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City University of New York**



**“Comprehensive Firm Valuation
Symposium
Intangibles Come to Age”**

**September 14, 2010
Rutgers Business School**

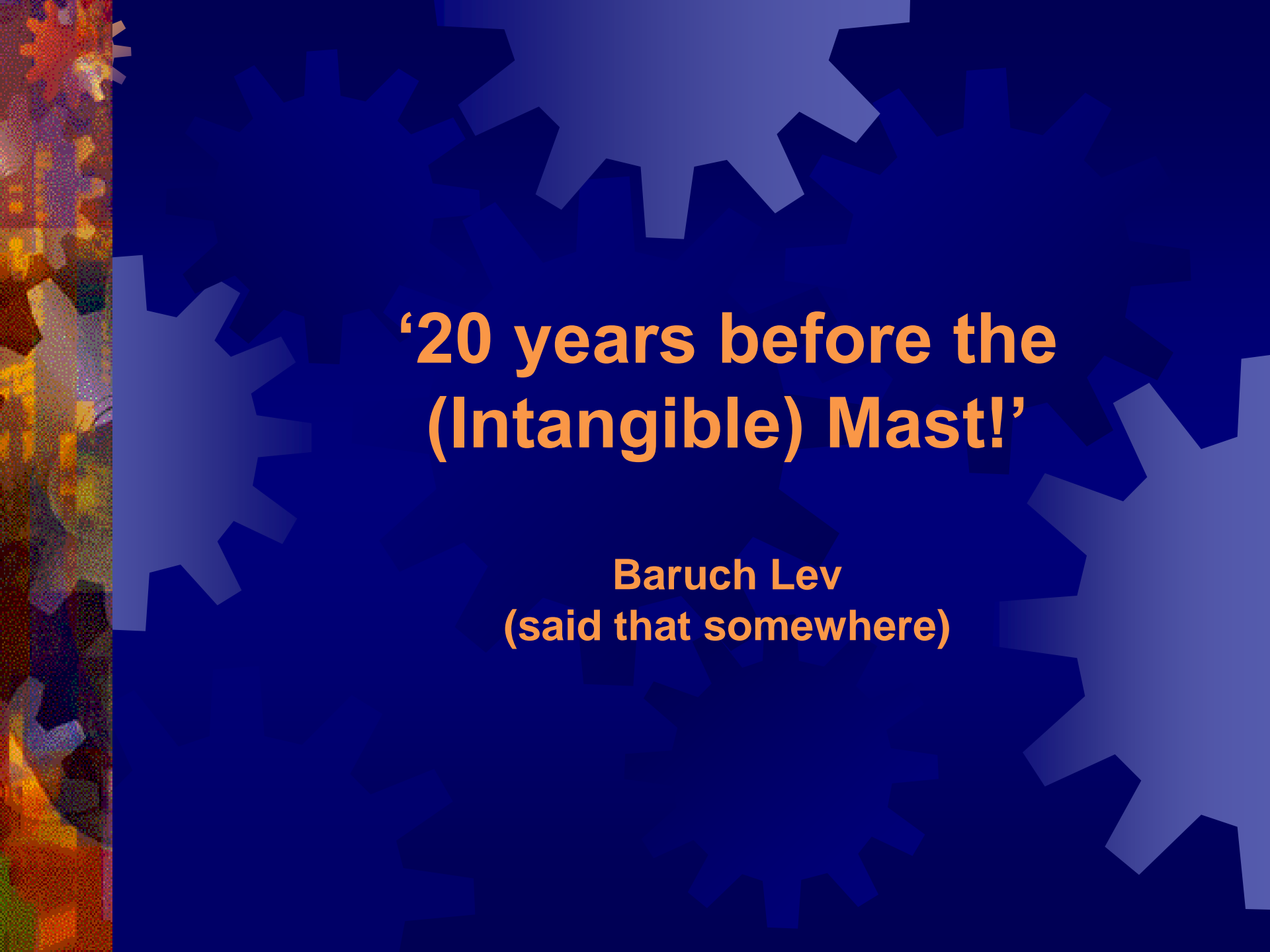


Discussants Comments on:

**“What Works and Doesn’t Work in the
Intangibles/IC Area Lessons”**

by

Prof. Baruch Lev, New York University



**‘20 years before the
(Intangible) Mast!’**

**Baruch Lev
(said that somewhere)**



The problem...

**R&D / Intangibles were subject to
mandatory full expensing
(Software was exempt and could
capitalize)**



**Baruch Lev's enduring
thesis:**

***'Mandatory expensing of R&D /
intangible costs distorts financial
reports and is detrimental to
market and public interests.'***



**Baruch Lev's enduring
thesis:**

**Missing assets from the Balance
Sheet show a growing distortion.**



P/B Ratio



Source: Compustat, Standard and Poor, McGraw Hill.



