



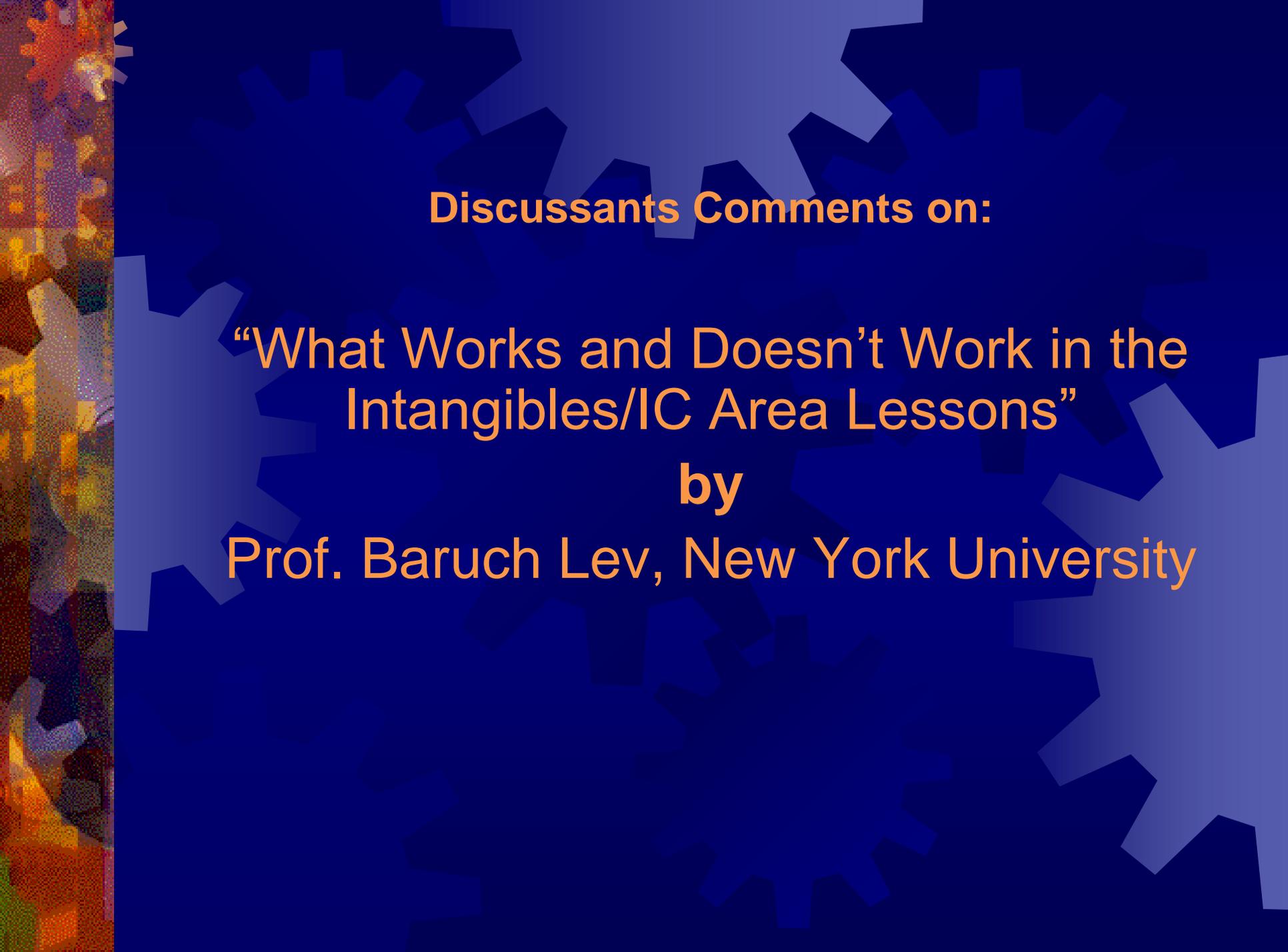
Tony Tinker

**Baruch College
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”**

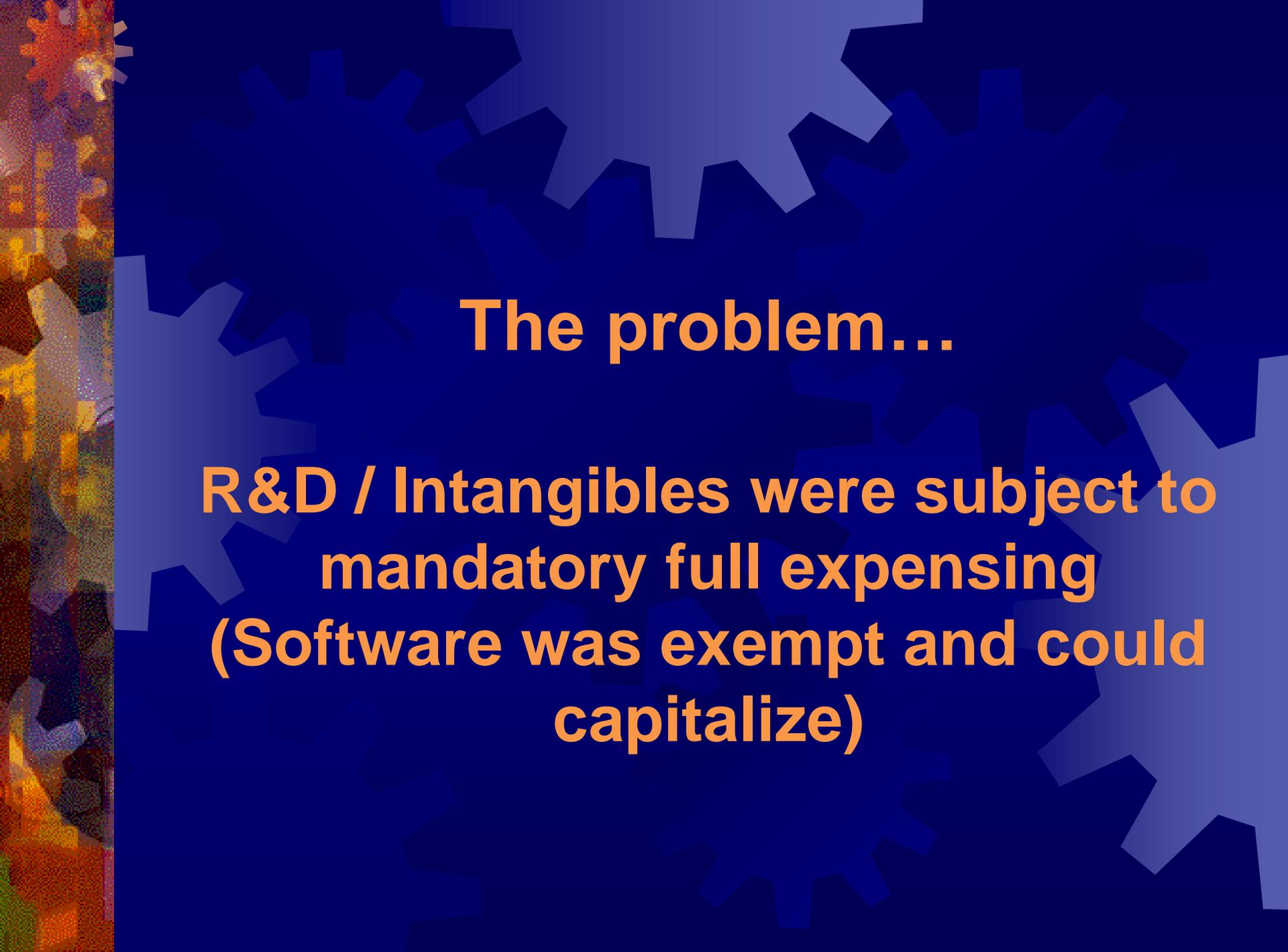
by

Prof. Baruch Lev, New York University



