Has Government Helped or Hinder the Commercialization of Innovation?: Evidence from African American Patentees, 1969 to 2003

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ABSTRACT

New data on African American patents from 1969 to 2003 reveal striking differences in patterns of innovation. Since 1989, patents per million have fallen 39 percent for African Americans, while they have increased by 50 percent for all inventors over the same period. The median patent-team size for African Americans has remained at one for the last 100 years, and 34 percent of patents granted to African Americans since 1969 originated from independent inventors, in contrast to 13 percent of the total granted to all patentees. Commercialization of innovation differed, as well. During this period, 78 percent of all patents granted in the U.S. were assigned to corporations, compared to only 59 percent of African American patents. Two percent of all patents granted in the U.S. are assigned to government institutions, while 11 percent of all African American patents are assigned to government institutions. On the one hand, the preliminary evidence suggests that government entities may have aided in reversing the trend in divergent patterns of innovation by providing incentives for patent-team participation and greater innovative activity among African Americans. On the other hand, an increasing gap in patent assignment may also be attributed to disincentives for commercialization related to association with government entities. The economic significance of these findings implies that commercialization opportunities may persistently affect the level, direction, and quality of inventive activity, the source of improvements in technology that allow sustained increases in per capita income.