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Monday, November 10, 2003

Commentary: Yale Professors Ian **Ayres** and Barry **Nalebuff** debate American ideas  
vs. international ideas

DAVID BROWN, anchor: I sense we almost had a theme going there for a moment, what, with the reconstruction contracts, the trade tariffs, disclosure of trade secrets to international regulators. When historians look back on this period of the early 21st centuries, some are likely to point to a tug of war between internationalists and those who think American ideas are not only dominant but most worthy of emulation. In fact, this debate prepped into the conversation between two Yale professors who have been studying innovation: MARKETPLACE contributors Ian **Ayres** and Barry **Nalebuff**.

IAN **AYRES**:

Americans think everyone should do things our way. But the rest of the world often does things better than we do.

BARRY **NALEBUFF**:

Yeah, like what?

**AYRES**: Like cell phones. Everywhere else, people don't have to pay to get a cell phone call. So people actually give out their cell numbers. You can even call directory assistance and find out somebody else's number.

**NALEBUFF**: Sorry, Ian, not buying. Because people don't pay to receive calls, they don't care how much it costs others to call them. In Italy, you can spend \$2 a minute to call a cell phone.

**AYRES**: Yeah?

**NALEBUFF**: I'll stick with the US system.

**AYRES**: OK, how about toilets? The English toilets beat the pants off ours. The problem with American toilets is that after you flush, that little rubber flap doesn't sit just right. The toilet leaks, and leaky toilets waste tons of water.

**NALEBUFF**: Yeah? So what makes the English laws so great?

**AYRES**: They use a siphon, not a flap, and siphons never leak.

**NALEBUFF**: Sorry, Ian, even if the English have smarter toilets, they're hopeless on

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the basics. They have hot and cold water coming out of separate faucets. It's a nation of people with burnt right hands.

**AYRES:** Barry, they...

**NALEBUFF:** They haven't even discovered the mixing valve.

**AYRES:** They should take our good ideas, just as we take theirs. It's a two-way street. Australian toilets also have this neat half-flush option.

**NALEBUFF:** Ian, I've got to get you off the toilet. Look, let's view important things like financial products. The US has Treasury bonds indexed to inflation.

**AYRES:** So what? In Argentina you can get a mortgage-indexed inflation. Instead of paying a fixed amount each year, your payment goes up with inflation.

**NALEBUFF:** Ian, why would you want to pay more?

**AYRES:** Barry, don't be a dork. You don't pay more overall. You pay less in the first year, then more later on. If we had these mortgages, young families right now could borrow almost 50 percent more on the same income.

**NALEBUFF:** OK, what about health care? We may pay a lot, but if I'm sick, I wouldn't want to go anywhere else.

**AYRES:** Actually, you would, especially if you needed a transplant. The US has 80,000 people waiting for organ transplants, but there's no waiting list in Spain and Belgium.

**NALEBUFF:** What, they just take people's eyeballs?

**AYRES:** No, they have an opt-out system for organ donations. You can still choose not to be a donor, but silence means consent. Here you have to affirmatively opt in.

**NALEBUFF:** That's because we don't want to make mistakes.

**AYRES:** Don't be a nattering **Nalebuff** of negativism. Right now we're making lots of mistakes where people die waiting because a willing donor forgot to sign the card. You have to get over this not-invented-here syndrome.

**NALEBUFF:** So tell me, why doesn't France have right turn on red?

**AYRES:** That's just my point. It's France's loss for not copying our good ideas. We don't have to make the same mistake by ignoring theirs.

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**NALEBUFF:** In New Haven, this is Barry **Nalebuff**...

**AYRES:** And Ian **Ayres** for MARKETPLACE.

**BROWN:** Barry **Nalebuff** and Ian **Ayres** teach at Yale University, and they are co-authors of "Why Not? How To Use Everyday Ingenuity To Solve Problems Big and Small."

Yeah, your grandparents may have had to walk barefoot to school in the snow, uphill both ways, but today's young workers don't have it any easier.

AMELIA TYAGI:

We expect to work longer hours than any generation since the 1920s. And that's not just the men burning the midnight oil, we women now expect to work just as hard even after we have children.

Coming up, the state of the Pepsi generation. But first, let's see the numbers.

----- INDEX REFERENCES -----

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