Commendable –

**but raises some
methodological problems...**



**A-historical and politically
Voluntaristic analyses:**

**No discussion of the earnings-
management scandals that led
to full-expensing.**



**A-historical and politically
Voluntaristic analyses:**

**No investigation / analysis of
the way SPA obtained an
exemption.**



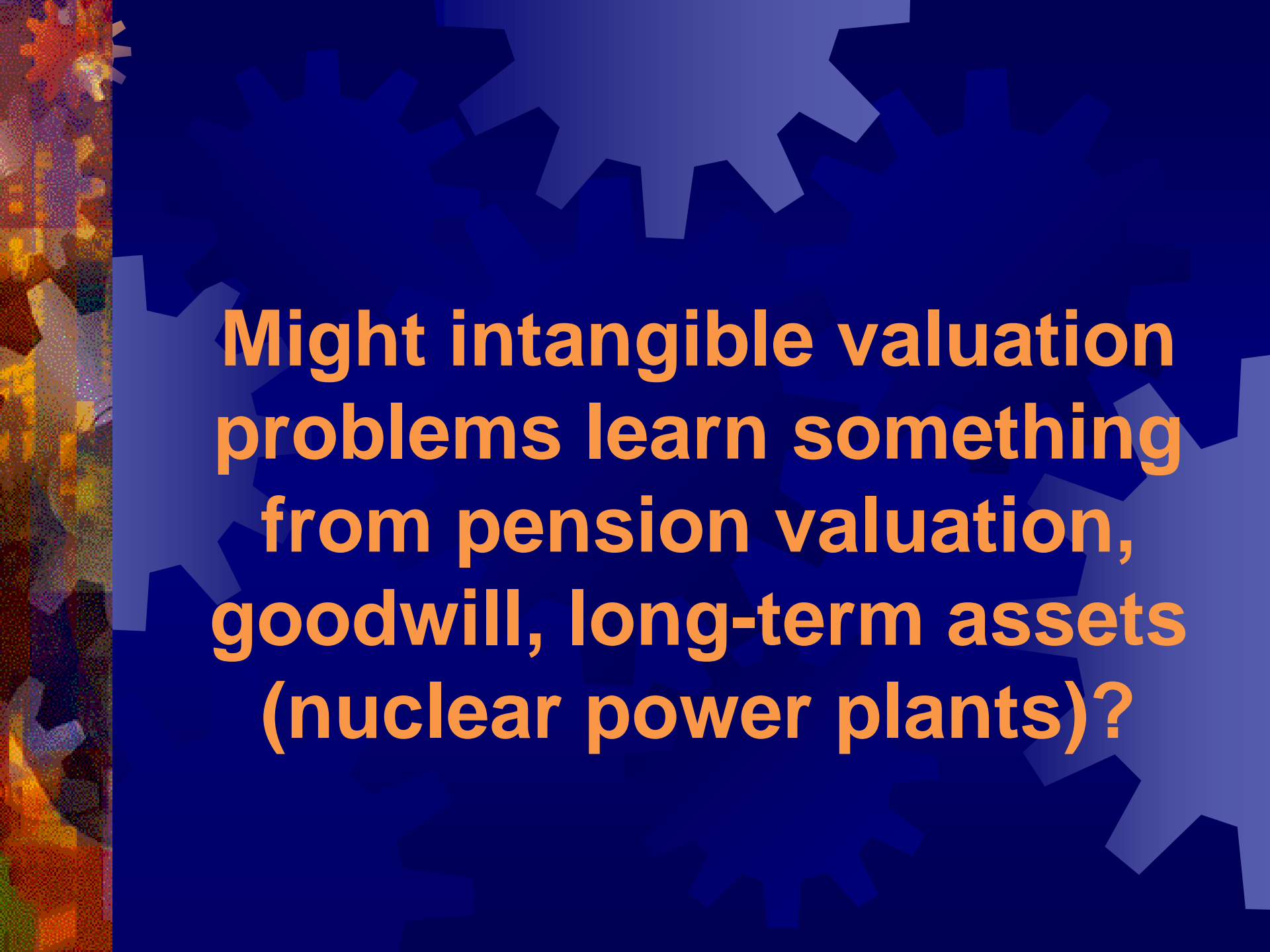
Methodological Centricity

**Spinning Tapes in dark rooms
(versus, for instance, interviews)**



As a research programmatic:

