

FOREWORD

The «Rivista Internazionale di Scienze Sociali» is publishing the proceedings of the 2nd International Conference on the Economics of Innovation, that took place on June 12 and 13 1992 at the Faculty of Economics and Business Studies of the Università Cattolica del Sacro Cuore of Piacenza.

The main themes in this year's Conference were the diffusion of innovation and particularly innovation in the pharmaceutical industry, one of the sectors with the highest R&D expenditure rates.

The first topic has been the object of many theoretical reflections and intense policy intervention. Indeed, the introduction and diffusion of the main technological innovations has greatly influenced the evolution of production processes, business organizations, consumption models, public policies and so on.

Some of the principal reasons of the deep difference in innovation between sectors are certainly the structural diversities especially in terms of technological and market opportunities.

Time is another factor to be taken into account: at first the diffusion of innovation is slow; it speeds up as the information concerning the innovation spreads around and slows down when the number of those have not yet adopted the new factor decreases.

The economic theory also tries to identify the determining factors of technological progress, apart from developments in science and in general technologies. I'm talking about economic variables such as the demand and relative prices, that influence the rate of innovation especially when there is no precise link between the progress of basic scientific knowledge and technological developments.

Since innovation is tightly linked to market's structural differences and firm size, there are different ways for its diffusion. Just consider industrial districts, where productive specialization certainly affects the speed of technological change diffusion.

The previous considerations are linked to those which try to identify the most adequate industrial policies in order to favour this process. Apart from an obvious remark on the need to provide scientific researchers and the productive system with adequate financial resources, an active industrial policy for the diffusion of innovation might ensure market's functioning by means of promoting transparency and the circulation of information.

In the pharmaceutical industry, for instance, it has been verified that success in research and in the generation of innovation is more determined by the

exchange of information than by secrecy. In fact, it is important to understand quickly the results of other firms' research and make useful applications out of them.

This approach is also necessary for another reason: the creation of an «innovative» molecule costs around 200-300 billion liras, which only very large firms can afford. Smaller Italian firms can therefore only import innovation and try to make alliances with the big foreign enterprises.

The Conference also devoted a special attention to the themes of public policies in favour of pharmaceutical R&D and price-fixing. The round table on these topics created a lively debate of which we report the main contributions.

I also like to underline that the 1992 edition of the Conference on the «Economics of Innovation» has proved to be increasingly international thanks to the remarkable number of foreign speakers and guests. This international orientation aims to be confirmed by the present English edition of the Conference proceedings.

ENZO PONTAROLLO
*Department of Economics
Catholic University of Milan*