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Can the Transfer of Intellectual Property Save the World?

Mohamed Jouan Salem AlDhaheri and John D'Agostino

IN recent years, the transfer of Intellectual Property (IP) has earned a bad name. Largely, this is due to growing tensions between the United States and China, a central theme of which has been American complaints regarding Chinese trade practices. More widely, however, globalization itself has gathered opposition, with many commentators increasingly doubting that an international economy is an obvious public good. And yet, IP transfer has the potential to transform regional economies, ameliorate fundamental human rights issues, meet climate challenges, and accelerate development—all to the ends of improved international relations.

So what is it to be?

This essay makes the case for trade. Specifically, it defends the simple (and now unfashionable) idea of international improvement through the transfer of IP. It argues that, in an era of capital and data flows (both of which are potential disruptors) there is every reason to harness and maximize the potentially stabilizing forces of other flows—in this case, the flow of ideas.

Moreover, the Middle East in general, and the United Arab Emirates (UAE) in particular, are the perfect testing ground for this thesis. Given its relatively high level of development, and its highly developed relationships with major economies in both the West and the East, UAE could become a regional super hub for IP—a bank of ideas and knowhow that brings forward regional development and rehabilitates the reputation of IP transfer. So doing might even go some way to saving the troubled reputation of globalization itself.

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Cooperation and Competition

In his book *Skin in the Game: Hidden Asymmetries in Daily Life* (2018), Nassim Nicolas Taleb writes that "information does not like to be owned." He makes a good point. History is replete with examples of irrepressibly good ideas. In fact, it is founded on them. Early humans could hardly hide the discovery of fire or wheels, and it is central to the human story that this and other useful knowledge has always proliferated. Nor do modern humans act much differently. Everything from the jet engine and toothpaste to water wheels and iPhones will eventually find its way around the globe. In 1976, the popular British scientist Richard Dawkins coined a term to describe this sort of travelling idea: a "meme."

When it comes to economics, memes are, of course, a good thing. The creature comforts of modernity owe far more to commerce than they do the international political system. It is only to the good that ideas have a tendency to get around; but this is where things get complicated. Good ideas raise everyone's game. Very often, however, their authors are left impoverished. Hence the legal system attempts to incentivize commercial innovation with things like patents, status, and other rewards. Here's the point: if humans collaborate, humans also compete. Ideas can be exploited, even stolen. Sometimes people generate, from nothing, new ideas and make money. More often, they make money by commercializing or incrementally improving an existing idea. Cooperative efforts for the economic group as a whole can involve a zero-sum game for individuals.

> *Will sharing commerce offer more developmental advantages than the disadvantages of losing one's own industrial secrets?*

These two contradictory behaviors—cooperation and competition—sum up human history. While cooperation is obvious on one level—technology, as we said, will find a way—competition is always present at another. Empires have risen, clashed, and fallen, all while balancing these two incessant forces: cooperation and competition. The result is that individuals, jurisdictions, and economies are never quite sure about exactly how open they should be.

The perennial question is therefore as follows: will sharing commerce offer more developmental advantages than the disadvantages of losing one's own industrial secrets?

In other words, are the advantages of globalization still greater than its disadvantages? Is today's international economy a collective or individual zero-sum game?

A Seventh-Day Moment

After the Cold War, the United States had re-made the world. And, when it rested and looked at what it had done, it saw that it was good. With the Soviet Union dissolved, the world was at last safe for democracy. Plus, as a nice little bonus, the world was safe for commerce too. The international community had a brief moment of thinking that—maybe, just maybe—the age-old dilemma of cooperation versus competition had been resolved. Competition has lost; cooperation had won.

The 1990s were thus a heady time. Heralded as the beginning of a brand new international political economy, trade would be good, free trade better, and the eventual outcome of both—universal democracy—best of all. Having resisted the import of autocracy, America could now turn to the export of ideas. Human freedom would triumph, if not yet through the ballot box, then at least through the vanguard of trade. The jewel in this crown was, of course, the addition of China to the World Trade Organization (WTO), something finally achieved in December 2001. In November of the same year, then President George W. Bush had this to say of this development: "WTO membership [...] will require China to strengthen the rule of law and introduce certain civil reforms. [...] In the long run, an open, rules-based Chinese economy will be an important underpinning for Chinese democratic reforms."

The initial post-Cold War thesis of inevitable American influence preceded a second, newer idea. This second idea came after 9/11. It was the need to impose democracy and free markets primarily by military means, and not economic.