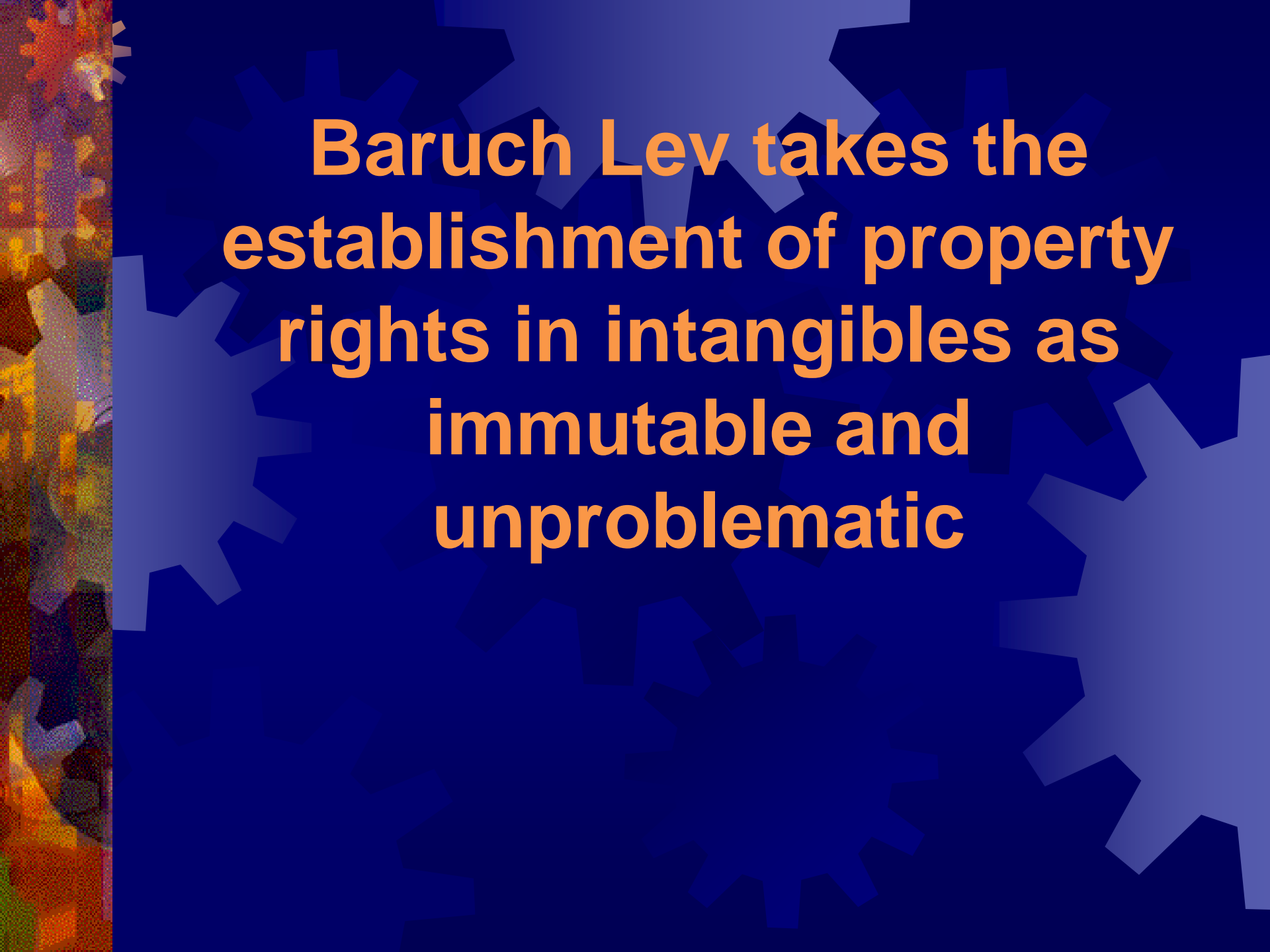
**is the separate category of
Intangibles methodologically
helpful?**