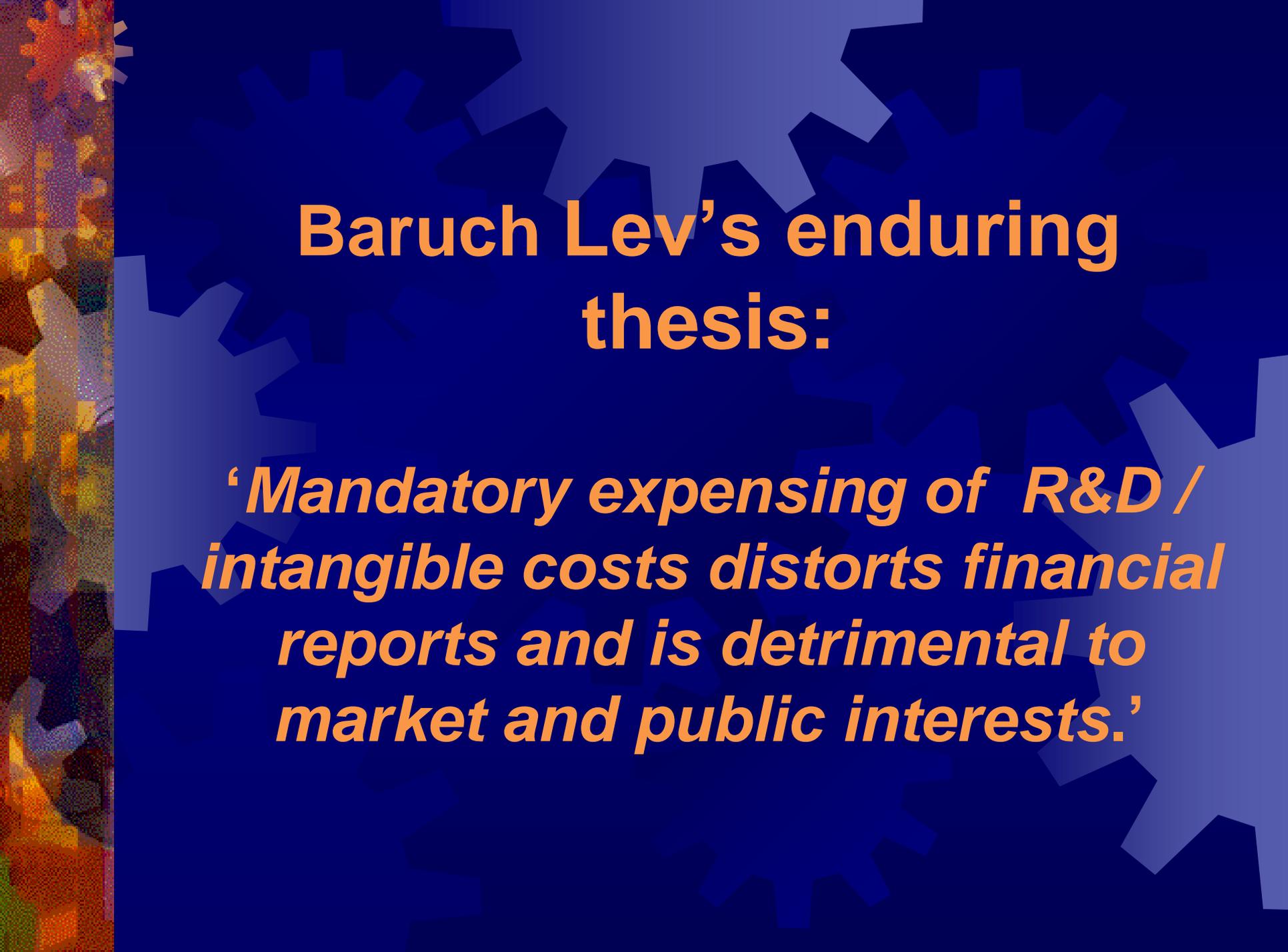
**‘20 years before the
(Intangible) Mast!’**

**Baruch Lev
(said that somewhere)**



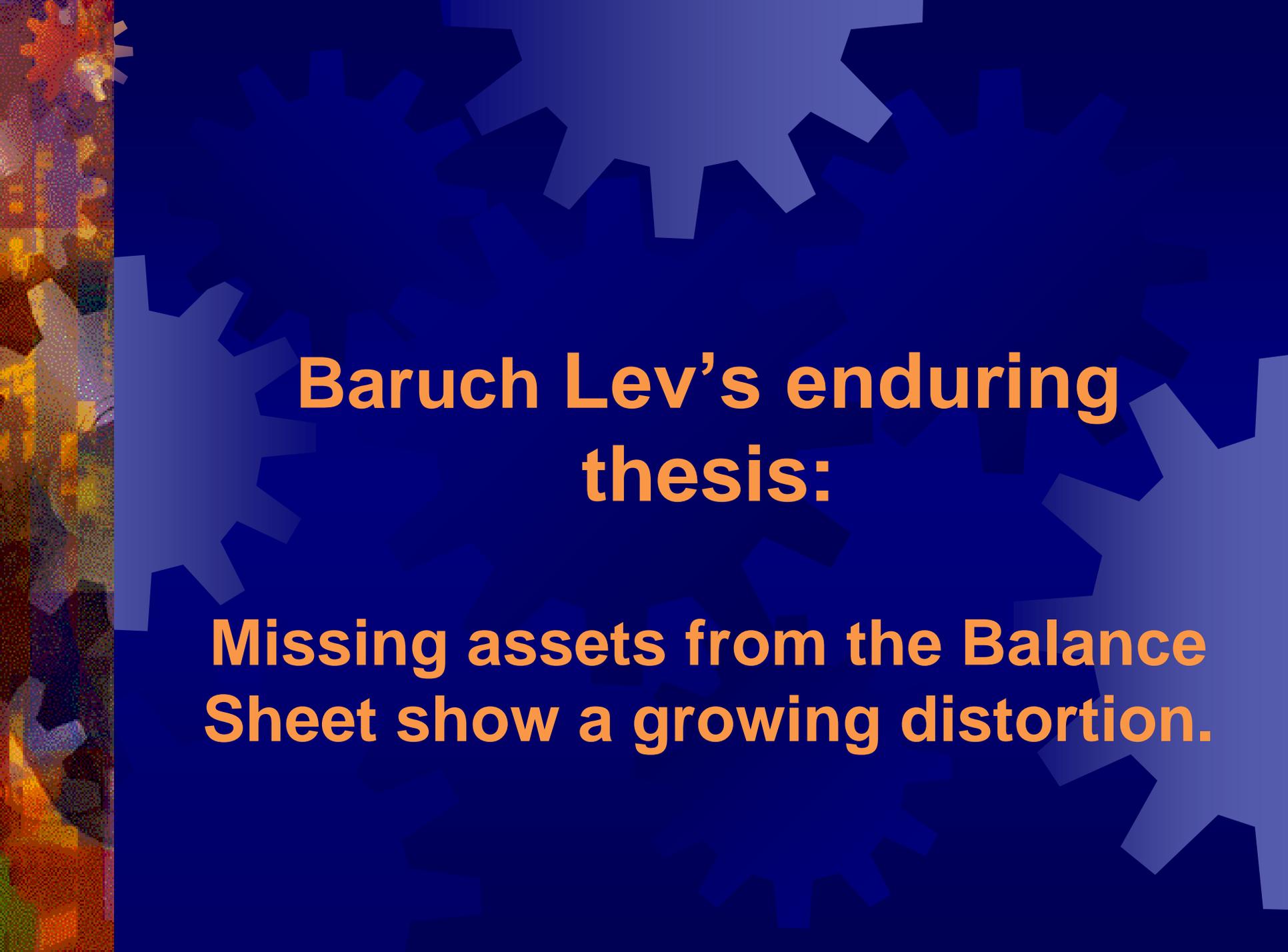
The problem...

