
Index

- advertising, investment in 426–7, 437
Africa 80–81, 84, 202, 203–4
agglomerations 19, 59, 322, 323, 324, 381, 382, 396
Amin, Ash 19, 255, 321–41, 355, 366
Annerstedt, Jan 279–97
anti-trust policies
 European Union 7–11, 16, 19, 23
 and innovation 116, 126
 and monopoly regulation 7–11
 United States 7, 8, 19, 125, 141–2, 143, 438, 440
Argentina
 decentralization 22, 23, 328, 335
 deindustrialization 327
 economic crises 328, 330, 334, 385
 employment 327
 entrepreneurship 328, 329, 332
 industrial clusters 328, 330, 331
 industrial policy 326, 327–36
 innovation 329–31, 332
 institutional set-up 331–2
 manufacturing 327, 328, 332–3, 334
 micro policy initiatives 328–9, 334
 MNCs 327
 networking 329
 privatization 201, 328, 332
 regeneration 333
 SMEs 328, 329–30, 331, 334, 385, 386, 390, 391, 392, 397
 state intervention 332–3, 335
Arora, Ashish 28–44, 217, 221, 222, 224, 228, 272, 396
Australia 185, 190, 208, 256, 305
Austria 58, 124, 145, 189, 208, 389

balanced development theory 18
Bangladesh 30
Belgium 6, 58, 145, 208, 260, 268, 382, 389
Bellandi, Marco 342–61
Bellini, Nicola 362–79
Bertrand competition 420, 421–2, 423
Bianchi, Patrizio 3–27, 323, 325, 326, 345, 355, 380–402
biopharmaceuticals 222, 224, 228, 230
biotechnology 70, 258, 302, 307–8, 344
 genome research 18, 258, 344
 patents 219, 220, 230, 231
Björkroth, Tom 180–97

Brazil
 economic crises 385
 Embraer 82
 employment 33
 entrepreneurship 34
 exports 82
 GDP 33
 healthcare 300, 301
 human capital 34–6, 39
 human capital to USA 35–6, 39
 industrial policy 326, 334
 IT graduates 34, 35, 40
 privatization 207
 R&D 200
 SMEs 386, 390, 391, 395, 396
 software sector 23, 32–6, 41, 391
 state ownership 199, 200, 207
 subsidy battle with Canada 135
Bulgaria 57
business incubators 274
business support services 55–6, 64, 81
 additionality tests 372–3
 customer satisfaction 104, 364, 374
 evaluation of 371–5
 expectation management 369–71
 industrial and regional economic approach 365–6
 institutional thickness 366
 knowledge transfer 364, 373
 management and marketing 368–71, 373
 market failures 365, 366, 375
 policy 363–5
 policy science view 366–8
 and private sector 366–7, 374–5
 and risk 375–6
 segmentation 369
 and SMEs 362, 364, 365, 366, 373
 specificity of 364–5
 subsidies 364
 taxonomy of 363–4

Canada 56, 135, 208, 291–2, 301
capitalism 3–7, 9, 204–7, 211, 342–3
Cellini, Roberto 415–31
Cesaroni, Fabrizio 217–42
chemical industry 4, 9, 37, 54, 67, 70, 222, 224, 231
Chile 82, 201, 209, 334, 385–6, 390–91, 396–7
China