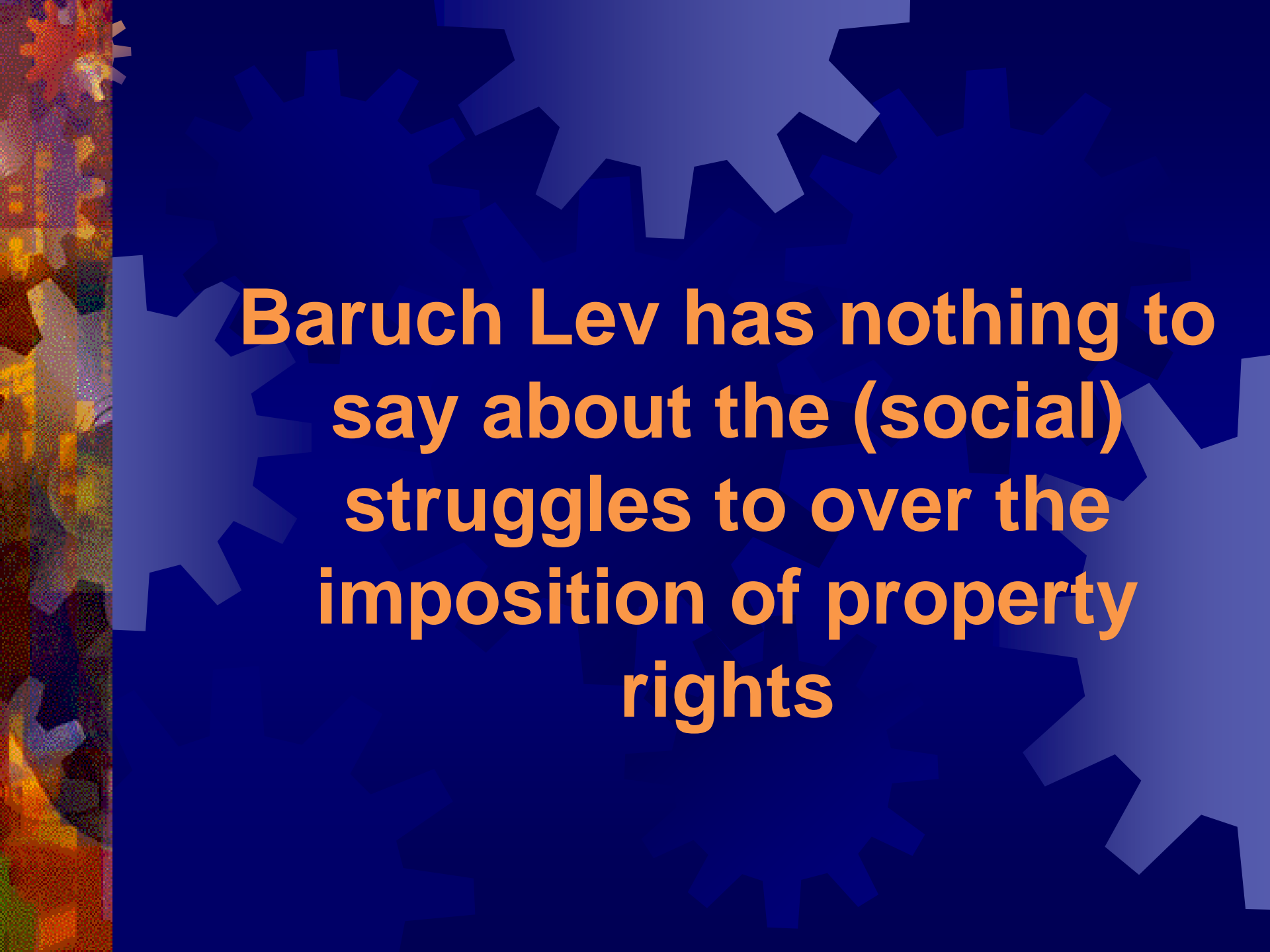
Might intangible valuation problems learn something from pension valuation, goodwill, long-term assets (nuclear power plants)?



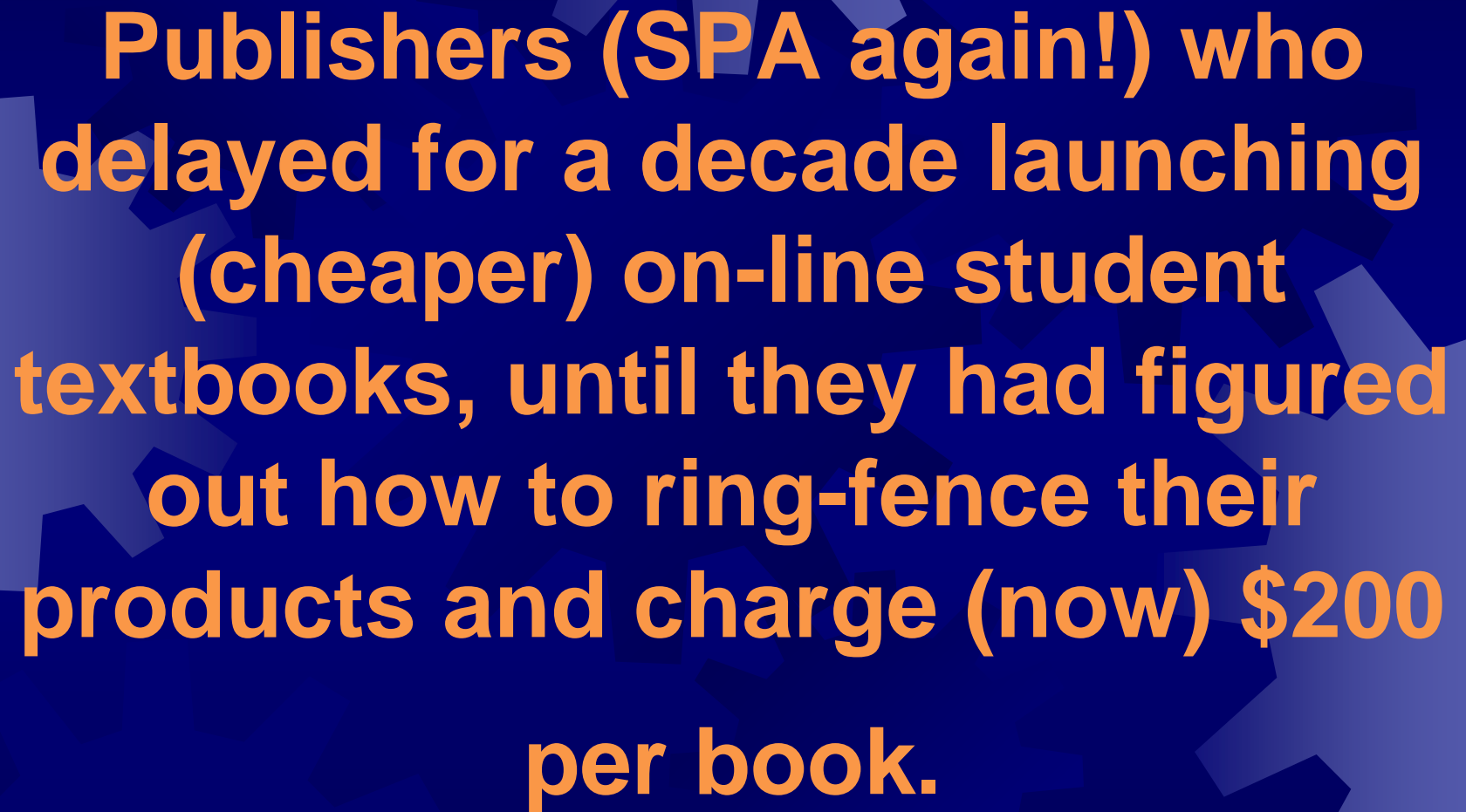
Property rights and Intangibles?