**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.'***

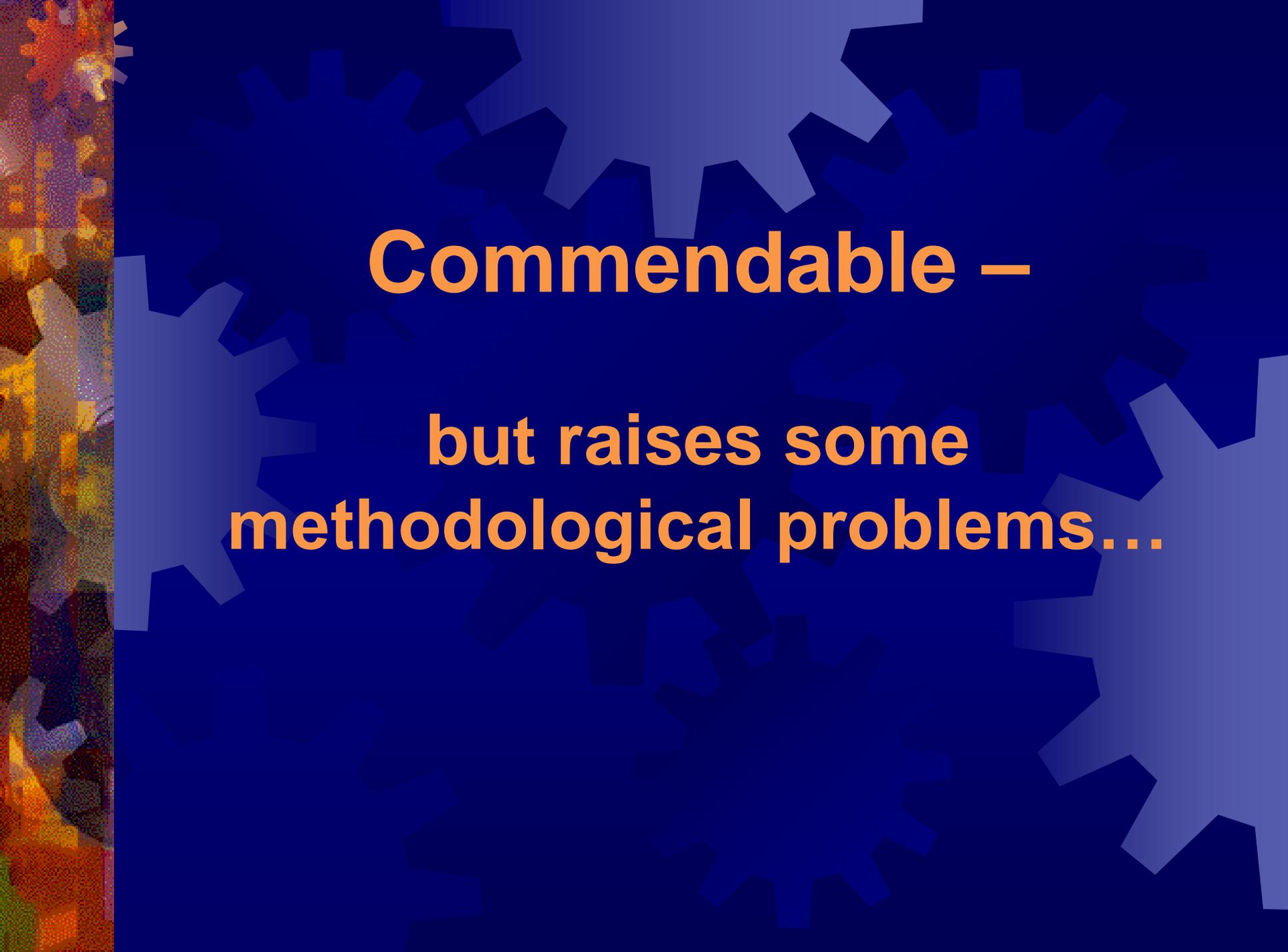


**Baruch Lev's enduring
thesis:**

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

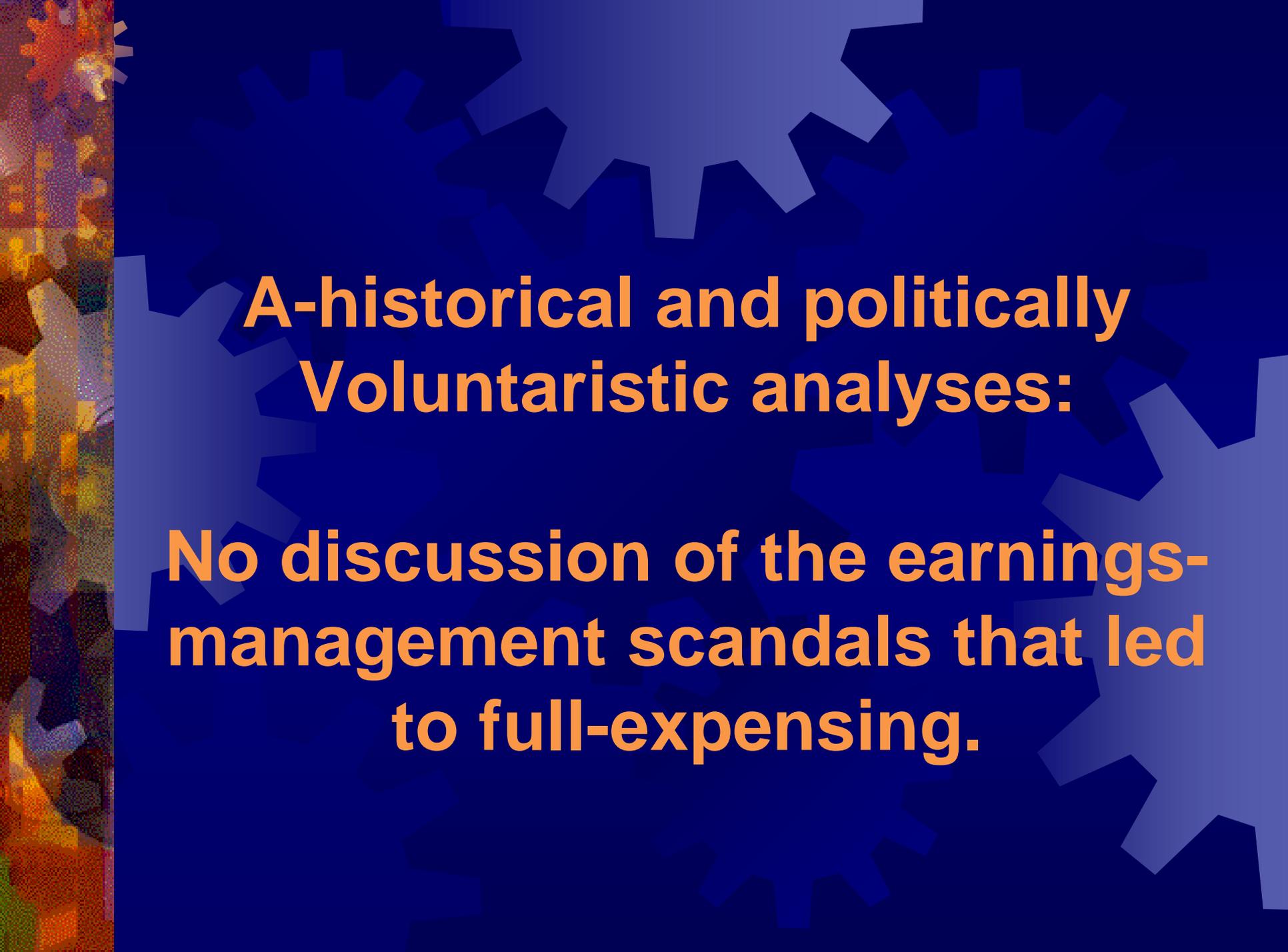


Source: Compustat, Standard and Poor, McGraw Hill.



