Value of U.S. ideas is huge, but protection is lax, study finds

By Victoria Shannon International Herald Tribune

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PARIS The value of the ideas and innovation that the U.S. economy generates is more than $5 trillion a year, roughly 42 percent of the country's gross domestic product and far more than any other nation's GDP, a study to be released on Friday concludes.

The total, an extrapolation based in part on new Federal Reserve data, is significantly higher than previous calculations of such intangible "intellectual property," say the study's authors, Kevin Hassett, a former adviser to the Bush administration, and Robert Shapiro, who worked for President Clinton.

The report comes at a time when protections for the owners of intellectual property - generally, copyrights and patents - are under heightened scrutiny around the world.

In some countries, policy makers argue that their nations benefit more if they ignore foreign copyrights, or at least that they benefit less from such protections than do countries that are net exporters of intellectual property, like the United States. In other countries, grass-roots support has climbed for watered-down, shorter or even no protections for inventions and creative works.

The $5 trillion economic worth estimate shows that innovation is a valuable trade issue, but it is one that is largely ignored by the Bush administration, Hassett and Shapiro argue in "The Economic Value of Intellectual Property," written on behalf of USA for Innovation, a six-month-old Washington-based interest group promoting free trade issues.

The administration’s record on defending American intellectual property rights abroad is "disappointing and troubling," the authors say. More attention, Shapiro said in an interview, is paid to beef, steel and bananas than intellectual property, a sign that trade policy lags behind economic development.

Intellectual property includes innovations from industries like computer software, pharmaceuticals, music recordings and information technology. Losses to piracy of such goods are estimated at $638 billion a year, according to the Organization for Economic Cooperation and Development.

The authors say, "Since 2001, the U.S. government has taken virtually no action against countries which tolerate wide-scale piracy and counterfeiting of American technologies and other products."

From 1996 to 2000, the United States filed 15 cases with the World Trade Organization alleging that foreign countries failed to respect the rights of U.S. companies. Since 2001 through last month, only one such case was brought, the United States failed to pursue most of the other 15, and the administration gave least-developed nations an extra 10 years to comply with WTO intellectual property protections, Shapiro said.

The authors cited "a similarly lax attitude" in the recent record of the International Trade Commission and a "lack of commitment" from the U.S. Trade representative.

John Stubbs, a spokesman for the trade office, said the administration has a number of initiatives on rights enforcement and works strongly on behalf of American intellectual property.

A count of WTO cases "unfairly discounts our efforts to achieve real results outside of litigation," Stubbs said, adding that negotiation is also a valuable tool. "There have been a number of success stories over the past year, in Korea, Taiwan, Pakistan, the Ukraine."

In July, the White House also appointed a coordinator of international intellectual property enforcement.

Shapiro conceded that some action had been taken to strengthen other countries’ protections through bilateral trade agreements. "But the real issue is the system of global rules," he said.
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