

To: The Editor

February 14, 2001

From: Professor Jagdish Bhagwati

Dear Sir:

The letter from several distinguished scientists (February 14<sup>th</sup>) questioning, even condemning, the patent protection now provided in an extreme form at the WTO with attendant multilaterally sanctified sanctions is most welcome. But one can only regret the absence of these voices when these provisions were introduced (thanks to our lobbies, over the objections of the developing countries) into the Uruguay Round agreement at Marrakesh and Intellectual property protection astonishingly became in 1995 the third leg of a tripod in the WTO whose other two legs were the legitimate agreements on trade in goods (GATT) and in services (GATS).

As early as 1990, in my Harry Johnson Lecture at London, I argued --- and now world-class economists such as Professors Srinivasan and Panagariya have also written in this vein --- that such protection does not belong in the WTO. That institution must be about mutually gainful trade. Intellectual property protection, on the other hand, is for most poor countries a simple tax on their use of such knowledge, constituting therefore an unrequited transfer to the rich, producing countries. We were turning the WTO, thanks to powerful lobbies, into a royalty-collection agency, by pretending through continuous propaganda, that our media bought into, that somehow the question was "trade-related".

Nor is there any significant evidence that the creation of new medicines will be compromised in the absence of patents: a trifle perhaps but huge, certainly not. And, as for medicines specially designed for the poor countries (as with malaria and sleeping sickness, two gigantic problems), surely the answer lies in using public moneys in the rich countries to create incentives for such innovation instead of relying foolishly on poor countries' indigent consumers and impoverished exchequers to produce the profits and hence the market-incentives through patents to do the job.

At Seattle, I was pleased to see over a thousand NGOs issue a statement asking for the IP leg of the WTO to be sawed off. And now Oxfam has registered a protest. I say as an economist who frequently debates the anti-trade positions of several NGOs: here, you are right.

Yours sincerely,