Title: The Big Steal: Ideology, Interest, and the Undoing of Intellectual Property

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SUMMARY			
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Abstract

This book examines the erosion of intellectual property (IP) rights in the digital age. The author argues that the rise of digital platforms has shifted wealth from innovators to implementers. The reason for that wealth transfer is that companies like Google and Apple benefit from weaker IP protections that reduce costs for content acquisition. In general, the "free" digital economy, supported by cross-subsidization and open-source movements, has been framed as serving the public interest. However, in fact there exist private interests that favor lower IP barriers, too. Crucially, there are enormous consequences of weakened IP regimes, which suggest that short-term gains for consumers and digital platforms may undermine long-term innovation by reducing incentives for R&D. The author warns that prioritizing cost reduction over sustaining technological advancement risks limiting future innovation.

Chapters in the Book:

Introduction – The Price of Free (p.1-12)

Summary

INTRODUCTION: The Price of Free

Since the 1990s, a redistribution of social welfare worth billions of dollars has taken place. The rise of the internet allowed digital firms to build businesses on content and technology developed by others, often without paying for these assets. Some argue this benefits consumers, as digital aggregators can offer content for free.

In today’s digital economy, “free” has become the dominant pricing strategy for many services, such as YouTube or Zillow. Yet, these platforms are not public services. Their profits come through cross-subsidization: operating as two-sided platforms, they offer free access to users while generating revenue from advertisers who pay for user data. The technology is developed by the giveaway firm, which attracts users and thereby advertisers.

Academic discourse has often favored the view that “information wants to be free,” arguing IP rights create monopolies. From this perspective, IP owners can set prices without constraints, leading some to call for the abolition or modification of IP systems through judicial discretion. This argument was popularized in a 1994 essay by John Perry Barlow, who claimed property rights logic doesn’t apply in the digital economy. Many have since supported reshaping copyright law to reduce protection against unauthorized use.

This “digital is different” claim isn’t new. In the late 19th century, free trade advocates opposed patents, and in 1934, Arnold Plant questioned copyright, noting British authors’ success in the U.S. without it. However, 21st-century IP scepticism is distinctive due to its policy impact, driven by an “accidental alliance” among powerful market players seeking to weaken IP rights. Open-source software reflects this: initially distributed for free, it required continued free redistribution. Some of the most successful projects were sponsored by major tech firms and integrated into profit-seeking models. For example, IBM supported Linux to commoditize Microsoft’s IP and shift server market competition.

Today’s IP policy debate often confuses corporate interests with public benefit. In 2012, public protests opposed legislation to strengthen copyright, arguing it would build monopolies disrupted by the internet. But this overlooks how weak IP regimes benefit platforms like YouTube or Google, which treat content as a low-cost input to attract users and advertisers. For them, weaker IP protection reduces content acquisition costs and increases leverage over creators.

This is further illustrated by the role of firms like Google, Apple, and Intel, which act as intermediaries assembling technology from more specialized R&D firms. Between 2000 and 2020, downstream firms like these exhibited lower average R&D intensity than upstream suppliers. This division of labor creates different interests: implementers push for lower IP protection to reduce licensing costs and increase their bargaining power, effectively shifting wealth from R&D companies to customer-facing firms.

One might argue that what's good for companies like Apple or Google is good for America. But this reasoning is flawed. While lower IP protection may reduce short-term costs, it undermines incentives for innovation. A healthy economy must balance access to existing technology with returns for innovation. Current policy heavily emphasizes short-term access while neglecting the long-term need for sustained technological progress.

Metaphorically, focusing only on lowering costs today risks giving us a cheaper kerosene lamp—but no electric light. That may benefit today’s lamp makers, but in the long run, it harms everyone else.