

“ He has waged the dirtiest campaign in American history

Cindy McCain, wife of Republican presidential hopeful John McCain, on his Democrat rival, Barack Obama



“ It'll be all right for the likes of me obviously, because I'm fabulously wealthy

Noel Gallagher of Oasis



Pressure on G7 leaders to ease financial panic

THE EYES of the world will be on the G7 leaders this weekend, in the hope that the panic on the world's stock exchanges can be stemmed. It is probably too apocalyptic to suggest this is the last chance to get a grip on the markets, ease up lending and stave off another Depression. However, the hands of the clock are getting too close to midnight for comfort.

To date, attempts to rally the markets and restore confidence in the banking system have been bedevilled by two weaknesses. First, policy actions have been designed to contain the crisis, not resolve it root and branch. Second, there has been little success at co-ordinating action internationally. Instead, as they did in the 1930s, governments have acted independently, sowing further confusion. The meeting of European leaders last weekend only showed how divided they were. This led directly to the collapse of confidence in the markets over the seven days.

Let us define the problem that has to be

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THE SCOTSMAN

The Conductors pledge themselves for impartiality, firmness and independence... their first desire is to be honest, the second is to be useful... the great requisites for the task are only good sense, courage and industry

FROM THE PROSPECTUS OF THE SCOTSMAN, 30 NOVEMBER 1816

solved: the inter-bank and bond markets remain frozen, despite the US bail-out plan and the British government putting up £400 billion to rescue the City. As a result, the real economy faces strangulation, which is why industrial shares are tanking, causing panic on the world's stock exchanges. We need a global and co-ordinated intervention by the G7 to unblock the markets and end the panic.

First, the G7 countries need to guarantee money market funds including inter-bank

lending. Simply put, the state has to provide public cash to guarantee overnight and three-month loans made by banks to each other, and to big companies. If confidence is restored quickly, the cost to the taxpayer will be small as such insurance will allow banks to disgorge the huge cash pile they are sitting on. More likely, in the short term, central banks may have to lend vast sums directly into the markets, especially to cash-strapped commercial companies and over-leveraged banks. But un-

less the financial plumbing is unblocked the world economy will seize up entirely.

Second, the G7 countries (but America in particular) must adopt a UK-style approach to recapitalising their major banks. That means pumping enough public money into bank balance sheets to remove the threat of bankruptcy. The political and legal difficulty with this action is that it means the de facto, if not the de jure, nationalisation of the banking system. Also, it has to be done swiftly, and not degenerate into a political bun fight, or the panic in the markets will grow worse.

Finally, in conjunction with the IMF, there has to be a general move to cutting interest rates and reflating the global economy. The threat of inflation is now as dead as the proverbial dodo. Real interest rates (nominal rates minus inflation) may need to be zero to shock consumers out of their current pessimism. But if the G7 leaders fail to come up with a plan this weekend, it will make matters catastrophically worse.

Less posturing, more deal-making

THE OLDEST game in politics is the annual negotiation between governments and local authorities over cash. Last year, the new SNP government tried a new tack: offering councils a package deal. In return for freezing council tax and introducing the SNP's flagship policies, such as free school meals, the councils would get extra cash; plus be freed of all the onerous rules that allowed Holyrood to ring-fence what local authorities do with their budgets.

But the path of true love never does run smooth, and councils are squaring up to the Scottish Government over next year's budget. Under the "concordat" between the two parties, the councils have the right to come back each year to discuss any

financial pressures they are under. With a recession on its way and the public sector unions threatening further strike action, the councils have something legitimate to complain about. On the other hand, there is politics involved: Labour-dominated councils have no interest in giving the SNP credit for holding down the council tax or bringing in free school meals.

In current circumstances, the council tax freeze is too inflexible, and cash-strapped authorities may have no option but to raise it to generate revenue. On the other hand, they run the risk of a return to ring-fencing by Holyrood, if they do. Far better for both sides to stop posturing and hammer out the best deal for the taxpayer.

