CHINA: CLIENT OR COMPETITOR ?

There is nothing startling is Mr. Juanita Kreps' announcement that "the rush to China is on". There is nothing new under the sun. U.S. businessmen established commercial ties with the Republic of China long before its recognition by the Carter administration. Whether or not the new relationship between the United States and China will increase the volume of business now existing is subject to speculation. The hopes for new markets that followed the early stages of detente with the Soviet Union never developed beyond the embryonic stage. In addition, American businessmen living in the Soviet Union must cope with the daily frustrations of dealing with red tape, and the fear of harassment experienced recently by U.S. citizens in Moscow.

However, if China is indeed intent on entering a new age of technological advancement capable of competing with the more advanced of western world nations, its ambitions will present us with a new challenge. How well we respond to this challenge will depend on the fate of a piece of legislation that will be introduced in early February under the original cosponsorship of Senator Birch Bayh (D.-Indiana) and myself.

What this legislation would accomplish is place the government in the position of a cataclyst or impresario, as suggested by Albert Einstein in 1939, in bringing the result of federally funded research together with industry and universities who have the ability to develop inventions into products for use by the public.

Under our present federal patent rights policy, the federal government generally retains rights to inventions it can neither develop nor market, because it lacks the resources and the expertise to do so. Industry, where the invention was made, is unwilling to engage in the risky development process, and to pursue what it started, without a modicum of protection through the granting of patent rights for a limited period of time. Thus, the taxpayers invest in research but fail to receive dividends in the form of products that would reach the market place and be available to them. The promise is there, but the goods are never delivered.

The obvious conclusion one can draw is that the United States is falling behind as a leader in technological advancement not because U.S. ingenuity has dried out, but because the fruit of American genius is up for grabs by foreign firms whose governments play an active role in guaranteeing technology transfer from the invention stage to the product stage. Our newly established ties with China will allow the Chinese, under the Freedom of Information Act, the same access to U.S. inventions that the Germans and the Japanese have put to such industrious use.

In a communist regime such as the Republic of China, a government who controls the economy cannot fail to evaluate the opportunity afforded by U.S. federal policies.

Rather than becoming a client for U.S. goods, China has the potential of turning into our most formidable competitor with the cooperation of the United States. A new patent policy in this country, where industry would be given the necessary incentive and encouragement, through the protection of patent rights, to develop inventions into products available to the domestic market as well as to foreign markets, could be a turning point in our ability to compete with foreign products. The creation of more jobs, a way out of inflation, the recovery of the dollar and a new confidence in the health of our economy could result if Congress and the Adminstration would adopt the farsighted vision that is now required if our nation is to survive as a leading power.

BOB DOLE
United States Senator

I viewed this as a first attempt to focus attention on what was at stake. I thought that, perhaps, a more detailed article with figures & specifics could follow. A conversation with Barry yesterday provided inf. on this. He is sending me copies of the material you sent him -