

Digitization and the Creative Industries

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I'd like to focus on three or four topics related to how digitization has transformed the creative industries. These are piracy, the supply and welfare benefit of new products, emerging questions around platforms, and (time permitting) digitization and globalization.

Three papers I'd like you to read:

1. Waldfogel, Joel and Luis Aguiar. 2018. "Quality Predictability and the Welfare Benefits from New Products: Evidence from the Digitization of Recorded Music." *Journal of Political Economy* 126(2): 492–524.
2. Waldfogel, Joel. 2012. "Copyright Protection, Technological Change, and the Quality of New Products: Evidence from Recorded Music since Napster." *Journal of Law and Economics* 55(4): 715–40.
3. Aguiar, L. and Waldfogel, J., 2018. *Platforms, Promotion, and Product Discovery: Evidence from Spotify Playlists* (No. w24713). National Bureau of Economic Research.

Background readings

1. Piracy and profits

Oberholzer-Gee, F., and Koleman Strumpf. 2007. "The Effect of File Sharing on Record Sales: An Empirical Analysis." *Journal of Political Economy* 115(1): 1–42.

Rob, Rafael, and Joel Waldfogel. 2006. "Piracy on the High C's: Music Downloading, Sales Displacement, and Social Welfare in a Sample of College Students." *Journal of Law and Economics* 49: 29–62.

Smith, Michael D., and Rahul Telang. 2016. *Streaming, Sharing, Stealing: Big Data and the Future of Entertainment*. Cambridge, MA: MIT Press.

2. Cost reduction, new supply, and the value of new products

(1 and 2 from assigned papers)

Brynjolfsson, E., Hu, Y. and Smith, M.D., 2003. Consumer surplus in the digital economy: Estimating the value of increased product variety at online booksellers. *Management Science*, 49(11), pp.1580-1596.

Oberholzer-Gee, F. and Strumpf, K., 2010. File sharing and copyright. *Innovation policy and the economy*, 10(1), pp.19-55.

Handke, C., 2012. Digital copying and the supply of sound recordings. *Information Economics and Policy*, 24(1), pp.15-29.

3. Platforms as a threat

Zhu, F. and Liu, Q., 2018. Competing with complementors: An empirical look at Amazon.com. *Strategic Management Journal*, 39(10), pp.2618-2642.

Edelman, B., Luca, M. and Svirsky, D., 2017. Racial discrimination in the sharing economy: Evidence from a field experiment. *American Economic Journal: Applied Economics*, 9(2), pp.1-22.

(#3 from assigned)

4. Digitization and globalization

Blum, B.S. and Goldfarb, A., 2006. Does the internet defy the law of gravity? *Journal of international economics*, 70(2), pp.384-405.

Ferreira, F. and Waldfogel, J., 2013. Pop internationalism: has half a century of world music trade displaced local culture? *The Economic Journal*, 123(569), pp.634-664.

For topic 1,2, and 4, see also: Waldfogel, J., 2018. *Digital Renaissance: What Data and Economics Tell Us about the Future of Popular Culture*. Princeton University Press.