. Perhaps story-telling and musical performance would count as well. That remained the case for thousands of years -- from Homer to the invention of photography in the 1830s.

Then, at the turn of the century, sound recordings and films. And in our lifetimes an explosion of new art forms. Animation. Computer graphics. Interactive technology. Virtual reality. Multimedia works using sound, video, software, fiction and more.

And new ways to deliver them. Not too many years from now, people will get perfect, digital copies of films and recordings. They will get films and sound recordings from electronic libraries instead of video rental stores and radio.

That is part of the fascination of living in this era. But it raises a few practical questions.

For instance, how should trade policy respond when movies come out on digital as opposed to analog tapes? Will the prospect of perfect pirate copies mean a comeback for old-fashioned piracy?

What about delivery? The Internet is an entirely new means of communication -- as new as radio was a hundred years ago. And it is just part of a larger Global Information Infrastructure. What sort of art works will it create? Who will hold the copyright when three strangers, in three different countries, jointly create a kind of artwork we have not yet imagined? How can we protect them from mass, instantaneous piracy?

I simply don't know. Maybe you don't know yet either, but you will start coming up with ideas sooner than people in Congress. And we need your help to understand the issues when they arise, not ten years afterward. We need to hear from you.

## CONCLUSION

And the fact that your government needs to hear from you shows something fundamental. We do see sweeping changes in society, trade, science and politics. We do live in interesting times. And perhaps that is not really a curse, but it does mean we have to think hard about the future and how our country will survive and prosper in a new era.

But as we think ahead, we can rely on an old truth. Because the answer to our fundamental debate about government is the same as it has always been. Good, responsive, effective, democratic government depends on informed, involved citizens. On people who understand their responsibilities and take them seriously.

As the poet Dante Alighieri wrote seven hundred years ago:

"Let there be no doubt in the mind of the man who has benefitted from the common heritage, but does not trouble to contribute to the common good, that he is failing sadly in his duty."

That is true on copyright. It is true on clean air. It is true on any issue that concerns you -- as employees of MCA, as Southern Californians, or as Americans.

You all understand that. Because if you did not, you'd be out on the beach today, not here listening to me.

Thank you, and keep it up.