Shelukhin V. Internet piracy as a rational choice: evidence from the Becker model and J. S. Coleman's conception of micro-to-macro transitions

According to expert estimation, 33% of informal sector of Ukrainian economy is shaped by piracy. Special 301 reports on copyright protection argue that Ukraine has serious problems with legal regulation of copyright protection. The U.S. federal government suspended the duty-free treatment of Ukrainian goods on December 22, 2017. The main cause of the act was inadequate copyright protection policy in Ukraine. This kind of policy provides favorable context for digital piracy, especially Inter- net piracy – using the Internet as a tool for illegal consumption of different types of goods (books, music etc.). The research paper deals with internet piracy in Ukraine. Following analysis is based on theory of rational choice with particular attention to the Becker model and James S. Coleman's conception of micro-to-macro transitions. The principle of utility maximization is a core element of the theory. According to G. Becker, person becomes "criminal" (pirate, in this case) "not because their basic motivation is differ from that of other persons, but because their benefits and costs differ". The paper focuses on the case of pirate Telegram channel "The Book Depository in Ukrainian" (2035 followers). Pirates donated some money for one print copy of a book, bought it, after that they scanned it and made available in the channel for free. All followers of the channel who donated as well as who did not, got an access for the e-copy. The author explores socio-structural preconditions of internet piracy, negative externalities and provides optimal condition for normative regulation and penalty. From the economic point of view, the optimal regulatory strategy will stultify internet piracy. Negative externalities were calculated according to the "loss function" that was provided by G. Becker for crime (3. 946. 240 UAH). The existing regulatory strategy is not optimal. The formal model for optimal fine (f'') is $f''=(3*Y)*N$, where Y – "income" of pirate after crime, N – number of pirates in the network.

Key words: internet piracy, theory of rational choice, J. S. Coleman's conception of micro-to-macro transitions, Becker model, utility maximization.