- competition 82, 382
- electronics industry 72
- employment 33
- entrepreneurship 34
- exports 82, 84
- GDP 33
- growth rates, high technology 87
- healthcare 301
- human capital 34–6, 39
- human capital to USA 35–6, 39
- ICT 70
- industrial policy 16, 66, 81, 82, 344
- IT graduates 34, 35, 40
- manufacturing 80, 82, 83, 84, 85–6, 87
- privatization 208, 209–10
- R&D 72, 271
- science parks 285
- SMEs 386, 387, 393–4, 395, 396
- software sector 23, 32–6, 41
- state-ownership 209–10
- tariffs 62
- technology spin-offs 271
- Colombia 386, 390, 391–2
- comparative advantages theory 28, 29–30, 39, 104
- competition 3, 4, 5, 8, 15, 20, 21, 28–9, 67, 79–80, 257, 310
 - advantage theory 322–3
 - cooperative agreements 122–5
 - developing countries 64, 79, 101, 312, 326, 444–7
 - European Union 8, 10–14, 23, 46, 48–55, 58, 60, 62–70, 72, 116, 119–20, 126–7, 136–7, 143–7, 173–4, 183–4, 187, 191, 208–10, 441, 443
 - and free trade 79–80
 - and game theory *see* game theory
 - and globalization 15, 79
 - imperfect 180, 436
 - and industrial policy 16, 119–20, 306, 435–40, 442
 - and innovation 101, 115–33, 439, 440
 - integrative framework 442–3
 - international 7, 22, 64
 - and licensing 224
 - and market abuse 106
 - market delineation 122, 125–6
 - mergers and acquisitions 122, 127–9, 153, 173–5
 - monopolization 122, 126–7, 128
 - neoclassical perspective 436–8, 439, 440, 442, 443
 - network effects 121–2, 126, 127
 - perfect 436, 438, 441
 - pharmaceuticals 309–11
 - and production 19, 100, 103, 120
 - public utility sectors 180–82, 189, 190, 191, 205
 - restricted 343–4
 - and science parks 288–90
 - and SMEs 381, 382, 396, 397–8
 - software industry 237
 - and state intervention 120
 - tax 135–8
 - versus cooperation 422–4
 - and wage levels 100
 - welfare effects 137, 435–7, 440
- copyright 234, 245, 246–7
 - see also* intellectual property rights
- Costa Rica 386
- Cournot equilibrium 406, 407, 420, 421–2, 423, 425
- Czech Republic 145, 208
- De Bandt, Jacques 98–111
- decentralization 19, 22, 23, 104, 321–41, 328, 335
- deindustrialization 52, 54, 66, 88, 98–9, 327, 443
- delocalization of production 98, 100–101
- Denmark 145, 187–8, 208, 286, 306, 309, 362, 382, 389
- developing countries 4, 79, 258
 - and competition 64, 79, 101, 312, 326, 355–6, 444–7
 - decentralization 321–41
 - donation programmes 312
 - entrepôt* strategies 88
 - entrepreneurship 355
 - exports 80, 85–6, 87
 - free markets 79, 85
 - health policy 312
 - human capital 79
 - import substitution policies 82, 89
 - and industrial clusters 355–6
 - industrial development 18, 20, 23, 79–97, 118, 199, 326–33, 444–7
 - manufacturing 80–81, 87
 - MNCs 86, 88–9, 355, 356
 - networking 396
 - privatization 201–2, 206
 - R&D 89
 - specializations 4, 30, 31
 - state ownership 199, 202, 206
 - technology alliances 87, 118
 - trade barriers 202, 444
 - TRIPS agreement 220
 - see also* individual countries
- Di Tommaso, Marco 298, 301, 342–61
- diversification 28, 31–2