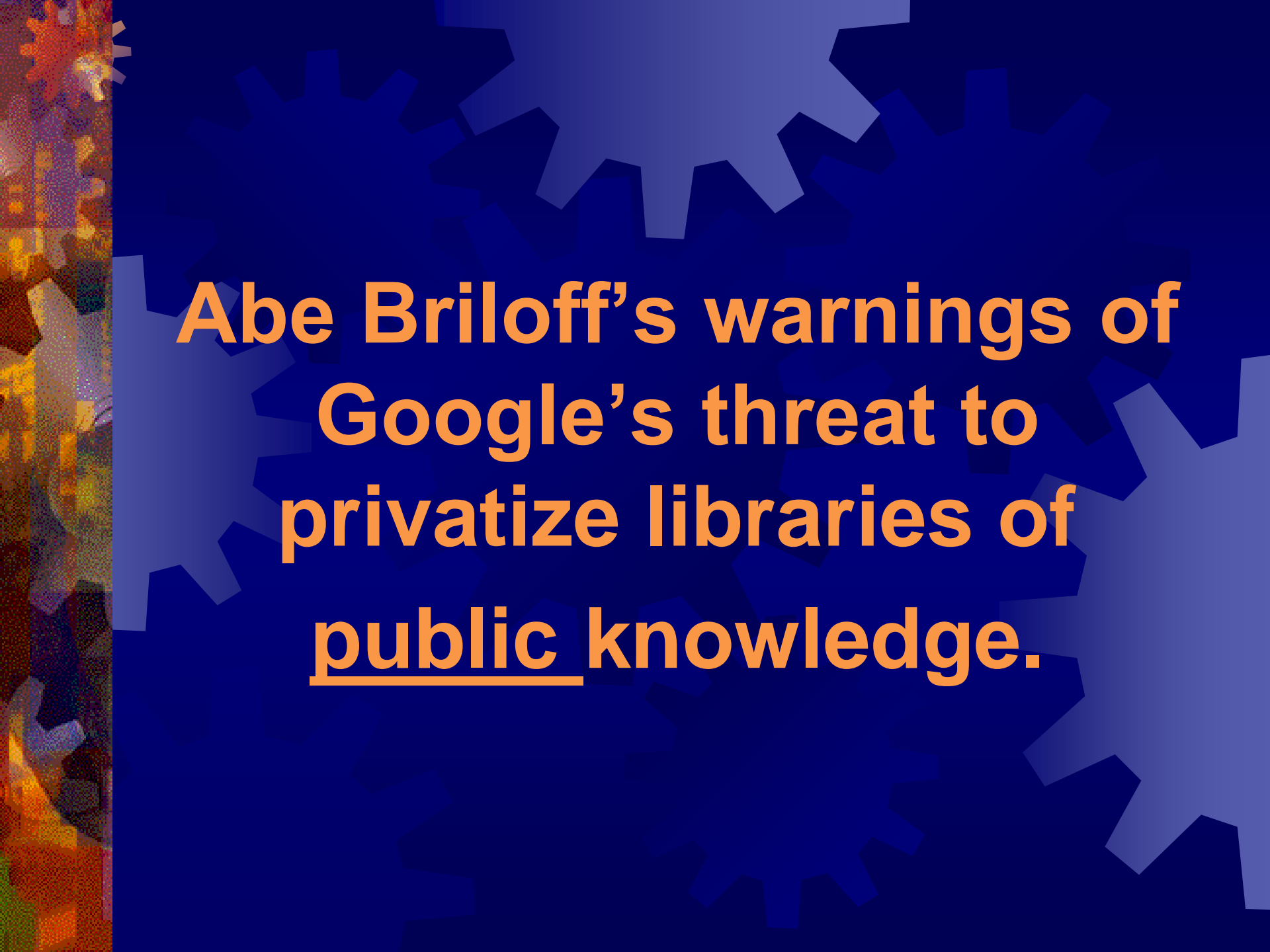
**Baruch Lev takes the
establishment of property
rights in intangibles as
immutable and
unproblematic**



