

## Re: The Great Divide

**Source:** <http://sci.tech-archive.net/Archive/sci.econ/2004-08/1103.html>

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*royls\_at\_telus.net*

**Date:** 08/19/04

Date: Thu, 19 Aug 2004 18:38:36 GMT

On Wed, 18 Aug 2004 15:22:31 -0500, "Jim Blair" <jeb@wisc.edu> wrote:

><royls@telus.net> wrote in message news:41230b61.27233294@news.telus.net...

>> On Tue, 17 Aug 2004 14:56:54 -0500, "Jim Blair" <jeb@wisc.edu> wrote:

>>

>> ><royls@telus.net> wrote in message

>news:411dc4e0.9199093@news.telus.net...

>> >> On Fri, 13 Aug 2004 12:30:25 -0500, "Jim Blair" <jeb@wisc.edu> wrote:

>> >>

>> >> >"Mark Monson" <m\_monson@ztech.com> wrote in message

>> >> >news:iUPSc.206\$Ji.97@bignews4.bellsouth.net...

>> >> >>

>> >> >MM:

>> >> >

>> >> >Are there any who claim patents are not a means of rent-seeking?

>> >

>> >jeb:

>> >> >

>> >> >Now THAT sounds like you think patents are BAD because they are a form  
>of

>> >> >rent-seeking.

>> >> >

>> >> >So which is it? If DuPont can't patent the results of their research

>and

>> >> >then sell or lease those patents, why would they do the research in  
>the

>> >> >first place?

>> >

>> >Roy:

>> >> >

>> >> >An invention is a solution to a problem.

>> >

>> >OK. Well some inventions solve a "problem" that people didn't even know

>> >that they had.

>>

>> Yes, inventions sometimes have serendipitous effects.

>>

>> >>....and there will still be people willing and able to solve them

>> >> -- who even enjoy solving them.  
>> >  
>> >But who also want to be paid to solve them.  
>>  
>> >But sometimes they don't care that much about getting paid.  
>  
>I have worked with research scientists in several different jobs, and I have  
>yet to meet one that does not care about being paid.

Sample bias. Duh. If you played pro sports, you'd never play on the same team with an amateur. That doesn't mean there aren't any amateurs.

>>....They want  
>> to see their solution in action. It's a creative thing, like being a  
>> parent.  
>  
>For most, it is not a "hobby" but a job.

It's a job because they are being paid to obtain patents, not to solve problems.

>> >Think all those chemists would  
>> >continue to work at that Du Pont lab if no one paid them?  
>>  
>> >They might be doing something more productive instead, like working on  
>> >superior but unpatentable solutions.  
>  
>??? If Du Pont did not pay them, and did not buy them supplies and tools  
>(some of those are VERY expensive) they would find a job elsewhere, for  
>someone who did pay them.

And DuPont's money would be spent more productively than in rent seeking.

>And who would pay them for working on only  
>non-patentable solutions?

If all solutions were unpatentable, lots of companies would pay them for working on finding the \_best\_ solutions, instead of only the patentable ones.

>Probably only academic departments that have  
>independent funding.

False and absurd. Companies have technical problems they need solved, and they also want to develop new products that solve problems for their customers. In the absence of patents, companies that spent no money developing their products and production technology would go broke, outcompeted by companies that did.

>> >>...*The purpose of patents is not so much*  
>> >> *to stimulate research as to stimulate \_publication\_.*  
>> >  
>> >*No. Du Pont would be happy to publish little or none of their*  
>*patentable*  
>> >*ideas. They "publish" only what the patent requires.*  
>>  
>> >>> *You are agreeing with me. The patent requires them to publish,*  
>> *not to do research.*  
>  
>>> *You must first do the research (or demonstrate the idea) and then file*  
>*the patent.*

But people would still do research and demonstrate ideas even without patents, as they did for thousands of years. So the principal purpose of the patents is to ensure that successful inventions are published.

>*A patent is different from a publication on an academic*  
>*journal. The patent is "published" in the sense that it is on file with the*  
>*Patent Office.*

No, that is of course just flat false. Anyone can get details of any US patent by buying the relevant issue of the US Patent Office Gazette. That is the whole point of the system: people get monopoly privileges on their inventions by *\_disclosing\_* them rather than keeping them secret.

>> >*College professors like to publish so they can get tenure.*  
>>  
>> *Right. They don' nee' no steenkin' patents to make them spill*  
>> *everything they know.*  
>  
>*But if in their research they find something that is patentable, they file*  
>*a patent.*

Of course. Just as if you stumble on a gold deposit, you stake a claim and either sell it or try to raise capital for a mine, rather than keeping the location secret and mining it yourself at night. The legal ability to stake the claim does not create the gold, though. It just makes the mining open and orderly, and usually more profitable for the discoverer.

>> > >...*But we already*  
>> >> *know that academic tenure systems at universities do a much better job*  
>> >> *of \_that\_ than patents do....*  
>  
>>>> *A much better job of what?*

Stimulating publication of research.

- >Academic research produces few patents
- >compared to the more directed research done by corporations or individuals
- >working on their own.

Of course. The academic research is geared to solving problems, not just obtaining patents.

- >> >Only non-patentable research is published in academic journals.
- >>
- >> That is false and ridiculous.
- >
- >??? Name on thing that was published in an academis journal and then
- >patented.

?? You need to work on your English language skills. The fact that publication places something in the public domain does not mean that only things that are in the public domain get published. I have certainly read of cases where patentable research was placed in the public domain by academic publication as a public service. Whereon it became unpatentable, as intended.

