

***The Fracking Revolution:
A Case Study in Policy Levers to Promote Innovation***

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Innovations in hydraulic fracturing (“fracking”) and horizontal drilling have produced a revolution in natural gas extraction. The United States, the world leader in these technologies’ development and exploitation, has suddenly returned to the role of energy-producing superpower. Cheaper and more stably priced natural gas promises to provide a long-lasting boost to a flagging U.S. economy, even aiding in a revival of U.S.-based manufacturing. Both positive and negative spillover effects—economic, environmental, and political—promise to run not only across the United States’ continental breadth but around the globe. Fracking is thus a classic disruptive innovation, potentially the very kind of innovation that government policy should most look to foster. The present study will investigate what factors helped generate this revolution in both the time and the place it arose. What combination of public policies, economic forces, and private initiative helped produce the technological advances behind the modern natural gas boom, and what lessons might this provide for innovation theory, including our sense of the significance and proper roles of intellectual property rights?

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