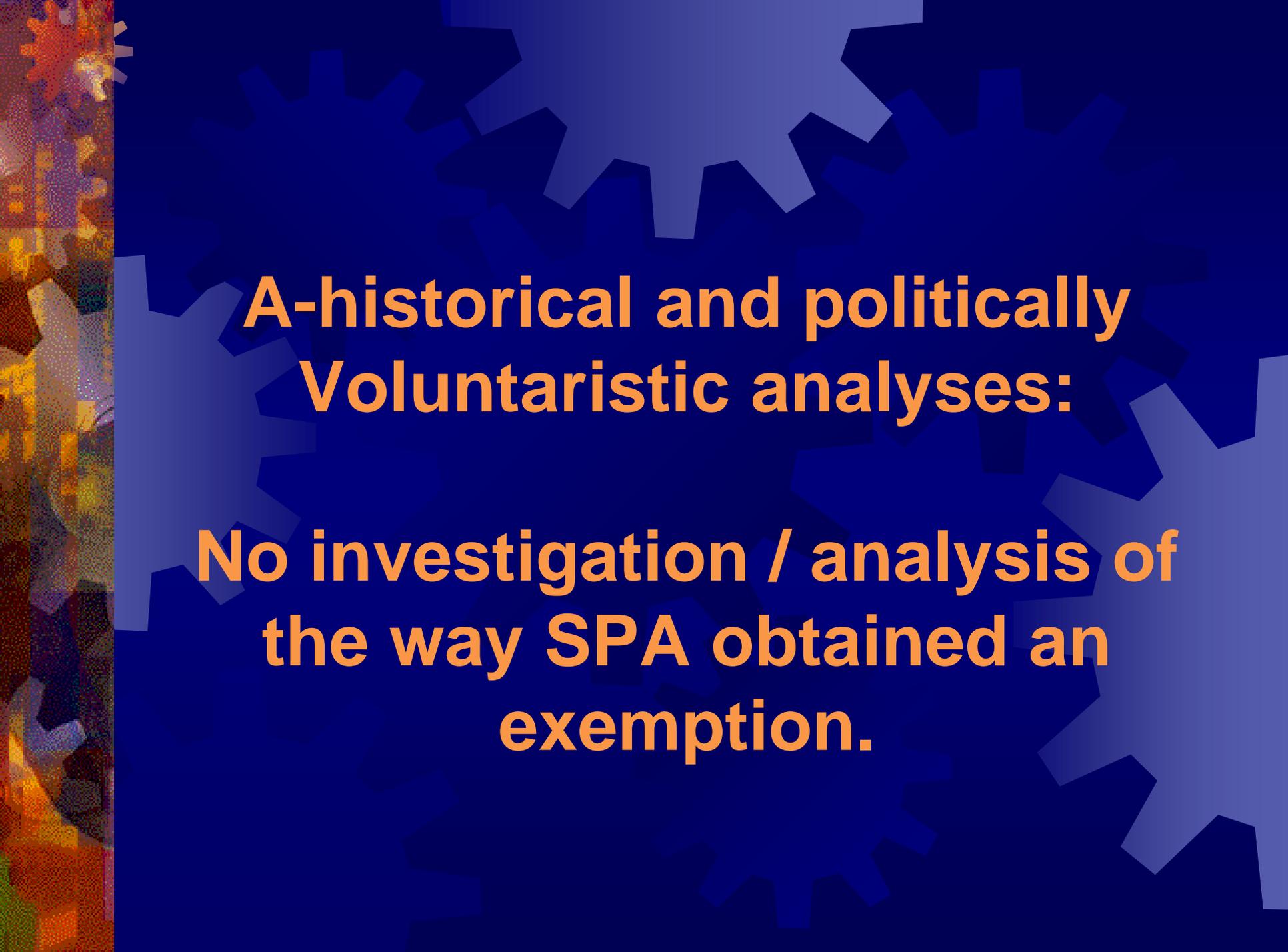
Commendable –

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



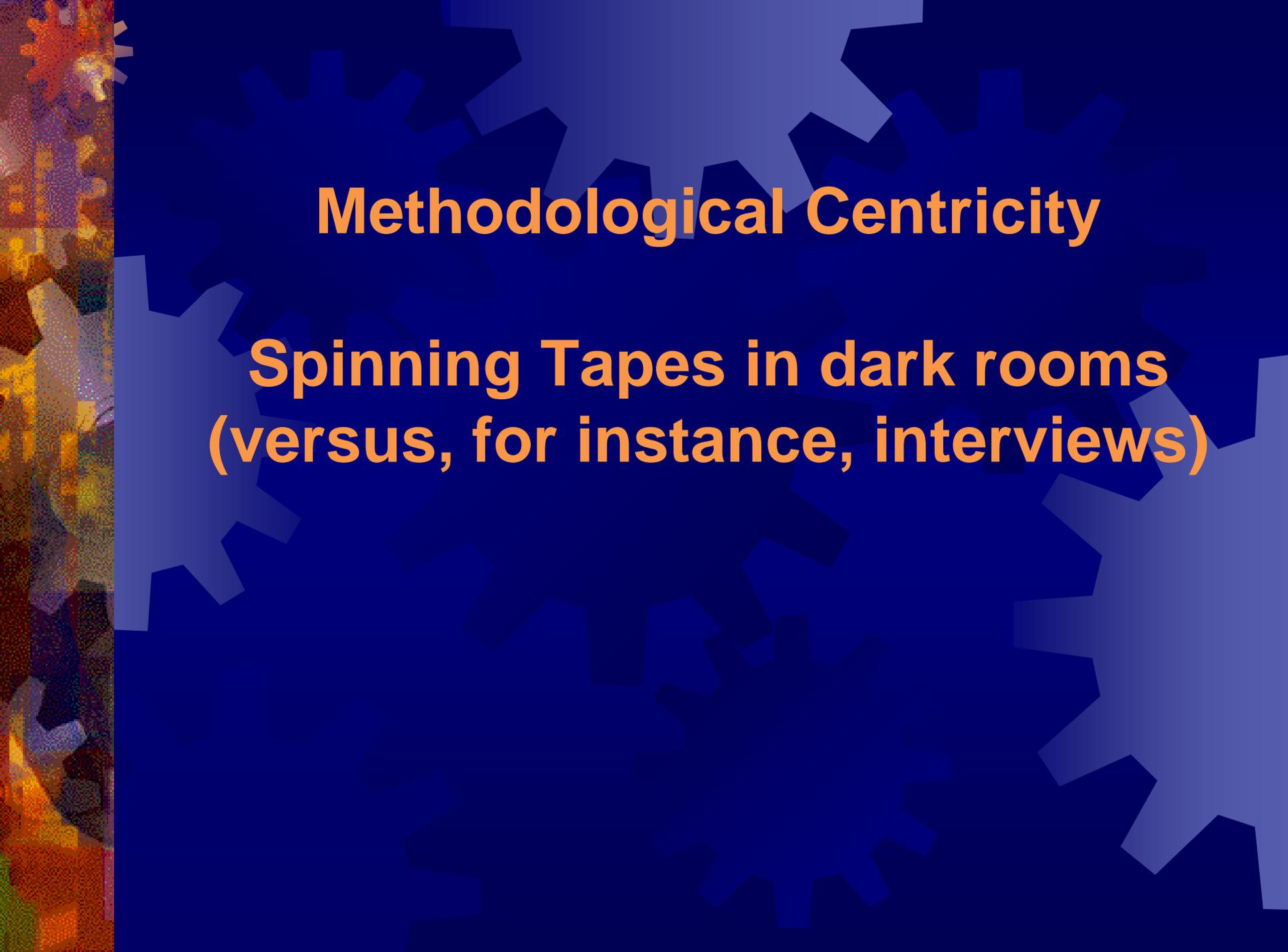
**A-historical and politically
Voluntaristic analyses:**

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



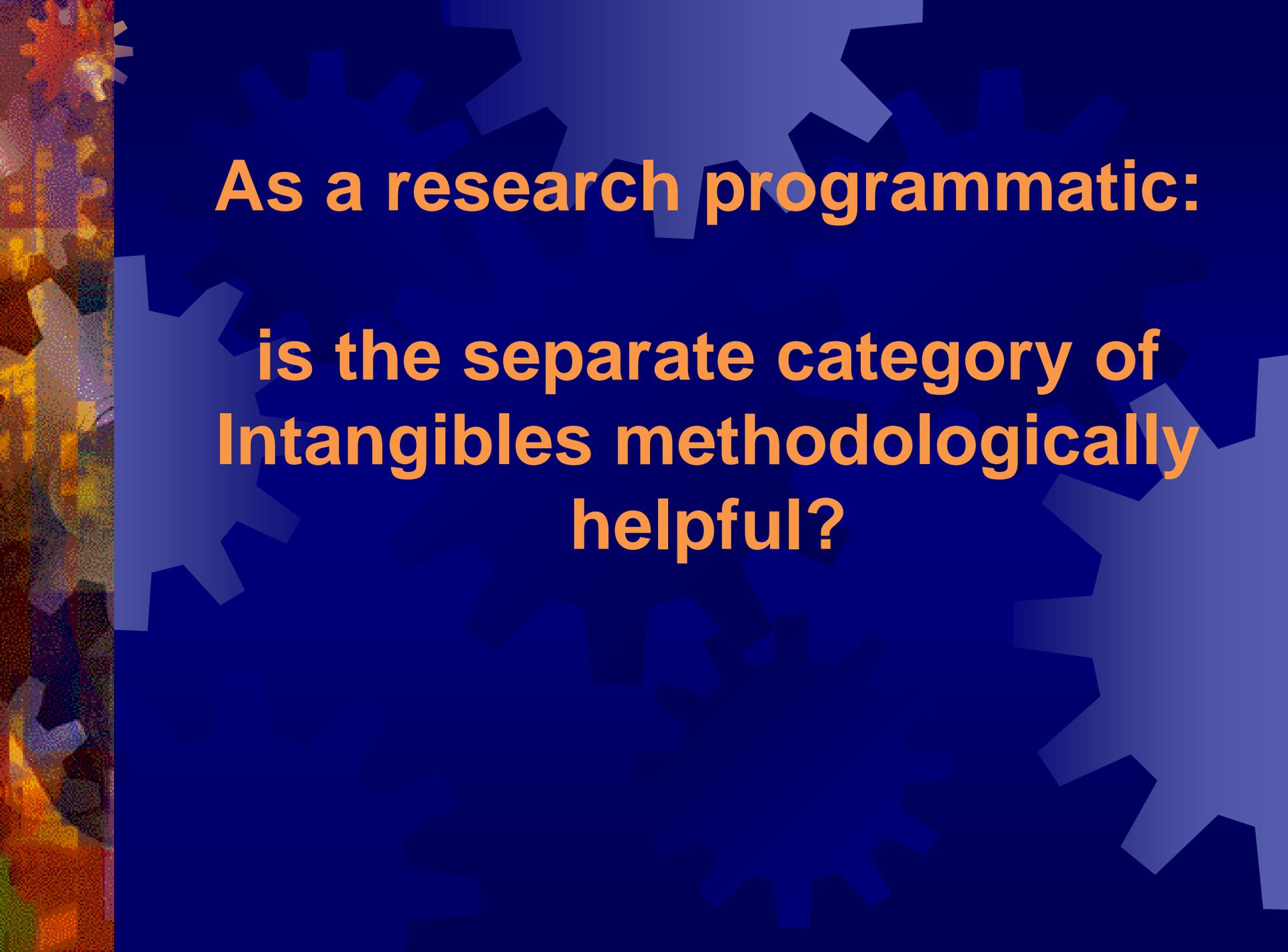
**A-historical and politically
Voluntaristic analyses:**