- East Asia
 APEC 392
 economic crises 83, 387
 employment 33, 37, 387, 392, 441
 exports 81, 82, 84, 85, 92
 FDI 81, 86, 89, 90, 92, 93
 ICT 70
 industrial policy 9, 16, 20, 22, 23–4, 66,
 79–97, 107, 109, 326, 344, 441
 interventionism 81, 88, 89, 92
 manufacturing 80–87
 protectionism 81
 R&D 4, 38, 67, 71, 72, 81, 86, 88–91, 90,
 271, 422
 science parks 88, 285
 SMEs 85, 86, 90, 381, 385–7, 392–6, 441
 software industry 4, 23, 32–41, 256, 395
 specialization 30, 88
 state ownership 200, 208–10
 subsidies 81, 89, 90
 technology alliances 115, 117–18
see also individual countries
- EC Treaty
 article 4 60
 article 87 69, 143, 144
 article 89 51, 144
 article 123 146
 article 157 52–3, 55, 60, 64, 388
 article 295 49
 ECSC Treaty 50
see also European Union
- economic crises 83, 328, 330, 334, 385, 387
 and economic renaissance 16–20
- Ecuador 386
- education 39, 42, 68–9, 90
- Egypt 199, 200, 326
- El Salvador 390, 391
- electricity 187–9, 204, 205
- electronics industry 4, 72, 222, 229
- employment
 East Asia 33, 37, 386, 387, 392, 441
 European Union 13, 33, 55, 63, 68, 146
 Latin America 33, 327
 mobility 35–6
 and SMEs 380, 383–5
 United States 33, 37
- entrepreneurship 34, 291, 326, 355, 385, 392
 business support services *see* business
 support services
 European Union 34, 54, 66, 68, 265
 failures in 30–31
 United States 7, 8, 18, 34, 265, 267, 275
- entry barriers 54, 66, 120, 125, 126, 127, 235,
 437
- environmental technologies 70, 224
- European Council 54
- European Union
 accession countries and state aid 145, 146–7
 agglomeration effects 59
 agriculture 50, 67, 140, 144, 145, 146
 air transport 12, 59, 70
 Altmark case 144
 anti-trust policies 7–11, 16, 19, 23
 Bangemann Reports 13, 49, 54, 63–4
 banking sector 9, 10, 156
 Barcelona European Council 68
 BEST programme 13
 ‘better regulation’ principle 60
 biotechnology 70, 258
 Bolkestein directive 56
 brain drain 67–8, 69
 business incubators 274, 275
 business support services 55–6, 64, 362–3
 cars 70, 145
 chemical industry 9, 54, 67, 70
 Christopherson report 58, 63
 clothing quotas 51
 coal industry 69, 145
 Coal and Steel Community (ECSC) 50
 Commission Regulation 2659/2000 123
 Common Agricultural Policy 50, 146
 competition 8, 10–14, 23, 46, 48–55, 58, 60,
 62–70, 72, 116, 119–20, 126–7, 136–7,
 143–7, 173–4, 183–4, 187, 191, 208–10,
 441, 443
 Competitiveness Advisory Group 54, 64
 consumer protection 56
 convergence 143–7
 cooperative federalism 60, 66
 CopyLeft principles 258, 259
 crisis cartels 62
 cross-cutting issues 51–9
 defence 72, 140, 210
 deindustrialization 52, 54, 66, 443
 delocalization 136–7
 Directive 98/4/CE 258
 EC Treaty *see* EC Treaty
 ECJ 50, 60, 62, 144
 economic integration 4, 45, 46, 48, 52
 education 42, 68–9
 eEurope programme 70–71
 electricity sector 187–8, 189
 employment 13, 33, 55, 63, 68, 146
 energy security 52
 enterprise policies 46, 54
 entrepreneurship 34, 54, 66, 68, 265
 entry barriers 54, 66
 environmental technology 70
 ESPRIT programme 49, 70
 Essen European Council 58

