
Incentive-less Innovation is Not a Viable Economic Development Model for LDCs

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Once in a long while, a person comes along who knows the inside scoop or holds a penetrating insight about a particular issue or situation that others simply overlook, ignore or take for granted. Lawrence Kogan is one such person who, in my opinion, correctly sees a major paradigm shift slowly taking shape in the international law of intellectual property rights.

As Mr. Kogan explains, in painstaking detail, this shift is occurring notwithstanding the fact that successful private property rights regimes have resulted in remarkable scientific and technological advances and generated exceptional economic wealth throughout the world.

This very comprehensive article represents a clear understanding of why we should all take pause and reevaluate the bases underlying the unprecedented rate and degree of human progress that has taken place during the past century. In doing so, we will likely come to realize that we must prevent the new political alliance and experimental economic system now being formulated by

Brazil and other misinformed governments and civil society activists from ever emerging.

Without the incentive of private property ownership, individual-based invention and creation, not to mention commercial innovation, would have been largely non-existent. As a result, we human beings would have likely remained a subsistence-based feudal society beholden to the political elite. If we erroneously decide, for reasons of political expediency, to severely restrict or eliminate private intellectual property rights in the life sciences and information technology fields, we once again run the very real risk of technological and economic stagnation, and perhaps, regression.

Private property rights are integral to and an indispensable part of human destiny, and thus, the human condition. They also represent basic human values by rewarding those of us capable and willing to assume the economic risk of invention, creation and innovation. Indeed, investors are unlikely to finance new discoveries and inventions that can advance our societies and improve the quality of our lives unless they are entitled to receive exclusive rewards/returns for the risks they have assumed.

Real world history supports such logic. Soviet-style communism largely collapsed in Eastern Europe because of the absence of individual incentive-based private property rights regimes. Furthermore, the nations of the African continent have suffered repeatedly as the result of misconceived World Bank structural adjustment and participatory development programs. These programs were unsuccessful in promoting African economic development, in part, because they did not emphasize the importance of private property rights. More importantly, however, they failed also because they did not recognize how the African

culture itself epitomized the largely unproductive 'open sharing' ethic that it had inherited from its former European colonizers. Africa needs to move away from this paradigm to one where women actually have the right of property ownership. Therefore, the worst thing that could happen now is for African countries to experience, yet again, a new economic experiment.

In light of all this, it is very surprising and quite disturbing that Brazil would take the lead in advocating a new global anti-intellectual property right paradigm favoring open source and universal access to knowledge. During the past twenty-five years, Brazil has been very successful in building its academic standards such that excellent research and development now regularly takes place in Brazil.

Arguably, the next step Brazil must take to propel itself into the ranks of the major economic powers is to develop national laws and policies that encourage its private sector to commercialize basic inventions produced as the result of the government's successful R & D programs. Unfortunately, the Government of Brazil is currently engaged in a self-destructive proposition that threatens to compromise private intellectual property rights. Thus, it would be unwise for least developed countries, especially those in Africa, to use Brazil as a model for their economic development.

These nations must recognize that Brazil will actually undermine its future and that of its citizens by weakening its recognition and protection of such rights. For example, as the result of globalization, Brazilian individuals (inventors) and companies now have access to Brazil's growing corpus of public knowledge, and they are likely to create new inventions from it that have great

market potential. However, lacking the ability to retain an exclusive private property interest in their know-how-based inventions, Brazil's companies and inventors are unlikely to attract the level of investments needed to commercialize them for domestic and global markets. This will render Brazilian industry vulnerable to increasing international competition from better capitalized and more market-savvy companies located in countries such as China and India, which seem to be establishing stronger national property rights recognition and enforcement systems than Brazil.

As a chemist and biotechnologist, I truly appreciate the value of exclusive intellectual property rights in motivating individuals to go beyond the ordinary and create a new entity. IPRs not only entitle us to professional recognition, but also provide us with feelings of personal accomplishment and satisfaction. Some scientists may seek only recognition of their discoveries and inventions through publication in the public domain, and this is certainly their right. Yet, the thrill of making a discovery that serves human needs may take other scientists, including myself, only so far. What we truly desire, is some additional monetary incentive that inspires us to convert the knowledge reflected in *our* discoveries and inventions into product or process innovations that are also commercially relevant and useful. The marketplace is the true proving ground of vibrant economies, and it is there where the genuine value of an invention is measured.

For these reasons, I strongly recommend that scientists and policymakers, especially those from developing countries, carefully read Mr. Kogan's well researched manuscript. His analysis accurately describes the close relationship between exclusive private property rights, scientific and technological innovation, and economic development.