At last, a chunk of common sense

IN A world which many of us fear has gone mad, it is pleasant to discover that some common sense is still to be found. Yesterday, at the Court of Session in Edinburgh, Lord Malcolm threw out a compensation claim for £1.5 million by a former policewoman who claimed she had sustained "psychological injuries" after being hit by a pineapple while on duty. Tracey Ormsby, then an officer with Strathclyde Police, was attacked with the fruit during a demonstration in 2001 against the closure of a public baths in Glasgow. She claimed the mental trauma of the event had turned her into a virtual recluse. Presumably she feared being pelted by bananas or kiwi fruit if she stepped out of doors.

In fact, despite her ananasphobia (fear of pineapples) Ms Ormsby did venture out, and even managed to go on holiday. As a result, Lord Malcolm referred to her "willfulness to be untruthful". And according to her ex-lover, a police detective, she even went as far as trying to blackmail him into backing up her incredible story.

While giving thanks to Lord Malcolm, we have a few questions to ask. Just how did Strathclyde Police end up with such an officer as Ms Ormsby? Is she not culpable legally for her absurdly exaggerated claim and the time she has wasted with it? Finally, what happened to the offending pineapple? Was it detained as evidence, or did it get eaten?

Extending copyright will only cut performers' pie thinner

IN 2006, the UK government committed not to extend the term of copyright in sound recordings. It did so having conducted research into the effects such a move would have on record labels, consumers and artists.

Now the European Commission has put forward a proposal to nearly double the length of time performers and phonogram producers can enjoy exclusive rights over their sound recordings, from 50 to 95 years. The timing is no coincidence. Rights in the recording of the Beatles' *Love Me Do* expire in 2013. This will not so much affect the estates of Lennon and McCartney, who will keep receiving royalties on the composition rights until 70 years after McCartney's death. It will, however,



affect those who simply performed on the record, as well as EMI, the label that cut the track.

For the past four years, labels such as EMI have been lobbying hard to extend protection – first in Westminster, and now in Brussels. Though EMI might have failed on this side of the Channel, across it, it looks to be getting somewhere.

Copyright is a bargain. In exchange for releasing sound recordings to the public, copyright holders are granted a time-

limited monopoly, during which they can pursue anyone who uses their recordings without permission. But when this time is up, these works join Shakespeare and Shelley in the public domain.

Economists estimate that keeping sound recordings in copyright for another 45 years would cost UK consumers up to £480 million, as they are denied the benefits of a competitive reissues market. It will also accrue costs to librarians, film-

makers and anyone else who needs to clear the rights in recordings.

It will condemn much of our heritage to a vacuum: only a few tracks are popular 50 years after they were laid down; the rest will languish in storerooms when they could be enjoying a digital rebirth in non-commercial online projects, such as the Open Music Archive.

The UK government took this view in 2006, and no new economic evidence has been put forward by the commission to challenge it. Europe's decision-makers have in front of them a proposal that relies on emotional appeal and the suspension of common sense.

Pointing to the plight of "aging session musicians", the commission hopes to distract our at-

tention from what is, in reality, a windfall to global media corporations, funded by the consumer.

"I am committed to concentrate all necessary efforts to ensure that performers have a decent income," stated Charlie McCreevy, the DG Internal Market commissioner, on the day the proposal was announced.

And yet the commission's own figures demonstrate that performers will benefit little from the extended term. Projected extra sales income will be meaningless to most: from as little as 50 cents a year in the first ten years, to as "much" as €26.79 (£21) each year. That's because most of the gains (89.5 per cent) will go to the top 20 per cent of recording artists. What's more, performing artists are likely to make less money from radio air-

play and other income streams arising from so-called secondary remuneration rights.

That's because the amount of money available from licence fees paid by radio stations, pubs and gyms will not increase; the pie will grow no bigger; it will just be sliced more thinly.

Performers will not earn any more over their lifetime, and are likely to earn less as money will be transferred from the living to the estates of the dead. Meanwhile, the major labels will be dividing up millions in extra handouts every year.

If only to reinforce the social contract inherent in intellectual property law, MEPs must reject this proposal forthwith.

● The Open Rights Group is campaigning to keep copyright at the present 50-year level