- >>...Although of course, publication will
- >> often take research out of the realm of the patentable.
- >
- >Change that "often" to \*always\*.

That is false. A patent can be obtained when previously published theoretical research is first reduced to practice, as long as the patentability requirements are met.

- >> >> >>...What does that do to the Great Divide concept? How much
- >> >> >> are you going to have to sock away at zero percent interest before
- >you
- >> >can
- >> >> >retire on
- >> >> >> your savings?
- >> >> >
- >> >> >If "interest" in the broad sense (including dividends and capital
- >gains)
- >> >is
- >> >> >zero, they I say people can never be sure of being able to retire
- >unless
- >> >> >they become VERY rich.
- >> >>
- >> >> No. It would be a fairly trivial exercise for an actuary to design a
- >> >> zero-interest "whole life" insurance policy that you would contribute
- >> >> toward during your working years, and withdraw funds from after
- >> >> retiring. Plug in your age, the amount in the account, and the annual
- >> >> amount you want to withdraw from it, and the answer pops out.
- >> >
- >> >But you also need to know how long you are going to live (withdraw).

>>

>> *No, the insurance company would assume that risk, as they do with life insurance, and as pension plans do.*

>

> *They may "assume the risk" but if they can't make money from the money they hold (interest), they could only "sit on the money" and hope that people > didn't live long enough to get back what they paid in.*

Sure. So what? Insurance companies and pension plans just use equations to show the relationships between money in and money out. Those equations have a term for the return obtained on the money while they hold it. Set that term to zero. Solve the equations.

>> *> And that number (on average) keeps increasing.*

>>

>> *Not fast enough to worry about.*

>

> *That depends on your time frame. If it increases by 10% after you retire, > you could end up short, and/or your insurance company would go broke.*

Uh, considering the alternative, I think I could live with that...

>> *> What's with this "no interest" business?*

>>

>> *Zero interest was the context. Look up about 30 lines.*

>

> *If there a difference between "no interest" and "zero interest"? I took > "no" to be = "none" = zero.*

Right. So why did you ask what was with the no interest business? It was stipulated earlier.

>> *> Some sort of religion thing?*

>> *> Both Christianity and Islam have denounced interest as "evil",*

>>

>> *Judaism also enjoins the charging of interest among Jews, and interest >> enjoys similar disrepute in a number of other religious traditions.*

>

> *Yes. Religious fanatics of many kinds seem to hate interest.*

It is far from just fanatics who question the morality of interest, and they may well have good reason to do so.

>> *> but at least*

>> *> Christianity has outgrown that hangup.*

>> >

>> *> <http://www.geocities.com/capitolhill/4834/intrest.txt>*

>>

>> *Interest is interesting. IMO charging interest for use of one's saved >> wealth is not economically or morally problematical, but banks >> charging interest on money they create ex nihilo is, which is why the*

>> *practice has produced so many financial disasters --*

>

>*I say it is "supply" and "demand":*

But the problem is that banks are empowered to increase the supply of purchasing power, and to collect interest on that increase, without increasing the supply of goods and services to purchase with it. It's a market failure, almost like legalized counterfeiting, because the bank gets the interest on the money it creates, but doesn't bear all of the associated risk. Ordinarily the depositors would, but with government deposit insurance, the taxpayers are compelled to, against their will.

>*people are willing to pay more than a*

>*dollar tomorrow for a dollar to spend today.*

That's all very well, but when certain privileged private interests get to create those dollars while all others are denied that liberty, the temptation to create too many of them invariably asserts itself.

>*Even if that upsets some religious fanatics.*

As well as some atheists...

>>.. *and to large*

>> *fortunes being acquired by people who are providing no discernible*

>> *benefit to society,*

>

>*At least in your opinion.*

What benefit did the S&L crooks who looted the deposits and stuck the taxpayer with the bill provide to society?

>>...*and often seem to be wrecking its economy.*

>

>*I say an attempt to prohibit interest will do more to wreck an economy. See*

>*Middle Ages and modern Pakistan.*

But we're not talking about prohibiting interest. We're talking about rescinding the privilege of creating money in order to charge interest on it.

>> *In other cases, interest is clearly an integral component of a*

>> *systematic evil, such as compelling poor people in poor countries to*

>> *pay interest on loans made to their wealthy former dictators by*

>> *wealthy banks in wealthy countries.*

>

>*Poor countries run by dictators are bad even without interest.*

But interest makes them worse, and *\_keeps\_* them worse, even after the dictator is gone.

>>...*IMO loans to governments should*

>> *never yield interest, or be repaid.*

>

>*So who would ever make such a loan?*

Bingo. Poor people don't get back the money they pay to finance government. Why should rich ones? Especially with interest, and especially when the rich ones are the primary beneficiaries of government.

>>...*If a lender could think of*

>> *nothing better to do with his money than lend it to a government, he*

>> *should probably have been paying it in taxes, anyway.*

>

>*So end interest by insuring that no one will ever have enough after-tax money to loan to any government?*

I never said interest should be ended. But government borrowing should, because all it does is shift the burden of taxation off today's rich and onto tomorrow's poor, *\_plus\_* piling on the burden of interest.

>*That include municipal bonds? US Treasury*

>*bonds?*

Yes, the only reason governments go into debt is that their tax systems are poorly designed. Government borrowing is an attempt to solve the tax problem by creating a debt problem, too.

— Roy L