

The Ethical and Economical Arguments against Software Piracy

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Abstract—This paper will present and focus mainly on the arguments against Software Piracy, specifically its impact on the global economy and ethical values. A short definition of will be provided, along with examples and types of Software Piracy. This will be followed by a quick look at the arguments of the supporters, to provide some background and lead up to the rebut from the detractors. Finally, a conclusion will summarize the arguments and the results of this paper.

Index Terms—Copyrights, Business Software Alliance, P2P, Demos, Ethics, Development, Economics.

I. INTRODUCTION

Software Piracy, also known as copyright infringement of software, is the unlawful use or reproduction of software that hasn't been licensed properly or paid for [1]. There are many types of Software Piracy according to the Business Software Alliance (BSA), the most important and wide spread are:

- 1) CD infringement
- 2) Commercial Use of Non-commercial Software
- 3) Counterfeiting
- 4) Hard-disk loading
- 5) Internet infringement
- 6) Softlifting

There are many programs and websites that facilitate the spread of Software Piracy, for example Peer to peer (P2P) file sharing technologies such as bit torrents, online auction sites such as eBay and file hosting sites such as eSnips. According to a journal published by Frederick Gallegos, younger students pirate more software than their older peers, and men frequently distribute and copy more software than females do. Not only that, but piracy is common in business offices and among all employee ranks alike [2].

II. ARGUMENTS FOR SOFTWARE PIRACY

There are many arguments used to defend the practice of Software Piracy, mostly in economical or ethical terms. For example, some might argue that the software is too expensive and that by pirating it and reselling it at a lower price, he or she is protecting the customers. Critics from developing

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nations often view licensing fees as a an indirect, technology transfer tax and a measure to prevent their countries from advancing technologically. Some people using file sharing networks justify the distribution and downloading of pirated files by saying they are using the copy as a preview or that the company in question will not be harmed.

Software giants such as Microsoft, despite the fact they publicly denounce the practice, admit that they would rather see users pirate their own software rather than their competitors, in hopes that the installed base of users will pay eventually and be converted to licensed users. The president of Romania, Trian Basescu, has stated once that in his view, Software Piracy set up the IT industry in his country [2]-[3].

III. ETHICAL ARGUMENTS AGAINST SOFTWARE PIRACY

If pirating and selling illegal copies of software at a lower price is acceptable, then what prevents other people from stealing cars and following the same logic? Furthermore, one would expect these “good doers” to pay the profits of the sales back to the publishers, which is most likely not to happen. Most companies nowadays offer demos of their commercial products, some like WinZip extending to 45 days. If you copy a software product and you like it, then the developers who have spent thousands of hours working on it deserve to be compensated for their efforts [3]. A common, yet contradictory sentiment is displaying pride because one has never bought an official version of a software (for example Windows Vista), yet at the same time criticizing the product. Pirating a software, keeping it then criticizing it is unacceptable [4].

IV. ECONOMICAL ARGUMENT AGAINST SOFTWARE PIRACY

Software Piracy leads to decreased profits, and that leads to less money being invested in research and developing the product further. Developers also lose motivation to give it their best. What is worse is that “pirates” affect the accuracy of studies conducted by these companies to enhance the software, and that in turn harms the customer who buys the product legally [4]. The customer also faces higher prices as a result of decreasing sales and the need to gain the profits lost to piracy [3].

A joint study performed by the BSA and IDC (International Data Corporation) shows many interesting results about the impact of piracy on global market. A simple decrease of piracy by 10% over the next four years could introduce up to 2.4 million new jobs. Logically, rampant piracy in a country would also mean less investors willing to set shop in that

country and thus less technological experience and monetary profit. It is estimated that over the next four years, the amount of money spent on software related purchases will reach \$300 billion dollars. Over the same period of time, \$200 billion would be lost to piracy. If you sum the total effects of decreased piracy, increased employment and potential tax revenues, \$400 billion dollars could be gained by economies worldwide. If you take a close look at figure 1 below, you will see a trend, that is the countries that produce more software have less piracy rates. The world's top offenders include Vietnam, Zimbabwe, Pakistan, China and Indonesia. This suggests that Software Piracy is a global problem, not a regional one [5].

V. CONCLUSION

Software Piracy is an illegal practice that can take many forms and is performed by various groups. Arguments defending Software Piracy cite expensive prices, freedom of information and temporary use. Ethical arguments against piracy include comparisons to car thefts, the injustice that is being dealt to the developers and the contradiction of pirating a software and then criticizing it. Less development, investment and profits, along with the decrease of jobs in related fields make a sound, economical argument against Software Piracy.

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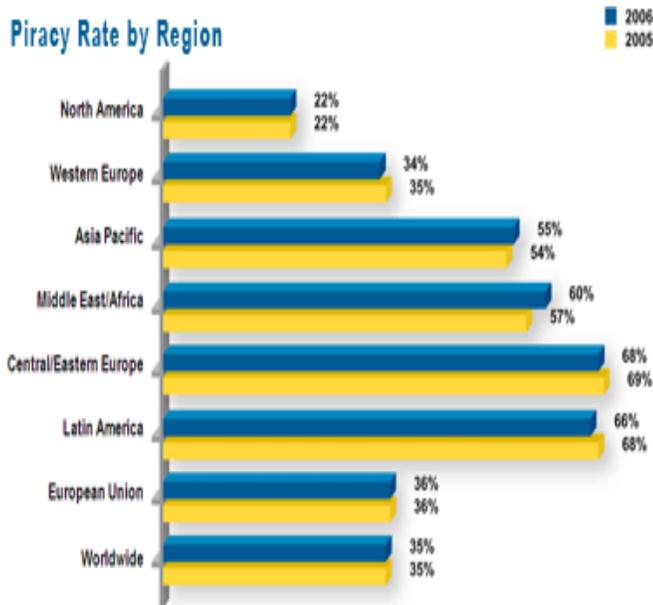


Figure 1. Piracy rates by region in the years 2005 and 2006.

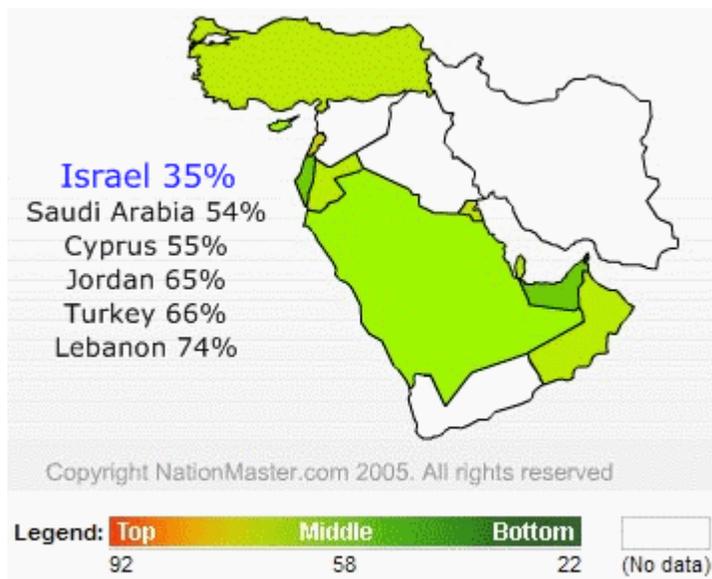


Figure 2. Piracy rates in the Middle East in 2005.