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The Agenda

Primary Sources

A Victimless Crime?

The recording industry can stop blaming sagging sales and profits on online pirates: They're cheapskates who probably wouldn't have bought the albums they downloaded, according to an economic analysis of file-sharing and album sales. The study's authors focused on the impact of Germany on downloads and sales in the fall of 2002: A sixth of all U.S. downloads are from German sharers, and during German school holidays—when kids are at home, online, and sharing their collections—the supply of pirated music available to U.S. listeners balloons, making downloading quicker and easier for Americans. But the authors found that albums that debuted in the U.S. when German kids were on holiday sold just as well as albums that debuted when German kids were in school. (They estimate the maximum number of album sales lost to piracy each week at no more than 368 copies.) Declining to endorse or condemn music pirates, the authors nevertheless point out that the net effect of piracy seems to be beneficial: The recording industry loses little or no money, and millions of American and German tightwads get their music for free.

—[“The Effect of File Sharing on Record Sales,”](#) Felix Oberholzer-Gee and Koleman Strumpf, *Journal of Political Economy* (PDF)

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