

**STATEMENT OF
PAUL E. ALMEIDA,
PRESIDENT,
DEPARTMENT FOR PROFESSIONAL EMPLOYEES, AFL-CIO**

BEFORE THE

**COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE**

on

**OVERSIGHT OF THE OFFICE OF THE
INTELLECTUAL PROPERTY ENFORCEMENT COORDINATOR**

June 23, 2010

Good morning, Chairman Leahy, Ranking Member Sessions, and distinguished Members of the Committee. My name is Paul Almeida. I am the President of the Department for Professional Employees (DPE), a coalition of 23 national unions affiliated with the AFL-CIO. I am honored to speak today on behalf of the more than four million professional and technical people whom our affiliated unions represent.

On their behalf, permit me to commend and thank you. Many of you participated in passing the Prioritizing Resources and Organization for Intellectual Property Act of 2008, the PRO IP Act. Many of you have worked on a bipartisan basis with business and labor over many years to combat digital theft, piracy of intellectual property, and counterfeiting. I am pleased to acknowledge your expertise and effectiveness. Without them, there would be no Intellectual Property Enforcement Coordinator for Congress to oversee.

My message is simple. Intellectual property equates to jobs and income for American workers. Theft of intellectual property raises unemployment and cuts income.

For too many workers in the United States today, both jobs and income are hard to come by. If the United States allows attacks on intellectual property to go unanswered, it puts good livelihoods at risk.

Intellectual property fuels the most vibrant sectors of the United States economy. Permit me to focus on two examples. The first involves the arts, entertainment and media. The second focuses on manufacturing.

With regard to the arts, entertainment, and media industries, I am especially pleased to deliver today a statement that the Executive Council of the American Federation of Labor and Congress of Industrial Organizations, the AFL-CIO,

unanimously adopted in March. I would ask that this statement, “Piracy Is a Danger to Entertainment Industry Professionals,” be made a part of the hearing record.

As you will see, the Department for Professional Employees proposed this statement on behalf of its nine affiliated unions representing professionals, both performing artists and craft workers, in the arts, entertainment, and media industries. Those unions include the Actors’ Equity Association, the American Federation of Musicians, the American Federation of Television and Radio Artists (AFTRA), the American Guild of Musical Artists, the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts (IATSE); the International Brotherhood of Electrical Workers, the Office and Professional Employees International Union, the Screen Actors Guild (SAG), and the Writers Guild of America, East (WGAE).

At the core of this statement is a recognition that digital theft imperils jobs and income. In the words of the statement, “Combating online theft and the sale of illegal CDs and DVDs is nothing short of defending U.S. jobs and benefits.” Estimates of the number of jobs lost to piracy *in this one sector alone* run to the hundreds of thousands. While exact numbers are difficult to find, there can be no question about the magnitude of the problem for the entire United States: billions of dollars in lost revenues for U.S. industries and millions of lost U.S. jobs.

Online access continues to accelerate and expand. As it does so, it increasingly displaces traditional models for distributing content and thus heightens the potential for digital theft. The efforts of SAG, AFTRA and the Motion Picture Association of

America to conclude an international treaty that will protect the economic and moral rights of audio-visual performers will provide additional support in this battle.

The losses of income arise because entertainment professionals depend on compensation at two points: first when the professionals do the work, and later when others use and reuse the intellectual property that the professionals created. In the words of the statement:

“Entertainment professionals may work for multiple employers on multiple projects and face gaps in their employment. Payment for the work they have completed helps sustain them and their families through underemployment and unemployment. For AFTRA recording artists in 2008, 90 percent of income derived from sound recordings was directly linked to royalties from physical CD sales and paid digital downloads. SAG members working under the feature film and TV contract that same year derived 43 percent of their total compensation from residuals. Residuals derived from sales to secondary markets funded 65 percent of the IATSE [Motion Picture Industry] Health Plan and 36 percent of the SAG Health and Pension Plan. WGAE-represented writers often depend on residual checks to pay their bills between jobs; in some cases, the residual amounts can be as much as initial compensation. Online theft robs hard-earned income and benefits from the professionals who created the works.”

My second example is manufacturing. Among the unions affiliated with the Department for Professional Employees are the International Association of Machinists and Aerospace Workers, the International Brotherhood of Electrical Workers, the International Federation of Professional and Technical Engineers, and the United Steelworkers. Again, the estimates of losses from counterfeiting run to billions of

dollars. Again, the victims include workers, who face lost jobs and income. From auto parts to circuit breakers, counterfeiting endangers all of us with unreliable products. It then taints the original products with the inferior quality of the counterfeits. As with the arts, entertainment, and media industries, the consequences include a diminished incentive to invest and a downward spiral for U.S. workers and our economy.

So digital theft and counterfeiting threaten U.S. jobs and incomes. That's the bad news. The good news is that you have taken action – and had the wisdom to confirm Victoria Espinel to fill the position that you created. I have witnessed first-hand the energy, expertise, and intellect that she has brought to reaching out to business and labor. I have seen the urgency she brings to addressing the crucial dilemmas that you identified. I am hopeful that the workers whom I have the honor to represent today will benefit from her work coordinating federal efforts and developing a strategic plan. The leaders of the unions affiliated with the Department for Professional Employees and I look forward to seeing the fruits of your and her labors.

Permit me to add a final observation. Arts, entertainment, and media, and aerospace are among the all-too-few U.S. industries that generate substantial trade surpluses in the midst of growing U.S. trade deficits. As a former president of the International Federation of Professional and Technical Engineers, I worked closely with its Local 2001, the Society of Professional Engineering Employees in Aerospace, or SPEEA.

Professionals in both arts, entertainment, and media, and in aerospace, organized in labor unions at rates far above the private sector generally. These facts belie the ill-founded and thoughtlessly repeated misconception that unions somehow undercut

industry competitiveness. Years of research at the Department for Professional Employees show that professional and technical people want a chance to do their jobs right. The unions that these people organize help them to achieve that chance. With innovation through intellectual property, heavily unionized industries not only compete globally, but enable the United States to lead the world.

Thank you for inviting me to participate in this hearing. I would be happy to answer any questions you may have.