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



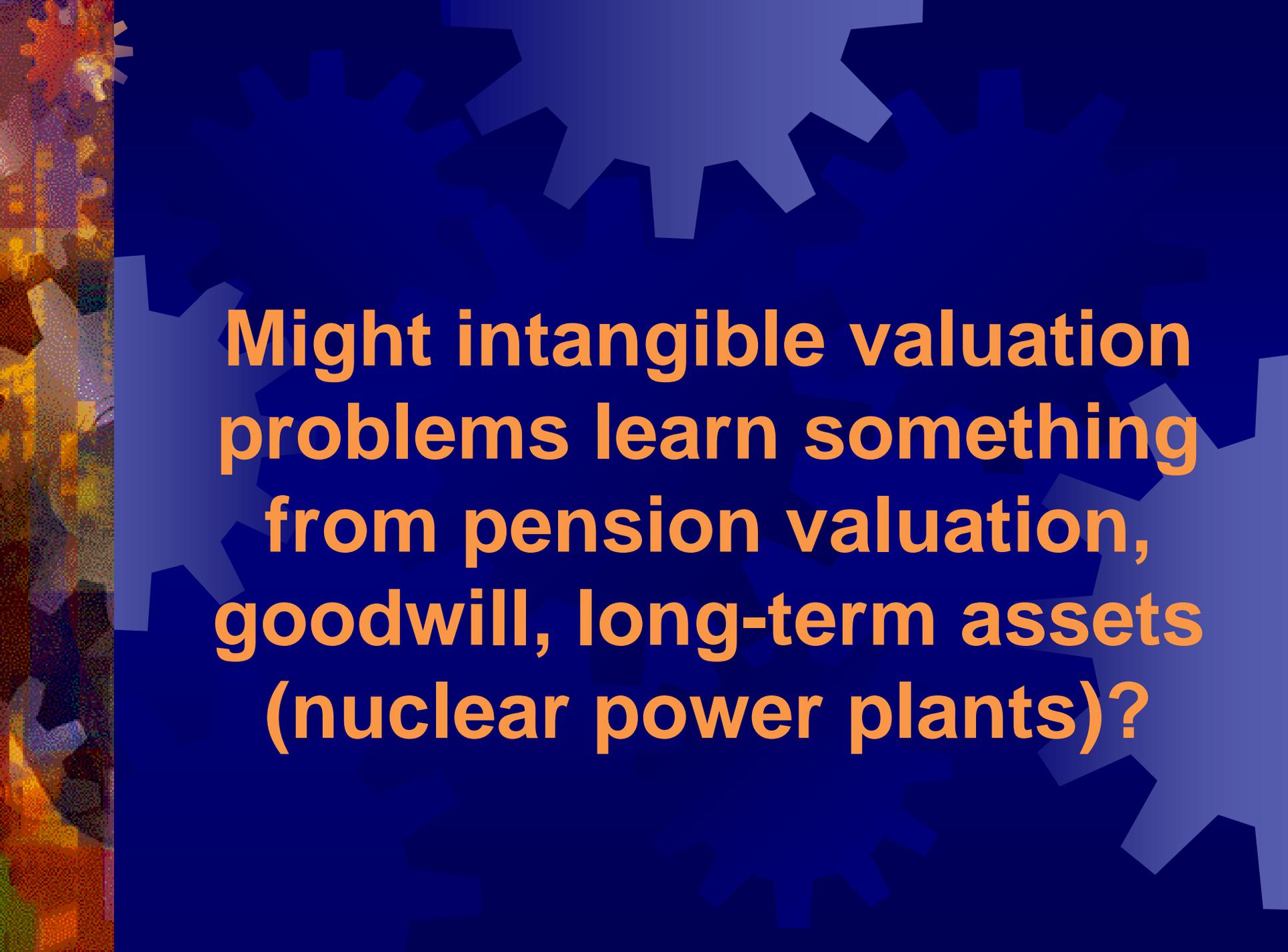
Methodological Centricity

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



As a research programmatic:

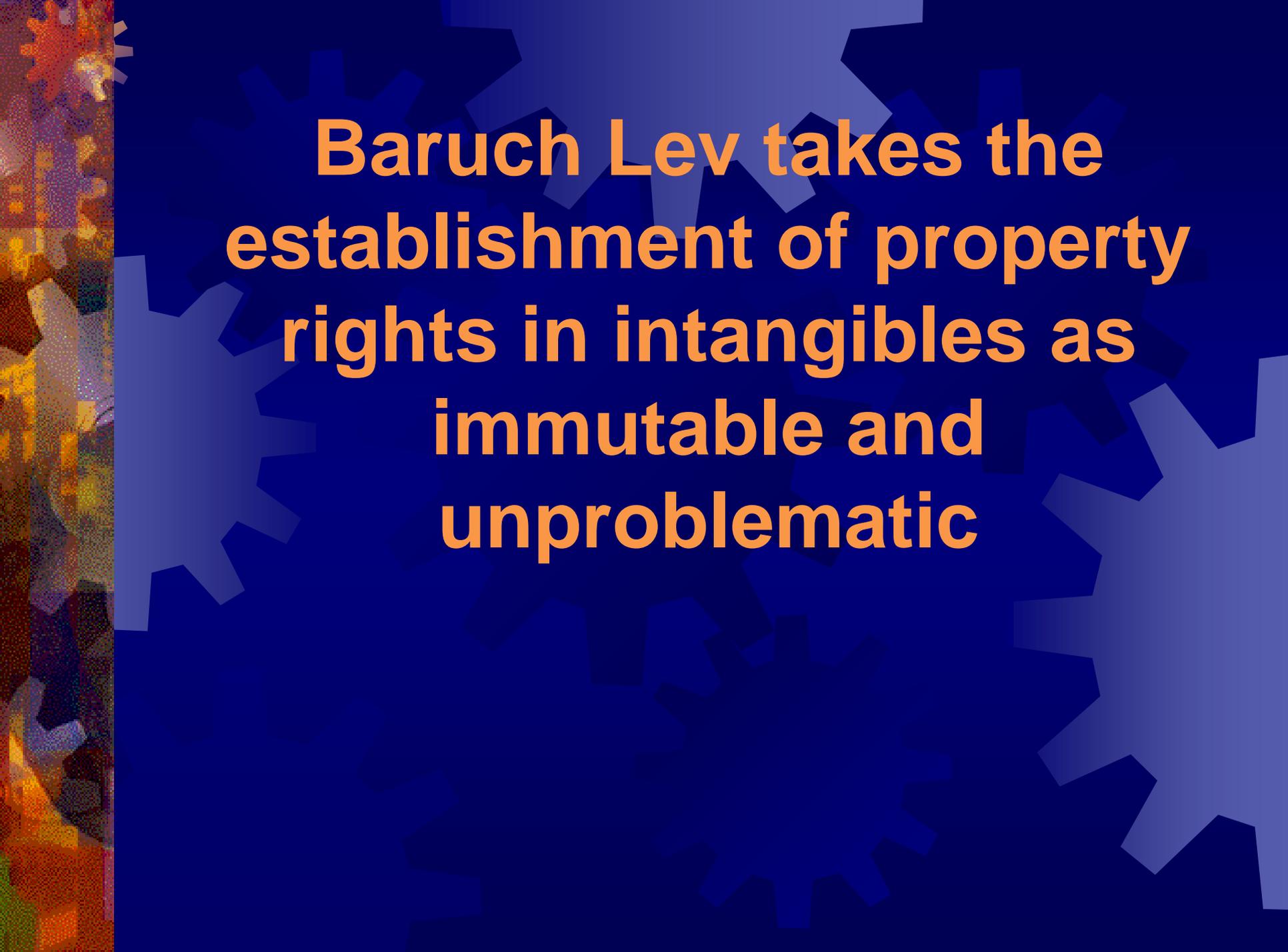
**is the separate category of
Intangibles methodologically
helpful?**



