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Consumers benefit from free-market competition

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BY JIM PRENDERGAST

Few events give you the opportunity to see the best that the technology industry has to offer like the annual Consumer Electronics Show in Las Vegas, where I spent most of last week. To really experience the new software products, communication devices, games and other gadgets is a startling experience.

Apple, Microsoft, Samsung and other companies received a great deal of press on the launch of the iPhone, new features of Windows Vista, Xbox and other products. But for every huge company, there were hundreds of smaller companies showcasing the innovations they've created and risked their time and money to bring to market. Just a few years ago, I don't think many consumers could have imagined some of the innovations unveiled last week.

It's outstanding to witness the advancement of technology, and even better, the drop in prices. For example, in late 2005, Sony introduced a 40-inch, flat-panel, LCD TV for about \$3,500. Last week, a higher-quality, larger-display was just over \$2,000.

It is the same story whether you are talking about video cameras, digital music players, DVD players or computers. Everything is faster, more powerful, stronger, longer lasting and less expensive.

So how did it happen? The answer is consumer-driven innovation, supported by solid intellectual property protection, thriving in a dynamic and competitive marketplace.

The wonder of the free market is eternally fresh and exciting. When a company is freed from excessive government regulations and red tape, it is free to actively search for new and innovative ways to meet consumers' needs and, in the end, defy our expectations. So as capitalism goes, the best product at the most reasonable price is rewarded by the consumer through marketplace forces.

A culture of intellectual property protection has fueled innovation that delivers exciting products to consumers. Entrepreneurs are willing to invest time, money and creativity on new ideas and products because they know they will have a chance to own that idea and benefit from it. Intellectual property protections such as patents, trademarks and copyright give innovators the incentives to invest those resources in new innovations. For example, there are 200 patents supporting the new iPhone.

Despite this incredible validation of the free market and open competition, governments around the world are continually trying to implement the archaic and economically depressing policies of overregulation, business micromanagement and denials of intellectual property rights. While companies such as Apple and Microsoft are unveiling exciting new products, regulators in Europe, Asia and elsewhere are targeting these American companies, dictating how they can design and market their own products and undermining their ability to protect their own intellectual property, which was responsible for those innovations in the first place.

It's ironic that as these companies are unveiling products that allow you to watch movies on a cell phone, regulators in Europe are pursuing decade-old cases that don't even take into account the realities of the marketplace. These companies are operating in a competitive, dynamic and fast-paced marketplace that moves much faster than government regulators do. Luckily for consumers.

Is it really that hard to see why America continues to lead the world in innovations, technological advances and groundbreaking intellectual property? While some traditional American industries such as manufacturing are feeling threatened by overseas operations, technological innovation and intellectual property are the one segment of our economy where the United States is clearly leading the world. And it's because we allow vibrant, free-market competition and allow companies to protect their intellectual property.

It is a simple lesson that I relearn every year at the show, one that I hope America never forgets.

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