

Senator Chris Dodd
Chairman and CEO, MPAA
Hollywood Chamber of Commerce
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It's an honor to be here in the town where it all began. What started in Jacob Stern's horse barn at the corner of Hollywood and Vine on Valentine's Day 1914 – according to my friend Scott Berg's "Goldwyn" – has grown into a landmark American industry -- an industry that now, thanks to the Internet and other technological innovations, stands ready to embrace a new future.

But that future – and all it promises in terms of jobs and economic growth – can only be realized if we fight back against those who would seek to steal our products and profit from their online distribution. In economic times marked by bad news and deep uncertainty—our industry has been one of the great engines of growth on the planet, supporting more than 2.2 million jobs, including over 136,000 in Los Angeles County alone.

Movies and TV matter to our nation's culture. But they also matter to our economy. And behind Hollywood's red-carpet image lays a blue-collar reality. Most of those 2.2 million jobs are held by middle income families and small business owners, men and women whose names will never appear on a theater marquee, but whose efforts are critical to the production, distribution, and exhibition of our product.

When a movie or TV show is produced, it's not just the studio or the actors who play a role. There's the local lumber yard that supplies the material for the sets...the catering company that feeds the cast and crew...the car dealership that provides the vehicles. All in all, vendors and suppliers—predominately small businesses—nationwide earn over \$38 billion from the film and TV industry each year, money that is plowed directly back into their communities so that it generates even more returns.

I've made it my mission as head of the MPAA to inform all Americans—including policymakers—that, just as the emotions evoked when watching a film in a movie theater experience are contagious, so too, are the economic benefits of this creative and innovative industry.

You, of course, know that the success of our industry matters to the local economy, here as much as anywhere else. And you know personally the serious challenges we all face – especially with unemployment at 11.3 % in Los Angeles County.

As our industry has grown, your home, Hollywood has encountered stiff competition for production—not just with other American cities, but with locations around the world. That’s why we fought for the extension of the Film and Television Tax Credit—California’s best weapon in fighting to maintain a thriving industry here in the very place where the film and television industry as we know it was born.

We can thank Governor Brown and the Legislature for extending the tax credit through 2013. This success is a testament to the strong partnerships local business owners, including the Chamber, have built with labor and local elected officials to keep this industry moving in the right direction, a coalition we’re proud to support. Now we need to work together to see it extended further.

If we’re talking about challenges to our economic success, we must also focus on an issue that represents a very serious danger to our entire industry: **online content theft**.

The theft of creative content – movies, tv, music, books and other intellectual property -- costs our nation 373,000 jobs; \$16 billion in earnings; \$3 billion in state, local, and federal taxes; and a total of \$58 billion in economic output each year [*source: Institute for Policy Innovation*].

And yet, sadly, many Americans shrug it off. I always wonder what the reaction of parents would be if police officers arrived at their family home to report that their child had been caught shoplifting a laptop from Best Buy. It’s hard to imagine them being anything short of horrified.

But when that same laptop is used to steal a movie, too many parents don’t bat an eye. In fact, according to an MPAA survey, 29 million American adults—a full 13 percent of the adult population—have themselves downloaded or watched illegal copies of movies or TV shows online.

In all, nearly one-quarter of all Internet traffic is copyright infringing. Let me say that again: one-quarter of **all** internet traffic is copyright theft.

In his recent book, *“Free Ride,”* Robert Levine writes, “By making it essentially optional to pay for content, piracy has set the price of digital goods at zero.”

But when those who do the work aren't paid for producing those products, our industry cannot continue to survive.

Tomorrow, I'll be in Silicon Valley, home to another great center of creativity, another industry drawing on American ingenuity to deliver unforgettable experiences to customers and support millions of American jobs.

Although our industry has, at times, been slow to adapt to new technological paradigms, our own success has been greatly enhanced by innovation and our use of new technology. We are living in an age when American consumers have multiple choices of where and when and how to consume our content. In fact, according to a recent Nielsen survey, those who own seven or more gadgets – Blackberrys, iPads, iPhones – are among the most frequent moviegoers, visiting the cinema upwards of 13 times a year – double what the average does per year. Why? Because they love content.

For our industry – like so many others – the Internet has become a major component and driving force of growth. Personally and in my capacity as MPAA Chairman, I have always supported a thriving tech sector. As a United States Senator, I drafted legislation to protect new start-up high-tech companies from frivolous lawsuits. I also supported net neutrality, and still do. But I never supported a license to steal.

There are those in the tech industry who hold the mistaken belief that there is nothing wrong with providing links to stolen content, like a new movie that just opened at local theaters. I wonder if they would feel the same if their patents were stolen and used by others for profit.

Some in the tech community believe that even if their website is being used to house stolen copyrighted content, that's not their problem. Would they give the same answer if their sites were being used to distribute child pornography or computer viruses or phish for personal financial information? – **Of course not!**

Some even believe that they should be entitled to enjoy the revenue they gain in selling advertising on these criminal rogue sites. And have the added nerve to call this innovation.

The moral failure of these piracy apologists is indeed glaring.

The time has come to take a tough stand against the rogue sites and the parasites who profit from the outright theft of our content. We are ready—eager, even—to partner

with technology companies to build new distribution models. But both sides of this debate must understand that we can only succeed if we succeed together.

Silicon Valley needs Hollywood every bit as much as Hollywood needs Silicon Valley.

Steve Jobs understood that the reason people wanted iPods and iPhones and iPads was that they made it possible to consume content anytime, anywhere. It is our customers' appetite for our content that drives the market for smartphones, tablets, and a wide variety of other high-tech products. It is up to us, the content community, to continue to evolve our business model to harness these innovations. And it is up to the tech sector to work with us to ensure that emerging technology is not used to destroy one of the great job producing industries.

We all know the world is changing. But the economic importance of copyright protection has not. A recent study by the International Intellectual Property Alliance found that more than 10 million American workers depend on copyright industries for their livelihood – that's one in ten private sector workers. These industries added \$930 billion in value to the U.S. economy, almost 6.4% of the total GDP, and they accounted for \$134 billion in foreign sales and exports, far more than the aircraft, auto and agriculture sectors.

To preserve and enhance the vibrancy of the movie and television industry, it is imperative that we all work together to finally stem the tide of content theft. That's why the MPAA is working with the U.S. Chamber of Commerce and the AFL-CIO in Washington – two organizations that agree on little else. Pat Leahy, Orin Hatch, Howard Berman, Lamar Smith and I hope that you, too, will realize the importance of joining the battle.

Despite the challenges we face, these are exciting times.

Our success is built on the craft of storytelling, and we have quite a story of our own to tell—the story of an industry that began in a horse barn in Hollywood, but now employs millions of people; an industry that is constantly evolving to harness the potential of emerging technology; an industry at the heart of America's culture and America's economy.

It's a story all Americans can be proud of, but one that this gathering can claim a unique relationship with. That is why I was particularly pleased to accept your invitation as one of my first public appearances as the head of the MPAA. I look

forward to continuing to work on it together. Stay tuned to the next installment.
Thank you!