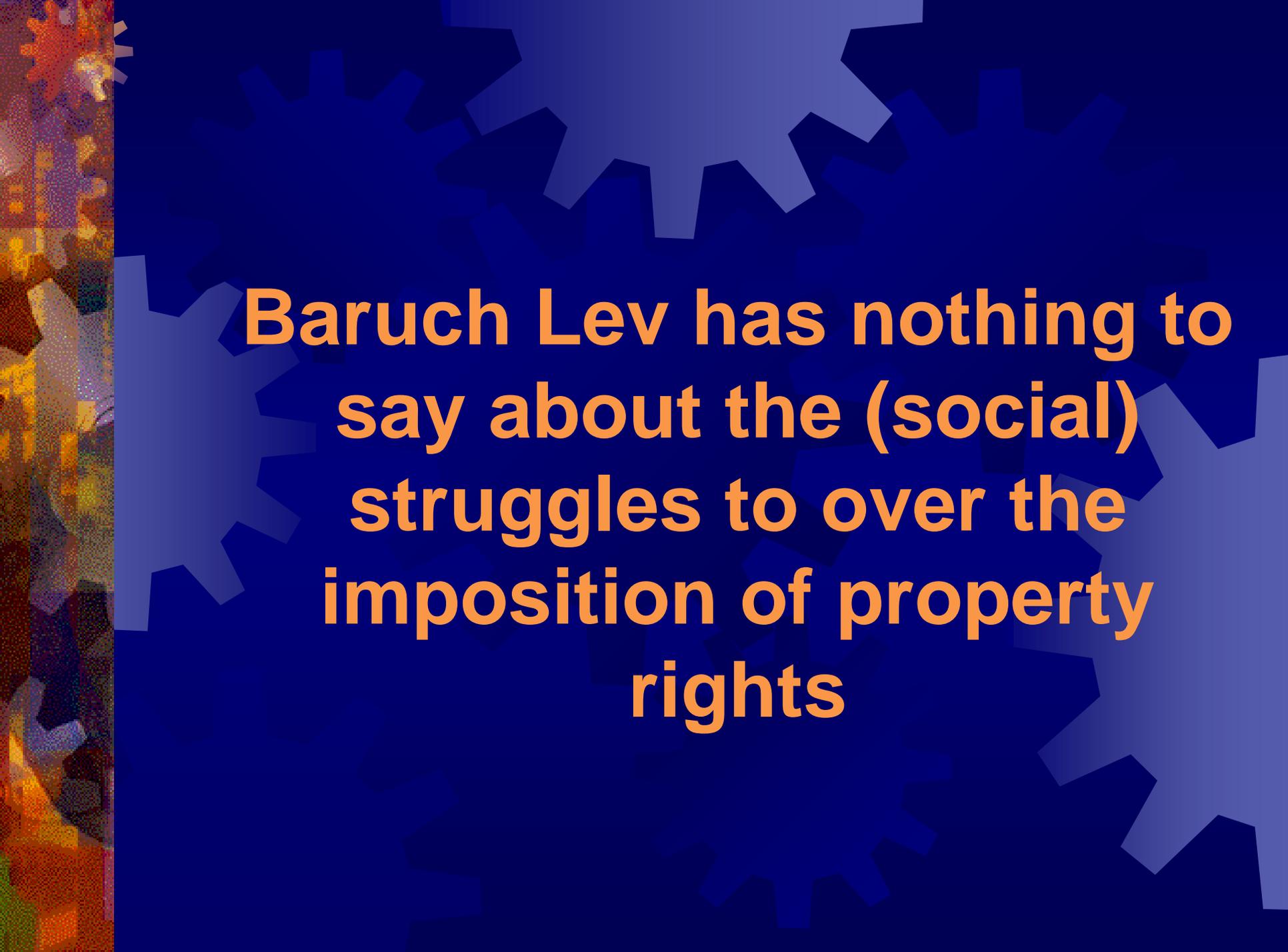
Might intangible valuation problems learn something from pension valuation, goodwill, long-term assets (nuclear power plants)?



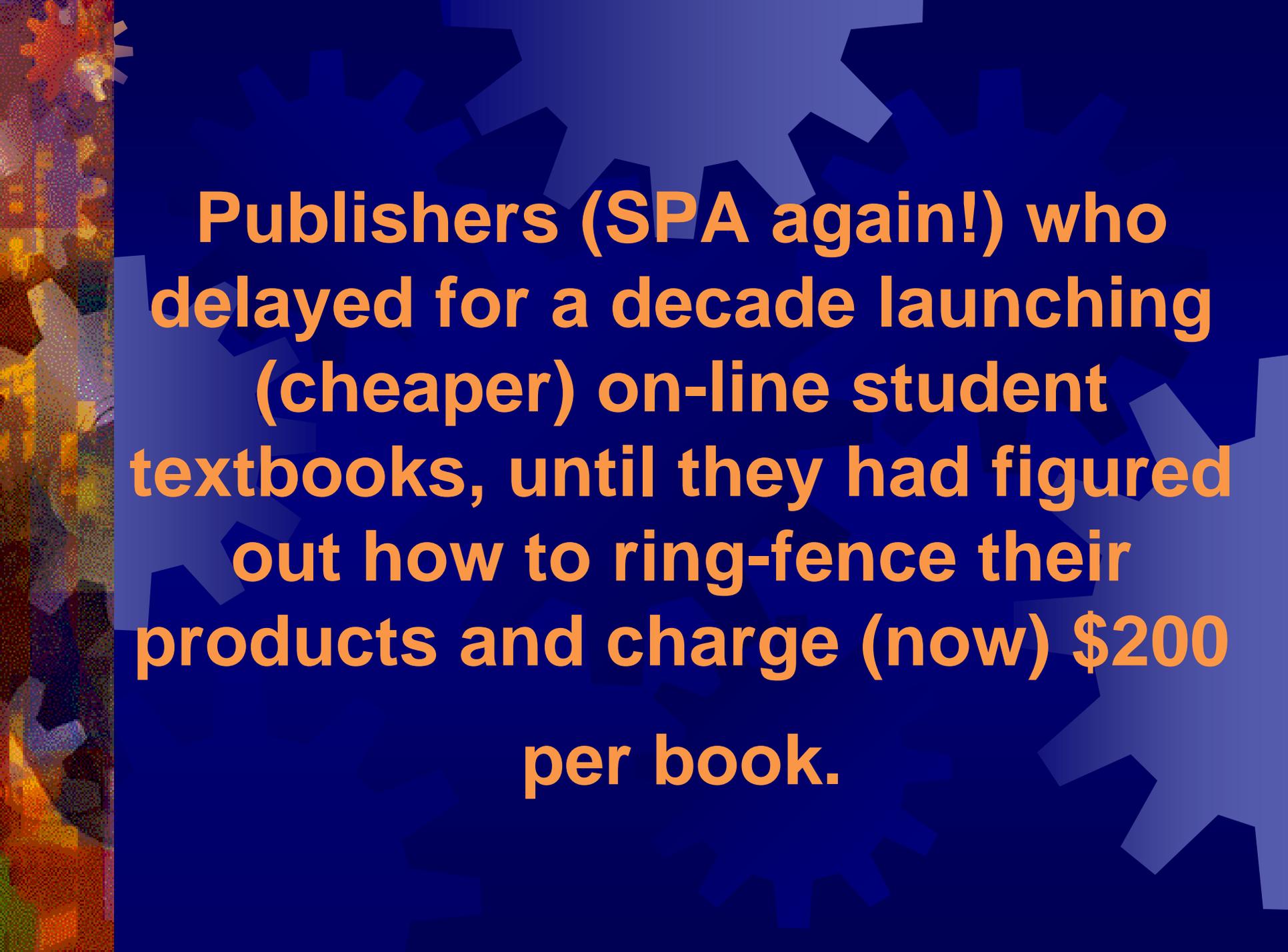
Property rights and Intangibles?

The background features a dark blue field filled with various sizes of light blue gears. On the left side, there is a vertical strip with a complex, multi-colored pattern of orange, yellow, and brown, resembling a textured surface or a close-up of a gear's teeth.

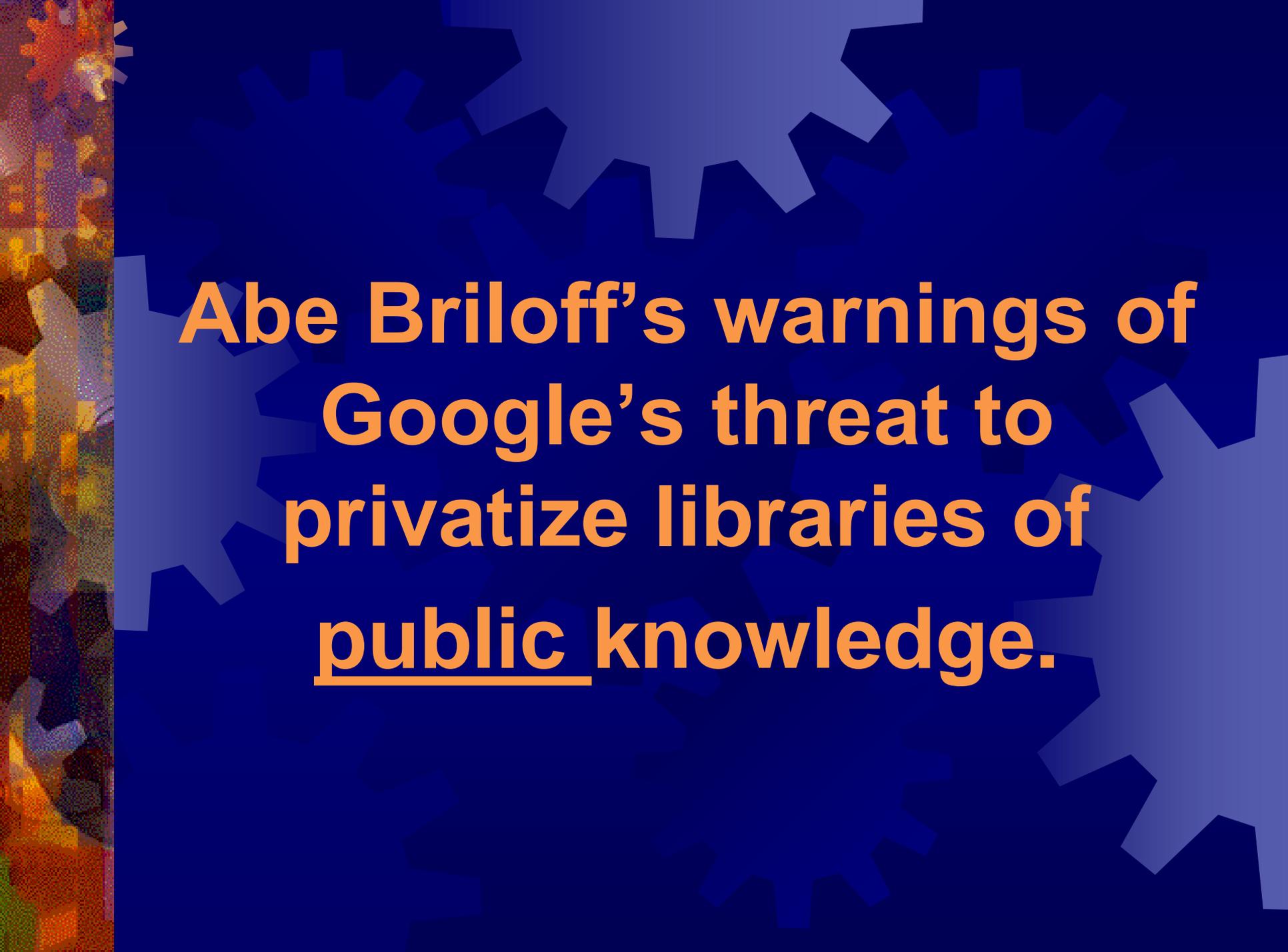
**Baruch Lev takes the
establishment of property
rights in intangibles as
immutable and
unproblematic**



