



STATEMENT OF

Steven Soderbergh
On Behalf of the Directors Guild of America

Before the

House Committee on Foreign Affairs

Hearing on "Sinking the Copyright Pirates: Global Protection
of Intellectual Property"

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Good morning.

My name is Steven Soderbergh and I'm the National Vice President of the Directors Guild of America. I am honored enough to be here and respectful enough of your time to speak plainly and briefly.

We're here to talk about piracy—primarily Internet piracy—and while I am here officially representing the DGA, I would like to speak to you personally.

I am a filmmaker, and so by some loose definition I'm an Artist, but since of Art is subjective, I want to talk about numbers, because numbers are not subjective; they are inarguably what they are.

Here are some numbers:

In 2007, the entertainment industry generated a trade surplus of 13.6 billion dollars.

In 2005, the entertainment industry generated 1.3 million jobs, over 30 billion dollars paid in wages, over 30 billion dollars paid to vendors and suppliers, and 10 billion dollars in paid taxes.

As strong as those numbers are, we could do more, we could make an even larger contribution to the economy, if it weren't for theft, in the form of piracy.

I won't bore you in this testimony with figures of how piracy has affected my own work, because I'm not an exceptional case; everyone is hurt by this.

Most people see the entertainment industry as a bunch of spoiled celebrities, and I wish my saying that it's not true could dissolve that illusion. Certainly Michael Miller will attest to the fact that most people working in this industry are resolutely middle class and living to a large extent from paycheck to paycheck. But let's set aside this issue of perception and get back to the numbers: If an automobile manufacturer told you that 25% of its vehicles had gone missing on their way from the plant to the car lot, you would have the Department of Justice doing windsprints until the problem was solved.

Piracy increases unemployment by reducing the revenue paid to the companies that provide employment, and lost revenue means lost jobs.

What's the solution? Well, this is what we know: Litigation is slow, and the internet is fast, so it doesn't make sense to ask the government to be our police. What we would like is to be deputized to solve our own problems, to be granted the kind of pull-down and inspection abilities being proposed in France, so we can act swiftly and fairly on our own behalf. If we are given this ability, we will figure out an efficient, creative way to make piracy a difficult last resort instead of an easy first option, and we will do it without clogging the world's courts. This will allow the industry to retain and create jobs without asking for taxpayer assistance in the form of government intervention.

Forty years ago—as some movies targeted for adults began to show the world as it is instead of how we would wish it to be—censorship bodies sprung up all over the country to determine whether each film complied with community standards, and filmmakers were faced with the possibility of having to screen their films for every one of these groups before they could present their work to the public. It was impractical, to say the least, and a subsequent court ruling deemed it illegal as well. The solution was the creation of the MPAA, which established a ratings system that we still use today. It works, and it doesn't cost the public one penny.

The extreme level of competition at all levels of this business has resulted in an intelligent, hard-working,

capable workforce, and the economic structure of this business is remarkably transparent when you compare to industries of similar scale. It is for these reasons I ask you to empower the industry to confront this problem, which extends to every country and every content provider in the world.

Since the United States is the world's largest exporter of entertainment, I believe we have an obligation to create a new paradigm for combating piracy. But it won't happen without a fresh approach to the way the government and the rights holders interact. I am here as a member of the creative community to tell you we are ready and able to do our part.

I would like to submit some additional materials for the record which provide details on the impact of piracy on my own films, as well as our thoughts on the French solution and other DGA suggestions for Congressional action on this issue.

Thank you for your time.