Yet, at the turn of the century, Chinese democracy was not really on American minds. Instead, it was the terror attacks of September 2001 that commanded the gaze of the United States. Mobilizing its formidable military capacities in response to the destruction wrought in New York City and the Pentagon, the United States intervened, first in Afghanistan and then in Iraq. Primarily, these missions were national security operations. Enemies were fought and enemies were killed. But, over time, a combination of regime change and nation-building saw these

interventions take on significant aspects of both economic development and humanitarian aid.

The result was two great and two very different models of superpower influence: economic and political sway, on the one hand, and the persuasive force of arms, on the other. The first, the model for American influence in China. The second, the model for American influence in the Middle East and Central Asia. That is not to say the two models cannot (and do not) work hand-in-hand. It is simply to point out that the initial post-Cold War thesis of inevitable American influence preceded a second, newer idea. This second idea came after 9/11. It was the need to impose democracy and free markets primarily by military means, and not economic.

Today, in the early 2020s, it is clear the latter notion has seen a significant setback. The manner of American withdrawal from Afghanistan will lead to many commentators questioning future American interventions. But what of the first idea? Is there still hope for the concept of exporting economic development in the name of international cooperation?

Trade Spats and IP

The above paragraphs rattled through some 30 years of global history at a breakneck pace. And they recounted a familiar story. This is the tale of Western euphoria in the early 1990s and how it gave way to Western angst in the pandemic-ridden 2020s. Unmentioned but obvious was the solidification of this angst, in 2016, with the election of Donald Trump to the U.S. presidency and his explicit renunciation of unrestrained global free trade. Trump, if nothing else, did not expect China to drift towards the democratic camp.

The Trump Administration, in fact, originated many of the rolling Amerian complaints still in place today. And a centerpiece of his anger was the transfer of American IP abroad, particularly when that IP was transferred to China.

Today, we have a new administration. But it is important to study the Biden White House through the lends of Trump's. The Trump Administration, in fact, originated many of the rolling Amerian complaints still in place today. And a centerpiece of his anger was the transfer of American IP abroad, particularly when that IP was transferred to China. The Asian giant, it was felt in Trump's White House, had gained strategic prowess by (unfairly) gathering American knowhow. As we know, the result was a Sino-American trade spat—almost a trade war—that remains unresolved to this day. Trump, it seemed, wanted to heed the advice of Napoleon and lull the Chinese back into their slumber. But, failing that, he would prod the Asian giant with his tariffs.

And yet, if considered, perhaps Trump's complaint should have been lodged with a previous occupant of the White House. Not so much with President Xi Jinping as with the aforementioned President George W. Bush. It was the Bush Administration that decided—focused on the war on terror as it was—to trust Beijing in the belief that opening up Chinese markets to American firms offered far greater gains than any potential downside. Even where those downsides might have included sharing certain American IP with domestic Chinese firms, the sheer size of the Chinese market was felt to outweigh any risks. Recall this was all back in the days of the Efficient Markets Hypothesis (EMH), and so on—a time before the 2007-2008 global financial crisis during which the power of markets was felt to be almost preternatural.

If it is difficult to stop the flow of information, even between adversarial economies, why not attempt to enhance its benefits?

That is not, of course, how things played out. The twenty-first century relationship between the United States and China will be far more acrimonious. But, together, the two economies account for around 40 percent of global GDP. A complete separation would thus appear implausible. Moreover, each will continue to study the other. The implication is that at least some idea-sharing will continue. Put differently, the way the world economy functions suggests that ideas will still find their way around the global system.

If so, how can we maximize the benefits, especially locally?

Water, Bread, and Salt

There is an old saying, derived from U.S. constitutional jurisprudence, that the truth will win out in the marketplace of ideas. Applied to the information economy, so too will IP. Eventually, for better or worse, technology and its attendant ideas proliferate. If it is difficult to stop the flow of information, even between adversarial economies, why not attempt to enhance its benefits?

Alas, one of the more febrile political areas in the world is also one of the more prone to the political issues associated with a changing climate. The Middle East, in broad terms, will face some of the most acute climate-derived challenges of any region and yet is already facing some of the most fractured and complex regional political dramas.

There are obvious ways, however, in which the transfer of IP—particularly if managed through a regional hub—could promote the proliferation of new ideas and, with them, new outcomes.

