CopyrightX Lecture 4: Welfare Theory

Selected Illustrations

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The following images appear in the background of fourth lecture in the CopyrightX lecture series. A recording of the lecture itself is available at http://copyx.org/lectures/. Removed from their original context, the images will not make much sense. The function of this collection of images is to enable persons who have already watched the lecture to review the material it contains.

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For any given price, how many copies of the movie could CDF sell (per month)?
In the absence of copyright, copying and competition will drive the price down close to marginal cost.

Anticipating this Effect, CDF will not make any films.
Economic Conditions Created by the Grant of a Copyright

Profit-Maximizing Behavior by a Copyright Owner who can engage in perfect price discrimination

"Monopoly Profits"

Profit-maximizing output
Economic Conditions Created by the Grant of a Copyright

Profit-Maximizing Behavior by a Copyright Owner who cannot engage in price discrimination

- Consumer Surplus
- Monopoly Profits
- Deadweight Loss (foregone consumer surplus)
- Marginal Cost

Profit-maximizing price

Profit-maximizing output

Quantity
Economic Conditions Created by the Grant of a Copyright