

This study provides a theoretical analysis on the effects of patent protection on economic growth in a variant of the Romer R&D-based growth model. A novelty of the model is that each variety of intermediate goods are produced by N firms that engage in Cournot competition, and the level of patent protection " s " is inversely related to N (i.e., $s = 1/N$). In other words, stronger patent protection prevents entry and reduces competition. The authors find that the equilibrium growth rate is decreasing in s . Intuitively, more firms producing a variety reduces the amount of profits earned by each firm, and hence, it also reduces the incentives for R&D and innovation.

Although the research question is interesting and the analysis is nicely expositied, this study does not provide sufficient contribution to justify publication. First of all, the result is not novel. The authors find that stronger patent protection and weaker competition lead to higher growth. This result has been shown in previous studies that consider much simpler R&D-based growth models without Cournot competition. More importantly, the finding of a monotonic relationship between competition and growth does not seem to be consistent with empirical evidence; see for example Aghion et al. (QJE 2005). Finally, this study does not provide any insight on the quantitative implications of patent protection. A more ambitious study should include an application of the model to data for a quantitative analysis.