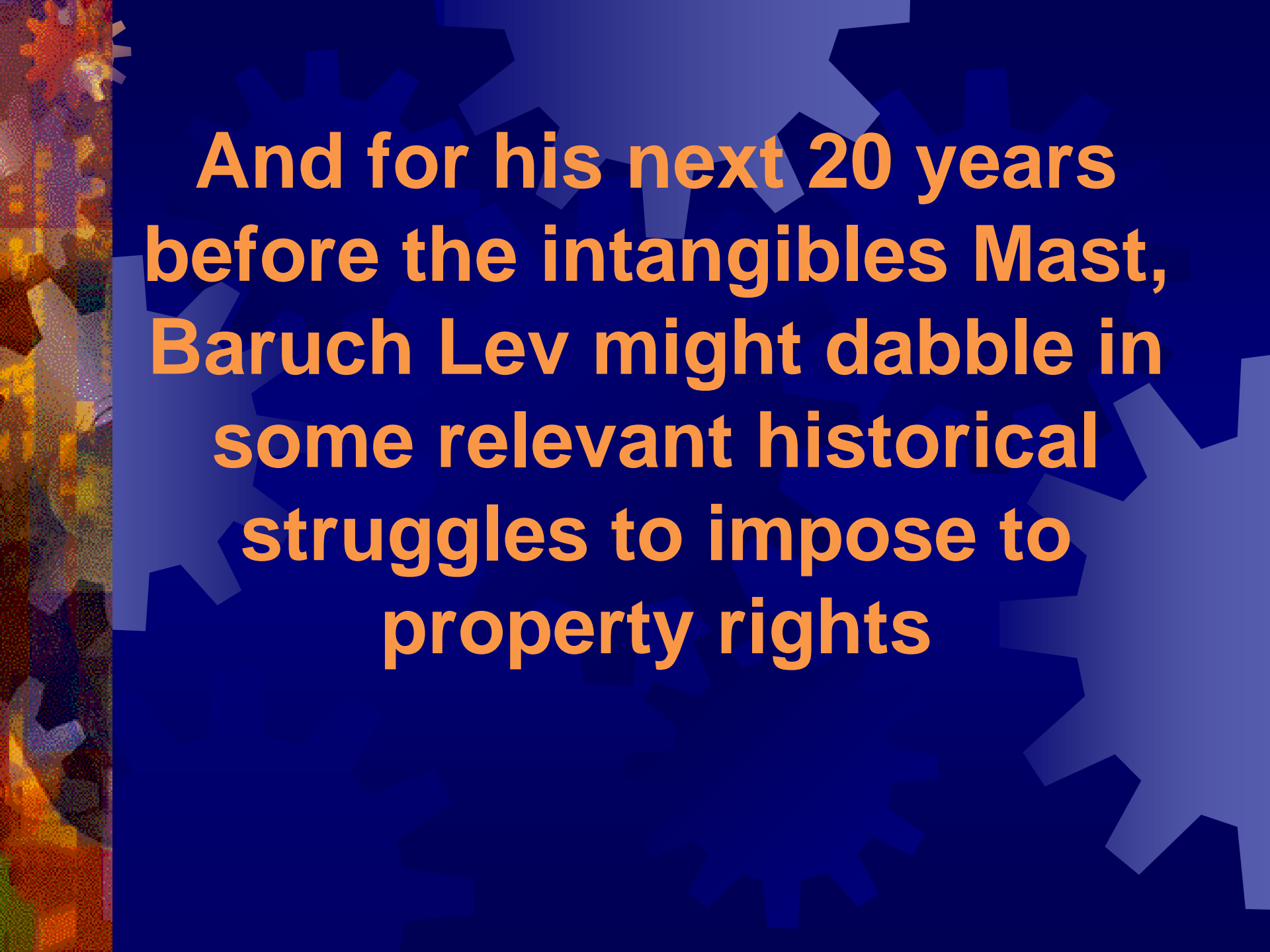
Baruch Lev has nothing to say about the (social) struggles to overcome the imposition of property rights




Publishers (SPA again!) who delayed for a decade launching (cheaper) on-line student textbooks, until they had figured out how to ring-fence their products and charge (now) \$200 per book.

