

## Re: The Great Divide

**Source:** <http://sci.tech-archive.net/Archive/sci.econ/2004-08/1391.html>

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**From:** Jim Blair (*jeb\_at\_wisc.edu*)

**Date:** 08/24/04

Date: Tue, 24 Aug 2004 12:38:08 -0500

<royls@telus.net> wrote in message news:4124ddea.3722001@news.telus.net...  
> 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.

Hi,

Research is no longer an amateur sport. Note that early on the US government thought that patents would stimulate invention. And it has.

Earlier Mark Monson (I think?) correctly described a patent as being like a "Keep Out" sign. And if farmers could not make others keep out of their fields, why would they plow and plant crops? How could they make money from farming if after they invested in plowing and planting only to see others harvest the crops?

Note that there has been a long history of conflict between farmers and ranchers who believe in "open range: their cows or sheep should be free to graze everywhere, even in the gardens and fields of the farmers. The musical OKLAHOMA! is set against this conflict in the US west, and it is a factor in the current Sudan problem. But clearly farmers need to be able to make outsiders "keep out" if enough food is going to be produced. Keeping the cattle from grazing in the corn fields is not "rent seeking".

>  
> >>....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.*

Why would any company spend millions to develop and test a new medicine or a new product when anyone could then copy it and sell it?

While it may take hundreds of million of dollars to find and test the formula for a new antibiotic or medicine, someone can determine the structure and mass produce it for much less than that. So the smart short term strategy would be to wait for someone ELSE to develop and market a new medicine and then copy and produce it.

>  
> >*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.*

Companies that spent million (billions?) to develop a product would lose out to the competition that just copied what they made and sold it for less.

>  
> >> >>....*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.

Yes, when a patent is issued, the device is "disclosed" and made available to anyone. But under the condition that others cannot use it (for 20 years).

>  
> >> >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.

How about staking a claim on land and then fencing it off and planting corn or wheat?

I say that is closer to the patent situation. People seldom just stumble onto a new drug or new device. It is more likely the result of effort.

>  
> >> > >...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.*

Possibly a few. But I can't think of any. There have been patents issued to the government, but that does not make any sense to me. Except maybe they want SOMEONE to invest in producing it and no one is willing to unless they have exclusive rights to it.

- > >>...*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.*

You can't patent a theoretical idea. Or even a theory. And something can't be patented after it has been published (which puts it into Public Domaine)

>  
On Interest:

- >
- > >>...*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

My experience with government loans is limited, but I do know of one case. Antigua (the Caribbean island) would like to have a tourist attraction in their main cruise ship port in the capitol, St. John. But they don't have the money (capital) to build one. The government just collects enough in taxes to pay the bills and has no surplus. But they think the attraction could generate enough revenue from tourists (and attract more tourists) if they had it. Sort of like TIF financing.

So they have offered to give some land near the sea port to someone with enough money to build such an attraction. A professor in NYC was an expert on the history of the island and after he died his son (who is a lawyer in Boston) assembled an exhibit of the history of the island and of slavery there. He (the son) is now trying to put together a plan for a museum of island history to be built on that land and hopes to find someone with enough money to build it. If he can sell the plan to the government of Antigua and also to someone who will invest in it, then maybe it will happen.

There are other projects (like the monorail in Las Vegas) where a government would like something but does not have the money to build it. But after it is built, it will either save money or make money. So the government must either borrow or else have someone with the money build it. In the case of the Vegas monorail, a private company built it and will charge for riding it. But it would probably be better for the city if it were free to ride: they would save on road repairs and traffic problems. But maybe the strip casinos will give out monorail tokens to people who stay in their hotel or who gamble there.

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jim blair (jeblair@facstaff.wisc.edu) Madison Wisconsin  
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