

# Copyright and Patents – What a Racket

*Editor's Pick. Written by Malcolm Greenhill for his personal blog.*

Growth comes from competition. Anything that stifles competition has a negative effect on the incentive to innovate. Protect a company completely from competition by giving it a monopoly, like the United States Postal Service, and stagnation is virtually guaranteed. The granting of monopolies and special privileges to certain people or corporations was popular under the system of mercantilism which dominated Western Europe from the 16th century to the late 18th century. This way of thinking eventually became discredited and virtually disappeared in all but one significant area – intellectual property (IP) in the form of copyright and patents.

Copyrights and patents are simply government grants of monopolies which have the same effect as any other monopoly, raising prices, inhibiting innovation and robbing consumers while rewarding special interests. For every person granted a patent because of an innovation another nine companies in competition are disincentivised. With nearly 200,000 patents issued every year in the United States, and half a million more in other countries, intellectual property poses a growing threat to society's ability to innovate.

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