

Sharing information in a diverse and divided world

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Outline

1. What is universally agreed
 - IPRs versus ordinary property rights
2. What isn't
 - Where to locate the tradeoff
3. Way forwards

(Intellectual) Property Rights and Economic Growth

- “Throughout man’s past he has continually developed new techniques but the pace has been slow and intermittent. ... Typically, innovations could be copied at no cost by others and without any reward to the inventor or innovator. The failure to develop systematic property rights in innovation up until fairly modern times was a major source of the slow pace of technological change.”

[Douglass North 1981]

Fundamental theorems of welfare economics

- Property rights and free exchange
 - Automagical, decentralized revelation of value
 - Social efficiency
- Price = marginal cost
- Spontaneous emergence of a desirable social outcome from de-centralized individualistic actions

Unifying character

- Intellectual property rights versus ordinary property rights
 - Intangible
 - Nonrival and infinitely expansible
 - Aspatial. Disrespect for physical geography
- Why aren't intellectual assets *already* efficiently disseminated?
 - *Not because of distribution costs*
- The greatest gains for the smallest losses: Quelling the forces of opposition

Open Source Software++

- Gestation...
- ... and eminent success
- Spontaneous emergence of an unplanned, unforeseen, de-centralized social outcome from individualistic actions
- Implementation not by fiat

Global medication

- 90% of world's disease burden; 3% of the world's R&D expenditure
- HIV/Aids infection in 1999: Africa 24.5m, total worldwide 34.3m
- Population in Africa 12% of world
 - Cost of anti retroviral medications
 - Poverty, ignorance, prohibitive cost
 - Workers at their most productive
 - Orphans, social structure

Global diversity

- (1993) Richest 1% humanity as much income as poorest 57% ...
- ... average income in top 5% of world's population 114X bottom 5%
- The top 10% of the world's people claim 1/2 of its income; the top 5%, more than 1/3
- 1988-1993, average world income increased 6%; average bottom 5% fell 1/4; average top 5% rose 1/8
- The UK 99%-ile earns 7X UK median; the world's 99%-ile, 56X the world's median

International IPRs

- India 04/1972-05/2003, pharma product patents
- World's largest producer by volume, one of the world's largest for bulk drugs. Major exporter
- Quinolone molecules for bacterial infection
- Welfare loss US\$715mn a year (120% of total sales) versus domestic producer profits gain US\$50mn a year, multinationals US\$57mn

Open issues

- Intellectual property rights harmful to ordinary property rights
 - Tension between costs and benefits, between those who gain and those who don't
- The world is a diverse and divided place: Which markets, which goods and services
 - Open Source Software++
 - Pharmaceuticals, medication
- Quelling the forces of opposition

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