Free Software Matters: Property, 3s; Barbed Wire, 8s

Eben Moglen*

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So we've all been talking about Microsoft again lately. Except this time they're the victim. Whoever broke into Microsoft's internal network (taking advantage once again of the ludicrous Microsoft email clients that allow execution of code contained in incoming mail) has certainly generated a great deal of sympathy for Microsoft and good deal of worry about everyone else's security.

But the deepest significance of the Microsoft break-in, it seems to me, hasn't been mentioned anywhere. The goal of the crackers, we are told, was the six weeks they spent reviewing the source code of a future Microsoft product. Would you like to review the source code of future free software products? Be our guest. Read the code all you like. Better yet, get involved.

Nothing could more simply demonstrate the harm done by exclusionary property concepts in the creation of software. Microsoft, or any other proprietary manufacturer, is forced to enormous efforts in order to maintain its "property," which means essentially its power to exclude others from the opportunity to understand, repair, enhance and redistribute its software. These efforts reduce the quality of the software, because Microsoft can only afford to employ a very small number of developers and testers relative to the enormous number of users from whose potential technical contributions it can never derive any benefit under propertarian arrangements. But in addition to reducing quality, measures for comprehensive property protection drive up cost. In addition to all the physical and technical security intended to keep the source code of its software secret, Microsoft must also devote substantial expensive effort to complex nondis-

*Eben Moglen is professor of law and legal history at Columbia University Law School. He serves without fee as General Counsel of the Free Software Foundation. You can read more of his writing at http://moglen.law.columbia.edu

closure agreements, licensing arrangements, enforcement actions, and so forth. In the end, eight shillings of barbed wire protects three shillings of property.

Microsoft, of course, would say that its property is far more valuable than the barbed wire used to protect it. "Just look at how profitable we are, and how high our stock price is." Leaving aside the minor question whether this state of affairs arises from illegal business practices, we should remember that all this apparent value rests on guesswork. Consumers guess that they will not be able to operate free software with their existing skills, and so will be unable to make a transition away from Microsoft products without undue suffering. Securities analysts and investors therefore guess that free software is not very important to Microsoft's profitability. The stock price thus remains somewhat high.

But the fact is that consumers can now get at very low cost (or absolutely free if they want to do a little more work) higher-quality, more reliable software that will allow them to be immediately productive with very small adjustments to their existing skill set. A PC equipped with the Linux kernel, GNU, XFree86, Helix GNOME, Star Office, and other free software tools presents an environment in which a Windows power user can be perfectly productive, and which she will soon begin to use in very sophisticated ways that Windows would make difficult or impossible. The convergence of end-user skill sets from Windows to free software will only continue, making migration easier. Under the system of commercial competition that all capitalists say they favor, Microsoft now has to compete freely against a better product which is sold everywhere at its marginal cost, and is thus also available on the net for free. Its zero marginal cost comes not only from its digital substance, which can be copied and transported at no cost, but also because it isn't the subject of exclusionary property rights. In the very low friction world of the net, in other words, the cost of barbed wire actually makes the difference between competing successfully and going under. At some point even Microsoft finds that the cost of protecting Windows begins to exceed the value of the franchise.

And we have been talking about the largest software company in the world, with an existing legal monopoly over its own nearly ubiquitous source code, a possibly illegal sales monopoly generated by its own market behavior, and a very strong barrier to competition arising from the enormous user base afraid of the psychological cost of migrating to a competing user environment. If an organization with all that combined power can't resist the superiority of the propertyless free software competitor, how will anybody else?

There are economic niches where free software doesn't have an inherent competitive advantage. These niches aren't negligible by any means, but they do not include the broad range of software that individuals use or that enterprises employ to create all the basic phenomena of e-commerce and e-management. The profound majority of what is currently thought of as "the software industry" is about to become something we will think of as "the free software revolution." When the process is over, maybe we'll look back at the Great Microsoft Break-In of 2000 as the moment when people began realizing that barbed wire simply costs too much.