Take water. One of the more, if not the most, disconcerting aspects of climate change will be a reduction in access to safe, clean, and affordable drinking water. While some regions will see increased rainfall, others will see increased drought. The irony is, of course, that the world is covered in water. Unfortunately, this water is ocean water: it is undrinkable and unsuitable for farming. This is particularly problematic for arid parts of the world. The UAE, for example, currently imports around 95 percent of its fresh produce. This, ultimately, is a product of a tightly restrained water supply.

In 1976 Chinese scientist Yuan Daoxian founded what was then the first Karst research center in China, the Institute of Karst Geology in Guilin. This institute eventually brought scientists together from all over the world to develop procurement and detoxification technologies for extracting potable water from limestone formation (i.e., the Karst in question). The offspring of this shared technological collaboration is now, many years later, the foundation for filling the supply gap of 5.5 billion cubic feet of water required for annual farming and human consumption needs in China. Sadly, this story is woefully underknown. This type of cross-border successes generally fades into obscurity even when responsible for extraordinary achievements. And yet, compare its quiet effectiveness against the very public media uproar in the United States over allegations of dangerous cooperation between America and China at the infamous Wuhan laboratory prior to the onset of the COVID-19 crisis. Once again, it is all too easy to see how very quickly the odds turn against technical cooperation.

But water remains key; and if extracting the essential element of life is one thing, using it effectively to power food production and commerce is quite another. This is to say that if technological cooperation stops at the most basic human level—i.e., sharing tech that supports only survival—the result will be insufficient. Sharing water alone will do nothing to reduce the structural causes of worsening economic inequality. We need also to share our wider economic fortunes; rich countries must embrace the need to share not just products, but also knowhow, with the poorer ones. Sadly, of course, cooperation between countries is not something for which the Middle East is famed, regardless of whether they are rich or poor.

This is where the UAE can step in. The ongoing normalization of relations between the UAE and Israel is likely to produce a rapid progression in technology-sharing and cooperation in areas critical to combating ever higher temperatures and climate change, fighting against areas of aridity in water extraction and purification, and enhancing food production and food security. Were such information to be associated directly with Israel, such are the current realities of regional politics that much of it might be disrupted, even rejected. This is, of course, to no one's benefit, including far from an ideal outcome for Israel itself, which would benefit from a far more secure and stable neighborhood.

And what players would be required? They are threefold: first, private/public partnerships between governments (that will subsidize energy costs initially through fossil fuels as most projects transition to renewables); second, firms (that will look to build strong brands on the promise of localized food production); and third, academic institutions (that will see these new public/private ventures as perfect places for high-tech vocational training and empirical research on innovation). The UAE can offer all three, acting thereafter as the sort of regional ideas hub described above.

Ode to a Connected World

We need not forgo the long-term benefits of ideas, trade, and knowhow. As argued above, the Middle East in general, and the UAE in particular, are ripe for a grand experiment in the regional transfer of IP, a fast and hard push against the climate emergency and its attendant social and political fallout.

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There are, perhaps, some elephants in the room, of which one is the American withdrawal from Afghanistan. Now Afghanistan is, of course, in Central Asia, not the Middle East. But it sits at the heart of the new Silk Road and its fortunes will invariably influence the countries lying to both its east and west. Those latter, of course, compose the region with which we are primarily concerned in this essay. America's withdrawal from Afghanistan is, then, certainly relevant to the UAE. And it is certainly relevant to the countries surrounding the UAE. If ever there was a time for less-developed countries to adopt locally-sourced models of success, it is now.

Another proverbial elephant in the room is, as mentioned, the Sino-American relationship. What the two great economic giants of our times decide to do with—or indeed to—each other will color all else. No aspect of international relations, or the world economy, is safe from a U.S.-China conflict. But at the same time, all can benefit if such conflict is averted. Globalization can still proceed—and proceed apace—if and only if America and China find a way to soothe their common maladies: concerns over who exactly is in charge of what despite so very many shared economic outcomes.

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A third elephant is the degree to which an increased concentration of new patents by massive technology conglomerates consolidates power among a group of "too big to fail" and "too big to share" technology behemoths. These tech giants either become quasi-nation states of their own, willing to battle government edicts (e.g., Apple's refusal to allow the FBI to break its encryption, Amazon's tax haven fight with the European Union, or Google's tenuous approach toward the EU's data protection regulatory scheme), or they eventually become nationalized in reality or in practice when they or their charismatic owners become so big so as to pose a sovereign threat, as Alibaba and Jack Ma have learned. In fact, the urge to hoard innovation is so powerful that a cottage industry of well-financed, and often publicly listed, patent "troll" businesses have emerged. The largest of such holds hundreds of thousands of patents and has deployed advanced analytics to determine infringement globally.

