Week 7: Life on the Global Commodity Frontier

What is a commodity?
- Literally, something sold in quantity
- There must be a demand for it.
- It must have a price in the market

What is commodification?
- Turning something into a commodity
- Creating demand for a good or service
- Commodifying new things for profit

What is a commodity frontier?
- Realizing monopolies on things through new property rights
Private property (PP) is at the heart of capitalism

John Locke
- Improving nature through labor entitles one to ownership
- Returns from property encourage effort to be more productive

G.W.F. Hegel
- Private property is central to “selfhood”
- Selfhood is central to individual social existence
- Recognition of the functioning individual rests on and requires private property

M. Friedman, et al.
- Only private property provides returns required to foster individual initiative and invention

Politics 160A (F06): 11/9/06
Intellectual property rights (IPRs) create PP & scarcity, monopoly, and incentive—or so it is said

According to economist Kenneth Arrow, if "information is not property, the incentives to create it will be lacking. Patents and copyrights are social innovations designed to create artificial scarcities where none exist naturally... These scarcities are intended to create the needed incentives for acquiring information."


IPRs are title to forms of knowledge that prevent non-owners from use without payment or license

Trademarks

Patents

Copyrights
Historically, IPRs were granted nationally

One had to apply for a patent or copyright in every country

Failure to patent meant your book or invention could be pirated

Paris Convention of 1882 est. uniform int'l patents
Berne Convention of 1886 est. uniform copyrights

Until well into the 20th century, the U.S. was a signatory to neither
TRIPS was a political and social innovation by the United States

S/he who can establish binding rules of the global political economy can do so to his/her advantage

Trade-related Intellectual Property & Services (TRIPS) was the brainchild of pharmaceutical entrepreneurs

TRIPS sets minimum standards for protection of intellectual property, which WTO members must follow

WTO Dispute Resolution System as well as national courts can enforce IPRs under the terms of TRIPS
What are the consequences?

- Owners of IPRs enjoy a monopoly for a specified period of time
- Others must buy a license and pay royalties to use or produce the good
- The high costs of some innovations are impossible for the poor to pay
- Monopoly prices may make some goods inaccessible to the poor
- New technologies remain under control of corporations in rich countries
- Poor countries have access only to older generation technologies
- Power relations are maintained via the control of knowledge and goods
- Open-source intellectual goods are faced with a restrictive environment

Politics 160A (F06): 11/9/06
The trick is to make things with no apparent value both scarce and costly

Commodity frontier relies on the creation of scarcity

- Create demand for new products, e.g., MP3 players
- Privatize a public resource through enclosure, e.g., pollution permits
- Develop new services that people seek, e.g., medical interventions
If you can create a monopoly, even for a limited amount of time, you can generate windfall rents on the good or service.
New commodity frontiers are being explored in knowledge, culture, and the body

- **Knowledge**
  - Software, biotech, nanotech, consumer preferences, personal data

- **Culture**
  - Music, media, dress, food, lifestyles, identities, living spaces, religions, travel

- **Bodies**
  - Genetic modifications, body modification, organs, appearances, sex tourism & workers