

TESTING THE OVER- AND UNDER-EXPLOITATION HYPOTHESES:
BESTSELLING MUSICAL COMPOSITIONS (1913-32) AND THEIR USE IN
CINEMA (1968-2007)

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Abstract

Some economists assert that as valuable works transition from copyrighted status and fall into the public domain they will be underexploited and their value dissipated. Others insist instead that without an owner to control their use, valuable public domain works will be overexploited or otherwise debased. This study of the most valuable musical compositions from 1913-32 demonstrates that neither hypothesis is true as it applies to the exploitation of songs in movies from 1968-2007. When compositions fall into the public domain, they are more likely to be exploited in movies, suggesting no under-exploitation. And the rate of exploitation of these public domain songs is no greater than that of copyrighted songs, indicating no congestion externality. The absence of market failure is likely due to producer and consumer self-regulation.