The background features a dark blue field with several light blue gears of various sizes scattered across it. On the left side, there is a vertical strip with a colorful, abstract, and somewhat pixelated texture in shades of orange, yellow, and brown.

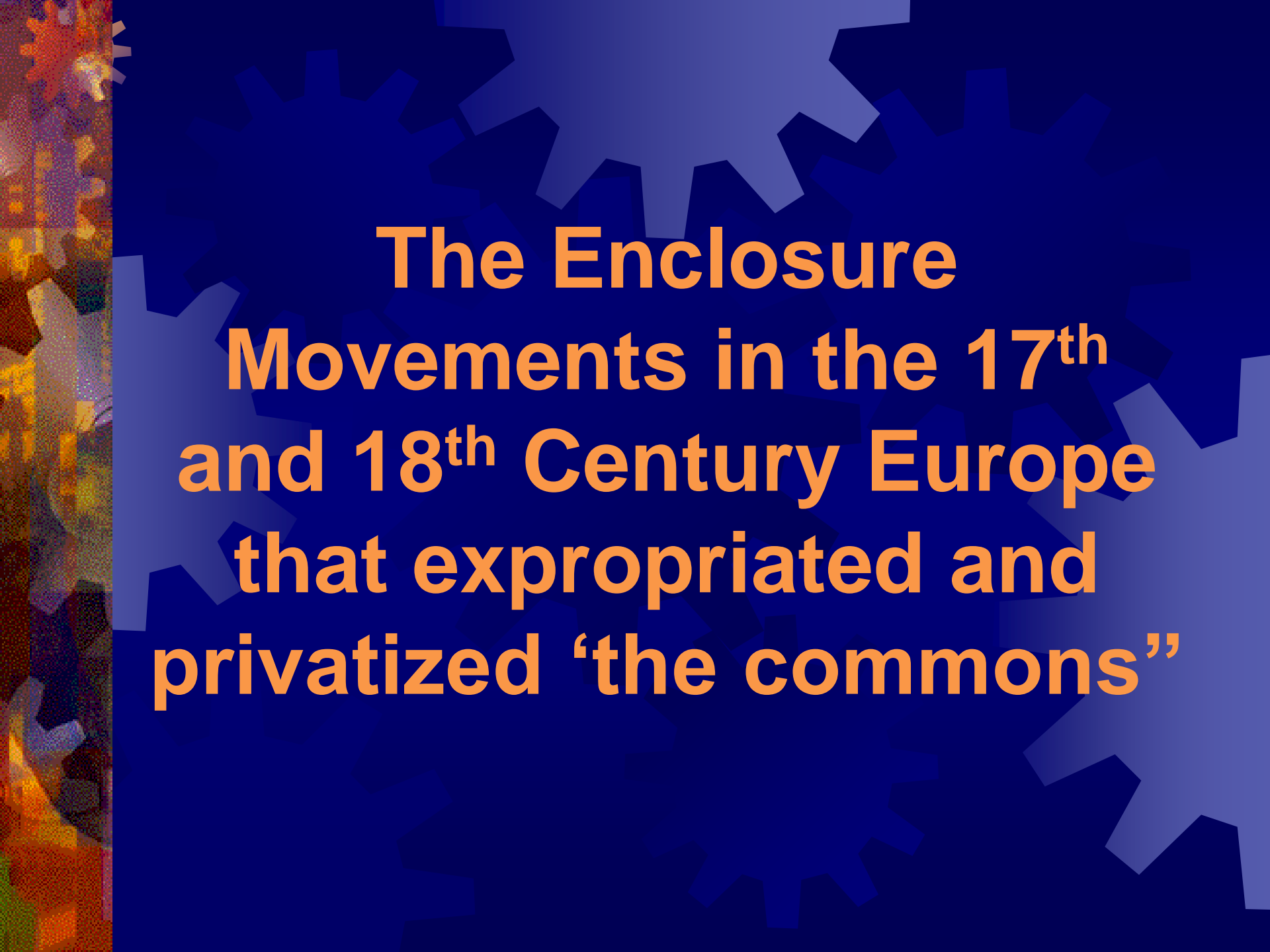
**Abe Briloff's warnings of
Google's threat to
privatize libraries of
public knowledge.**

The background is a dark blue field filled with various sizes of light blue gears. On the left side, there is a vertical strip with a colorful, abstract, and textured appearance, possibly representing a film strip or a collage of images.

