Internet piracy and its economic effects

Law

The ongoing dispute over illegal Internet-based file sharing between the entertainment and software industries and the vast, online pirating community has been one of the most debated upon topics that has gripped public attention for the past decade. What was once a single public website created by a college dropout has become an empire of trafficking communities, used by hundreds of millions of people, that robs billions in revenue each year.

Although these rogue websites claim to strictly serve only as hosts for illegal file sharing, the United States government must take action to eliminate Internet piracy and protect copyright by implementing digital encryption technologies and strict laws that prohibit tampering these encryptions. The trafficking of copyrighted goods must be put to an end because it promotes illegal transactions of an owner's intellectual property, causing sales in the entertainment and software industries to plummet and thereby restricts the growth of the economy.

Internet piracy is the unlawful reproduction and/or distribution of any copyrighted digital file without the consent of the owner. It is driven by the consumers demand for a desirable product that would otherwise be unobtainable, either because of financial limitations or cultural factors, such as the Chineseculture's emphasis that the free sharing of knowledge creates and preserves both civilization and traditional values across generations (Lu 310).

Consequently, such a mindset that has caused many people to believe piracy to be the solution to their individual economic problems has resulted in the slow, yet unrelenting destruction of the economy. Spearheaded by several websites hosting millions of users every day, illegal file sharing services have robbed entertainment and software companies of billions of dollars each year and have direct correlations to the current economicdepression.

The era of internet piracy began in May of 1999 when a college student founded an internet website called Napster that allowed users to upload and downloadmusicfor free through connected computer networks (Internet Piracy). In the first four months of its initial release, Napster hosted roughly 1 million users (Bach 4). After one year, however, the service became so popular that the Napster community expanded to an unprecedented 20 million users. Though it was eventually charged for copyright infringement and lost a series of legal battles, Napster had already introduced the world to internet piracy.

For the first time ever, Napster, in just two years, caused the music industry, specifically in compact disc sales, to steadily lose roughly $500 million in revenue in each preceding year (Bach 5). The damage that these rogue websites have done to the entertainment industry by promoting and hosting file sharing services has been catastrophic. In the fifth annual global piracy study by the Business Software Alliance, BSA discovered that in 2007, " Worldwide, for every two dollars' worth of software purchased legally, one dollars' worth was obtained illegally. BSA) "

Not only is internet piracy hurting the economy by dramatically lowering sales in the worldwide market, it is also making it increasingly difficult for artists, developers and their companies to produce new content to stimulate economic growth because of the daunting fact that their product will more likely be copied and redistributed rather than acquired legally through purchase. In the United States music industry, for example, the NPD group reported that only 37% of music acquired by consumers in 2009 was paid for (RIAA). If there is no payout, producers have less incentive to quickly develop new content.

Likewise, without the revolving door of investment and revenue, the ability to bring the next generation of talent, such as artists and inventors, to the marketplace is diminished- as is the incentive for the aspiring talent to pursue a full timecareerin his or her desired industry (Gee 20). Furthermore, a decreasing amount of new products entering the market, coupled with the increasingly scarce number of new talents willing to enter the slumping entertainment industry and the continuously growing pirating community will only add fuel to the pre-existing fire that is the recession.

Previously passed bills Protect IP Act and the Digital Millennium Copyright Act have done little in the war against Internet piracy as a majority of the pirating sites have turned to Bit Torrenttechnologyas the method of choice to avoid drawing blame for directly handling intellectual property during illegal transactions. This advanced protocol maximizes transfer speed by gathering pieces of the file you want and downloading these pieces simultaneously from the computers of those who have downloaded from the same source- referred to as " seeders (Carmack 1, 3).

As of 2009, Bit Torrent file sharing has accounted for approximately 43% to 70% of Internet trafficking, making it one of the biggest contributors to the declining entertainment and software industry (Schulze). Although it would be impossible to shut down every rogue website that provides file sharing services, it is possible to prevent consumers from uploading purchased products onto these sites by implementing digital encryption keys that are unique to each product, in which content is distributed not as raw data, but rather inside a secure container (Bach 7).

Dubbed " Digital Rights Management (DRM), " these technologies have already been implemented in America's motion picture industry and have greatly limited the number of pirated DVD's. Moreover, digital encryption keys may be able to help stimulate the economy. Consider the notion that a good must be scarce, exclusive and rivalrous in order to draw consumer demand. Now, take into account that illegally copying and redistributing a good on the internet has zero marginal cost.

The majority of people would rather commit to the latter instead of paying for said good, therefore eliminating rivalry, scarcity and exclusiveness in the market. If, however, encryption keys were to be equipped to each product, DRM would re-establish excludability and thus an artificial notion of rivalry and scarcity because each product would require a unique key code acquired upon purchasing the good (Bach 9). Companies would have more control over the distribution of its property while consumers can still keep their legally purchased product.

What is more, the addition of laws prohibiting the tampering of these keys as well as severe punishment and fines would act as a strong deterrence to piracy. Unless the United States government adopts the ideas of implementing digital encryption technologies and passing strict laws that severely punish those who tamper with these electronic locks, the cycle of economic depression and inflation of products in the market will continue forever.

Some may argue that these ideas to reinforce copyright will tip the balance of power away from consumers to the producers and also infringe upon the rights of an individual's freedom of expression, the right to privacy, and the right to communicate (Lu 299). Yet, implementing key codes and laws to protect them (key codes) in no way limit a person's right to speech, privacy, nor expression. For instance, a boy named Bob purchases a digital version of the hit song " Gangnam Style" and really enjoys the instrumental as well as lyrics.

Though he cannot upload his copy of " Gangnam Style"" to the Internet and share it with others, he may still express his feelings about the song and tell others why he likes it. Bob is not restricted to enjoying the song by himself. In fact, he can post links of his new favorite song to his Twitter, Facebook, or any website; he just cannot distribute HIS copy in any way to anyone else. Though suggested method of protecting copyright may seem like it infringes abouthuman rights, it does not. It merely serves, literally, as a protective cage surrounding your digital content.