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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.
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 over 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.
Abe Briloff’s warnings of Google’s threat to privatize libraries of public knowledge.
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 ownership of intangibles does is not decided by Divine Intervention. It is resolved by lobbying, money and force.
Finir