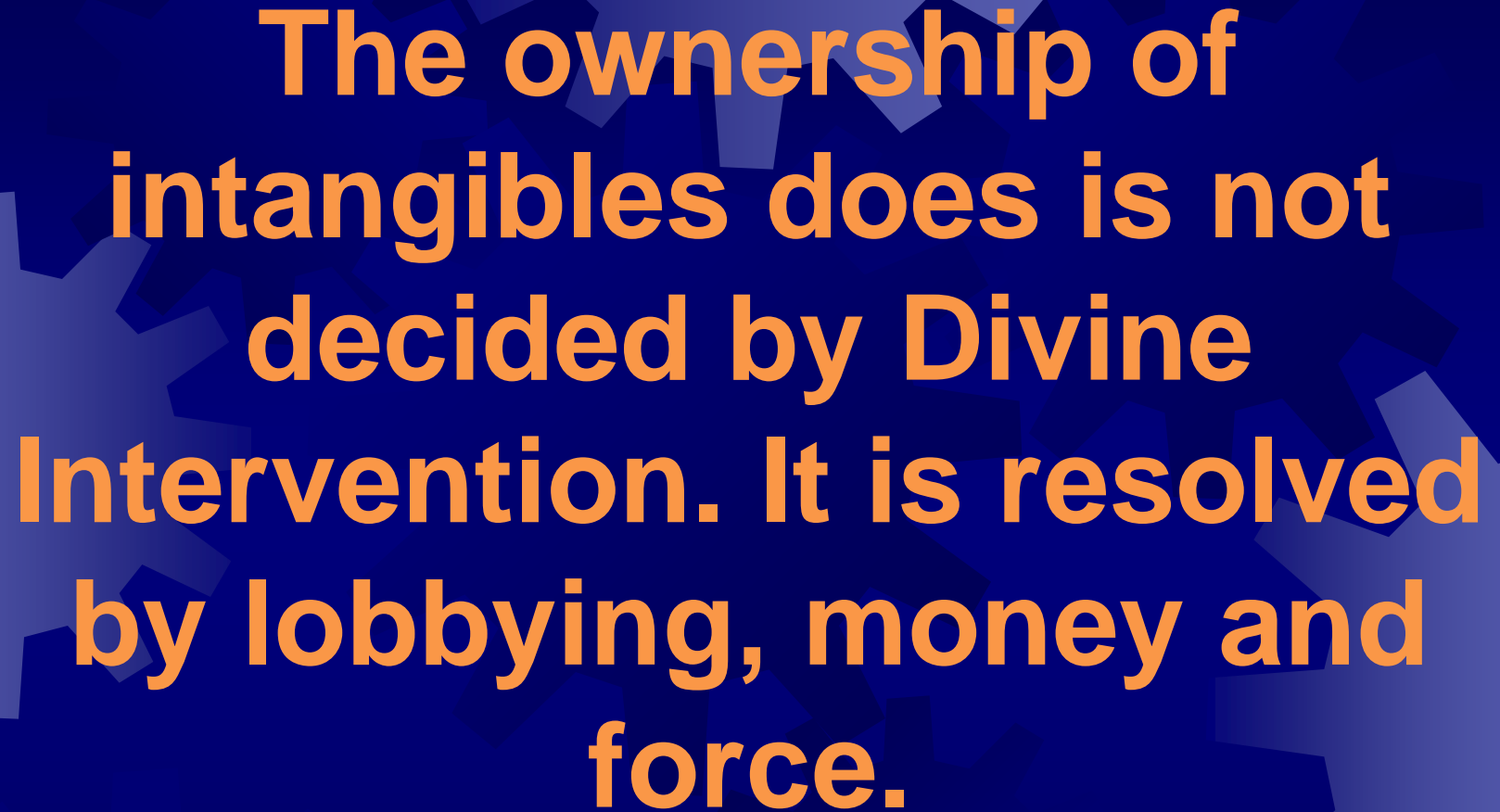
**And for his next 20 years
before the intangibles Mast,
Baruch Lev might dabble in
some relevant historical
struggles to impose to
property rights**



**Abraham Lincoln's
Homestead Act that
'gave' Indian land to
anyone with a rifle and
who could create the dust
bowl.**



**The Enclosure
Movements in the 17th
and 18th Century Europe
that expropriated and
privatized “the commons”**

The background features a dark blue field with several large, semi-transparent gears of varying shades of blue. On the left side, there is a vertical strip with a complex, textured pattern in shades of orange, yellow, and brown, resembling a close-up of a mechanical part or a natural surface. The text is centered in a bold, orange-yellow font.

**The ownership of
intangibles does is not
decided by Divine
Intervention. It is resolved
by lobbying, money and
force.**

The image features a complex background of interlocking gears. The gears are rendered in various shades of blue, from light to dark, and some are highlighted in orange. The overall composition is dense and mechanical. In the center, the word "Finir" is written in a bold, orange, sans-serif font. The word is positioned within a dark blue gear that is slightly larger and more prominent than the others around it. The lighting is dramatic, with the orange text and highlights standing out against the deep blue background.

Finir