

Monopoly Money



Dear Linux Magazine Reader,

Is a monopoly ever a good thing?

Industrial monopolies arise when there is no close substitute for the product and barriers prevent other

companies from entering an industry. Sometimes these barriers may be through simple common sense. By preventing other companies from providing broadband cable services, we hopefully find that the roads are not constantly being dug up as yet another new cable company wants to provide services.

The barrier may be through governmental intervention such as the need to regulate standards of utility companies on grounds of safety.

The other two barriers commonly found are cartels where the basic resource is controlled by a small group such as OPEC for crude oil, and economies of scale where it costs so much to enter an industry that you cannot earn enough competing profit to make up for the entry costs, such as bulk steel production.

The problem really comes with the protectionism forms of barriers, such as

trade protectionism and patents. If the USA is wrong to impose trade tariffs on European steel as it did during 2003 to protect US jobs, is it then wrong for people in the UK to grumble when call-center and IT jobs move to Asia? Do we have a duty to former colonies such as the Windward Isles, which grow bananas on smallholder farms and we import under a quota system, or should we just let the world free market take over and the large multinationals dominate as the recent World Trade Organization ruling requires.

Just who decides when we should have a patent on something? Should the bagless vacuum cleaner manufacturer, Dyson, have won a patent case against Hoover, because the company had the idea first? Should I be able to reverse engineer, copy and produce the new PlayStation Portable (PSP), out at the end of the year, or should I be limited to just breaking the internal copy protection mechanisms so I can play imported/pirated/backup games?

If you disallow patents, why would anyone every invest in research? It may be fine for a garden shed inventor to be able to say it is for the good of the world, but most patents require extensive funding. The cost for a new type of jet engine needs to be recouped somehow. No profit, means I will not be tempted to invest, which means no money for research, which means no jobs, which in turn means you do not get the new invention anyway.

Why should software patents be an exception, when they require as much thought, manpower and investment? There again, does expensive fiscal and time investment mean you should be able to make a patent and copyright. Does a teaching hospital that comes up

with some new life saving treatment or a teacher that has a new way to train the disabled not have a responsibility to share that information for a better world. Just where do you draw the line? Answers on a postcard to

Good luck!

John Southern
Editor

LINUX

MAGAZINE

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