So yes, global trade is not all plain sailing. And no, the horizon is not without storms. But the fundamental point remains. Even from the vantage point of the (troubled) first quarter of the twenty-first century, there are obvious cases to be made that trade is indeed a global public good. And, in furtherance of overcoming what tensions there are with cross-border economic exchange, a little bit of political will can go a very long way. We make the case for that will being present in the UAE and Israel and, too, the unashamed argument that if such will can be brought to bear, many seemingly intractable problems will be greatly reduced in the years to come.

Demonstrable Gains

As things stand today, the transfer of IP has developed something of a bad name. Largely, this is due to the increased rivalry between China and the United States. So, the argument goes, America ought to stop sharing its ideas with the rest of the world, and especially China, lest other nations catch up or overtake its technological capacity. Implied is that other nations might also wish to follow suit. Herein, a new era of trade suspicions, if not trade wars, looms—the wider evidence for which includes events such as Brexit, the U.S.-EU trade spat over planes, trains, and automobiles, and AUKUS, the surprise announcement of a U.S.-UK-Australia nuclear submarine-sharing deal. Protectionism and conflict, of course, always walk hand in hand.

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But it need not be like this. For one, America cannot stop sharing its ideas. The Jeffersonian universalism lying at the heart of its republic must, and will, evangelize. Sometimes this takes the form of exporting lofty ideas. Sometimes it takes the form of exporting cartoons. But the American project is, today, inescapably itself a presence in the world. True isolationism is dead: even as the U.S. pulls back from certain military engagements, it is doubling down on others. After all, America left Kabul only to remain in the South China Sea. Moreover, other countries cannot hide their respective IP for long, either. China, the member states of the European Union, the countries of Latin America, and so on, will continue to exist in a complicated network of trade and knowledge-sharing. In the decades to come, everything from culture and science to entertainment and medicine will inevitably become public. This will not always happen by choice; and we are moving into an increasingly fungible world of data and communications technology. In this world, most functions, assets, and even human experiences (the "metaverse") will be available in surrogate digital form. The ease by which these assets and proxies will move across sovereign boundaries will also speed up, redefining the basic notion of property rights at the individual, corporate, and nation-state levels. While any one of these trends may be stopped individually, or significantly hindered through legislative or legal action, it is unlikely that any nation-state or group of nation-states can or will be able to ban the new footprint of digital technology in the human experience.

And so, great power competition aside, there is another lens through which to look at the transfer of IP. Perhaps today this is a less popular view, but it is nevertheless the case that we have made: supporting and developing cross-border economic interactions is far from a lost cause. Quite the opposite. Rather than accepting the demise of globalization, there are demonstrable gains to be had from the transfer of IP from countries with higher GDP to those with lower.

Categorically, these gains are maximized when three conditions are met. *First*, any transfers of IP should primarily be designed to introduce or enhance civilian and humanitarian infrastructure within a climate-sustainable framework. Selling soda, whatever the market for it, is obviously far less important in the long run than ensuring the provision of safe, clean, and affordable drinking water. Market forces need not be hindered, but a hierarchy of developmental priorities can and should be imposed by public policy. This is a fundamental tenet of the concept of sustainable development.

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Second, IP transfers should predominantly be made within discrete regions, those in which a mutually beneficial political equilibrium is absent but possible. So doing may, we speculate, even improve or encourage political cooperation, or at least reduce the obvious cause of some tensions. There is after all, in an ever-changing climate, little to lose from one last, grand stab at political cooperation.

Third, a clear methodology for, and organization of, IP transfer must be put in place. Local factors must be taken into account and—again, an unfashionable view—a planned rather than a market-based approach is necessary for the initial proliferation of relevant technologies and knowhow. This implies the need for a regional leader, one able to extend the benefits of IP without provoking on-the-ground backlash. In other words, a regional trailblazer that is able to reconcile politics and economics in the political economy of the Middle East. When it comes to regional IP transfer, the UAE is perfectly placed to take on that role in the 2020s and beyond.

The transfer of IP may not save the world. Human history will continue apace, with all its conflict and collaborations alike. But, in an era of climate change and migratory turmoil, IP transfer could save much of the Middle East. Given the region's global importance, that would be a very nice start indeed. All told, we need not be at the end of history to celebrate the liberal and open transfer of technologies and ideas. Indeed, this might only be the beginning.