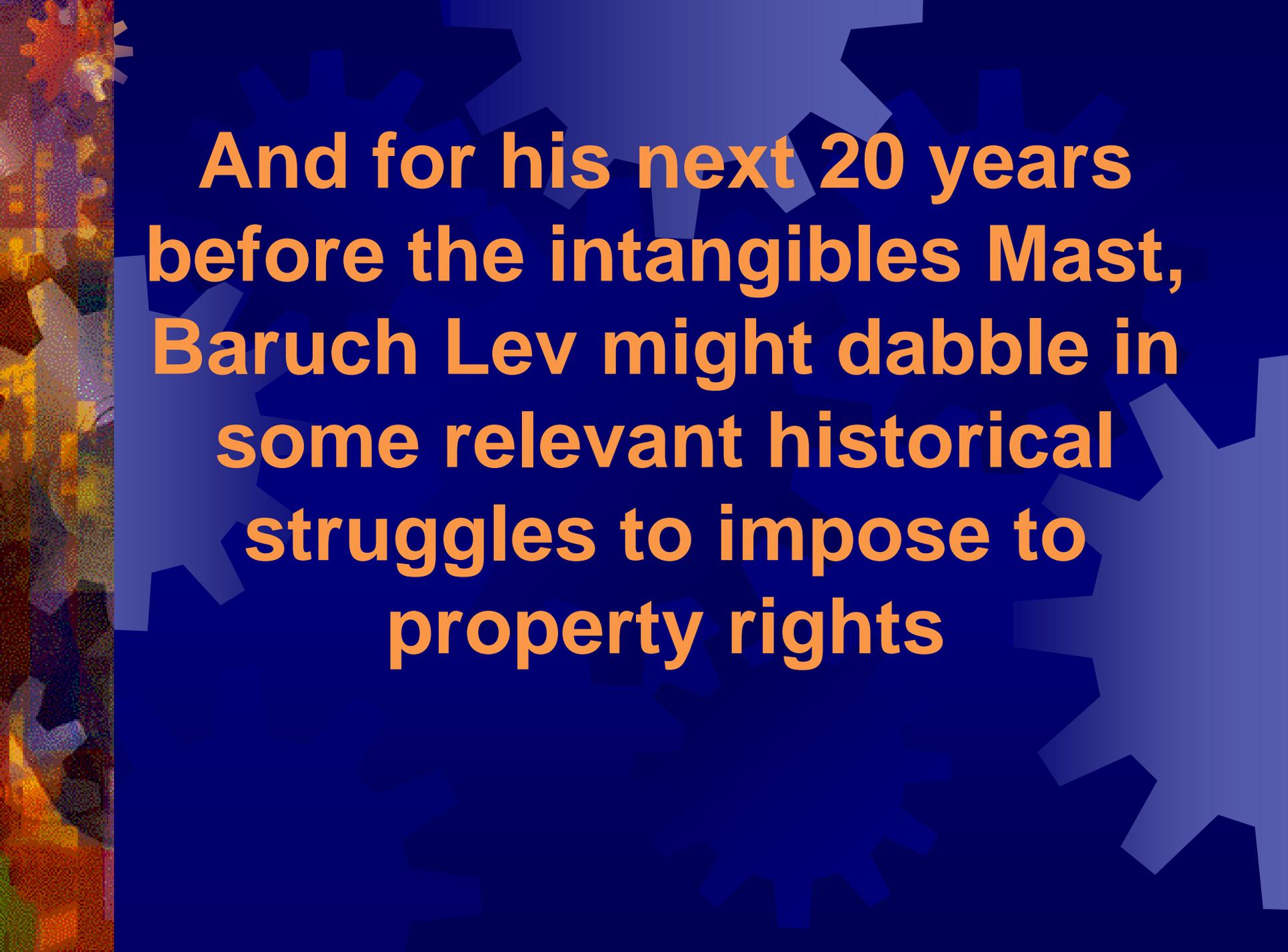
Baruch Lev has nothing to say about the (social) struggles to overcome the imposition of property rights



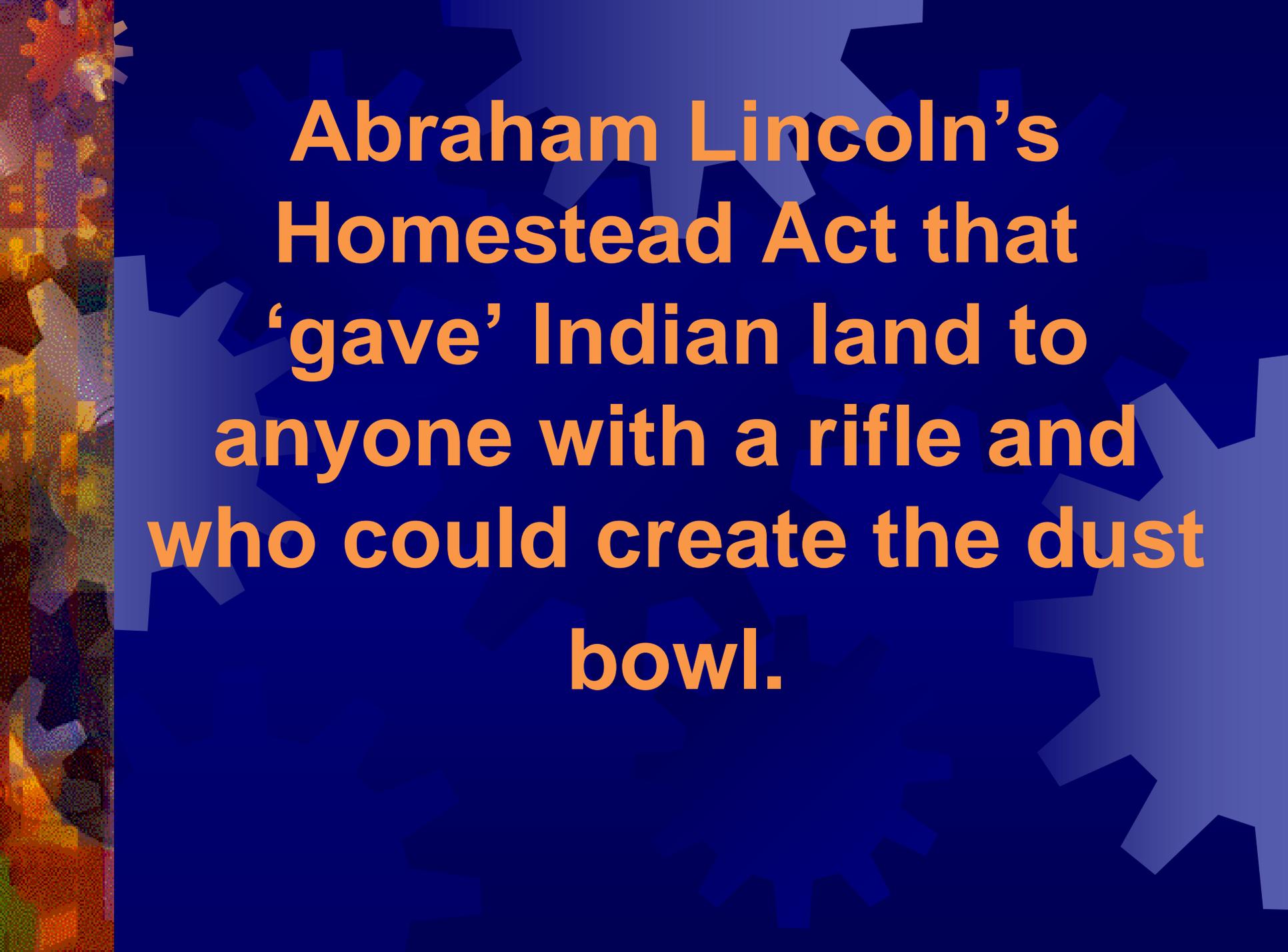
Publishers (SPA again!) who delayed for a decade launching (cheaper) on-line student textbooks, until they had figured out how to ring-fence their products and charge (now) \$200 per book.

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

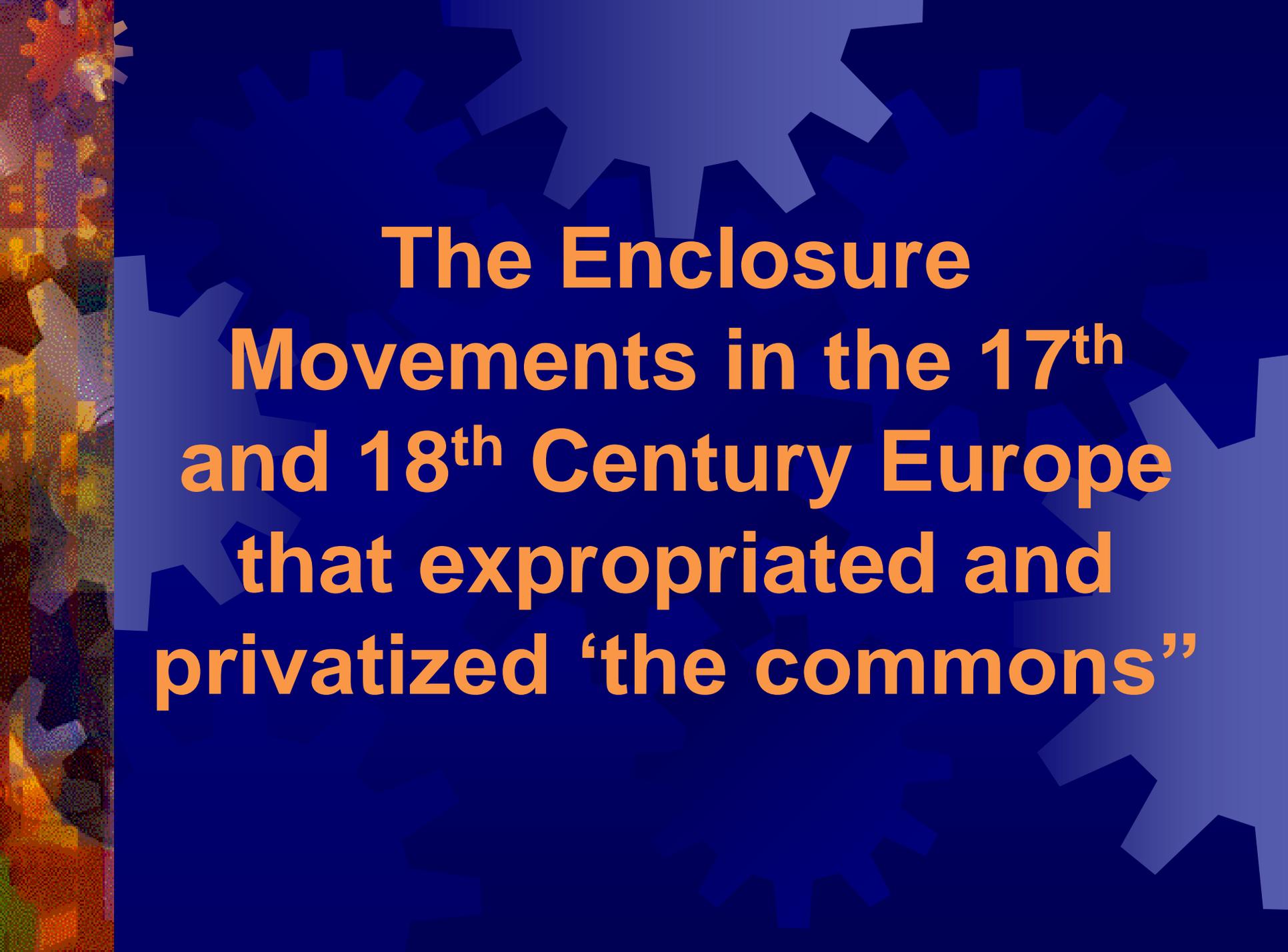
**Abe Briloff's warnings of
Google's threat to
privatize libraries of
public knowledge.**

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 of orange, yellow, and brown, resembling a close-up of a gear or a mechanical part.

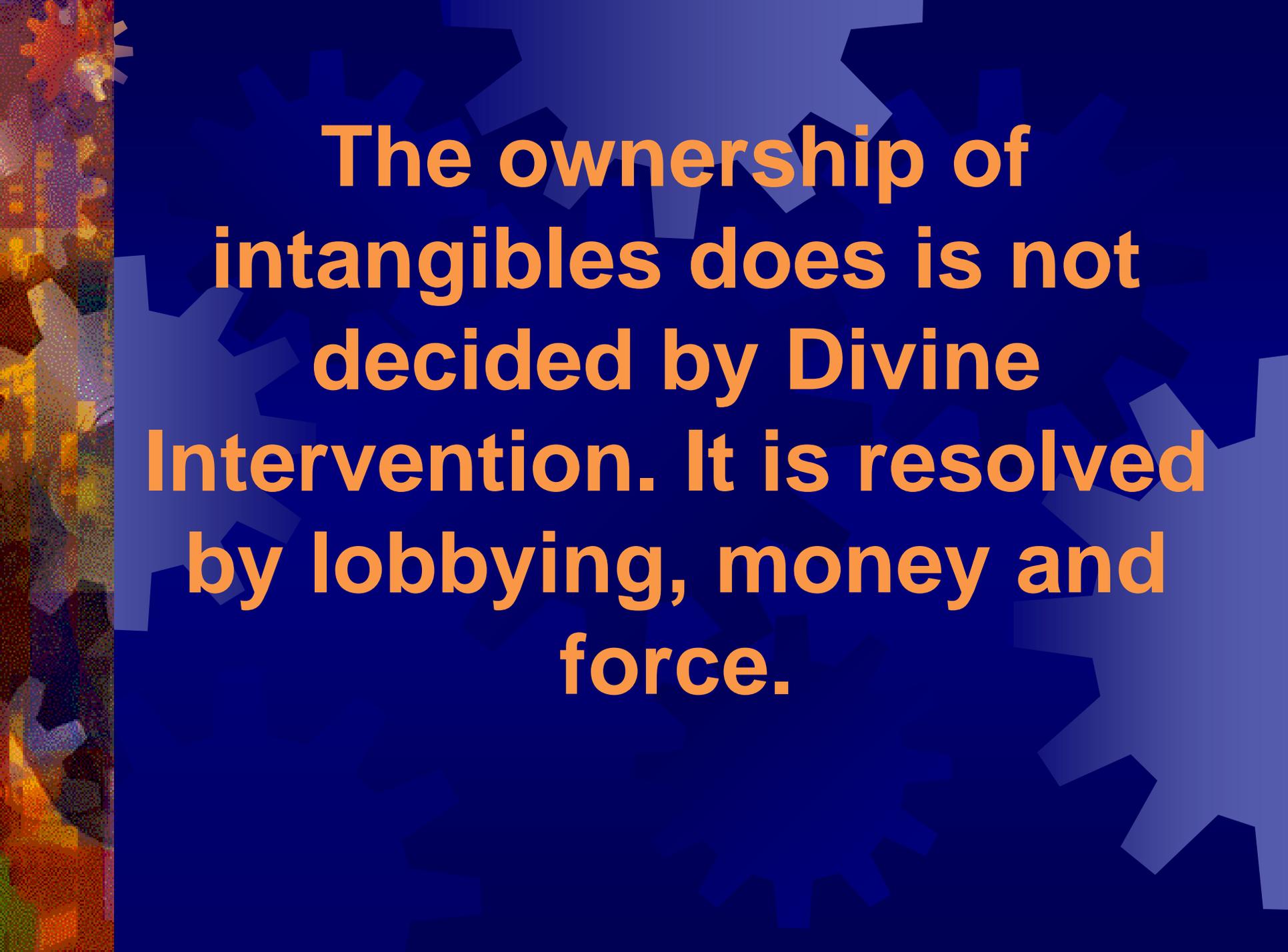
**And for his next 20 years
before the intangibles Mast,
Baruch Lev might dabble in
some relevant historical
struggles to impose to
property rights**

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 brown, orange, and yellow, resembling a close-up of a gear or a mechanical part.

**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