- Euratom Treaty 13, 71
- EUREKA programme 71
- Euro-Mediterranean Partnership 210
- europeanization 55, 57
- Eurovignette system 59
- Financial Perspectives 68
- fiscal policy 52, 64, 65, 66
- Framework Programmes 13, 18, 46–8, 50, 56–7, 64, 67, 71, 184, 388, 443
- GEANT university network 59
- and globalization 14, 382
- growth 38–9, 53, 57, 63, 66, 71
- Growth, Competitiveness and Employment White paper 58, 63
- harmonization 48, 49, 56, 208
- healthcare 300, 301, 304
- High Level Groups 53
- human capital 34–6, 38, 68
- i2010 programme 70, 71
- ICT 10, 23, 55, 59, 70–71
- India, software outsourcing 36–9
- industrial policy 11–14, 19–24, 45–78, 107, 144, 209, 325, 326, 344, 347, 438, 440, 443–4
- industrial revolution 6, 8–9
- Information Society 63–4, 71
- infrastructure 50, 56–9
- innovation 13, 18, 19, 47, 49, 52, 53, 68, 265, 389
- Innovation Scoreboard 68
- internal market regime 48–9, 59–60
- interventionist policy 45, 48, 53, 67, 69, 70, 199
- investment schemes 57, 58
- Japanese MNCs in 37
- liberalization 48, 49, 53, 55–6, 59
- Lisbon strategy 13, 54, 55, 66, 67, 68, 71, 145
- lobbying activities 140
- Maastricht Treaty 13, 53, 56, 58, 63, 64
- manufacturing industry 54, 145
- MAP project 388
- market failures 61, 62, 67, 441
- mergers and acquisitions 11–12, 50, 52, 71, 153, 156–60, 173–5
- MNCs 33, 37, 39, 42, 55, 274
- Moliter report 64
- national champions 440
- network industries 48, 49, 53, 55–6, 58, 62, 66, 71, 396
- oil crisis 9, 11
- outsourcing 55
- patents 48, 72, 219, 222–3, 226, 232, 234–5, 243, 246, 256, 258–60, 311
- pharmaceuticals 304, 306, 309, 311
- privatization 10, 12, 49, 57, 62, 199, 201, 203, 206–9, 286, 441
- protectionism 64, 69, 70
- public capital and economic growth 57–8
- public utility liberalization 64, 144, 180, 183–92, 208
- quota system 51, 62, 69
- R&D 13, 51–3, 64–9, 71–2, 90, 123–4, 256, 309, 422
- rail transport 58–9, 70, 191
- REACH 54, 67, 70
- regional aid 50, 144, 145–7
- rent seeking 140–41
- Research Area 67
- restructuring fund 47, 49
- Risk Capital programme 68
- Round Table of Industrialists 57
- Sapir report 67
- science parks 274, 275, 280, 282, 285, 286, 290, 291
- service sector 55–6, 145
- shipbuilding 12, 50, 69, 70, 145, 209
- Single Market Programme 11, 12, 50, 71
- SLIM programme 13, 64
- SMEs 13, 23, 52, 56, 66, 68, 144, 175, 258–60, 380–85, 388–90, 394–6
- software services 23, 32–9, 33, 41, 55, 70–71, 234–5, 243, 246, 252, 256, 258–60
- start-up finance 68, 389
- state aid to industry 11, 12, 49–51, 53, 62, 136, 143–7, 389–90
- state ownership 11, 12, 47, 49, 198–201, 206–10
- steel sector 9, 12, 49, 50, 69, 145
- Structural and Cohesion Funds 145–7
- structural policies 12–13, 14, 23, 66
- subsidies 49, 69, 70, 71–2
- tariffs 11, 51, 62
- taxation 52, 136–7
- technology alliances 115, 117–18
- technology spin-offs 267, 270–71, 274
- technology-based industries 70–72, 115, 117–18, 265, 282
- telecommunications 10, 59, 70, 184, 186, 207
- TENs (TransEuropean Networks) 58, 59, 63
- textiles sector 9, 12, 70
- tourism 55
- trade policy 51, 55, 66, 69
- training 144, 146
- Treaty of Rome *see* Treaty of Rome
- university spin-offs 267, 268, 273, 274, 275, 276
- venture capital 68, 389
- water and sewerage 190–91
- and WTO members 51

- FDI 15
 East Asia 81, 86, 88, 89, 90, 92, 93
 European Union 9, 57, 209
 Latin America 82
- Finland
 bus transport 192
 electricity 187–8, 189
 privatization 208, 286
 public utility liberalization 180, 184, 185, 186, 187–8, 189, 192, 208
 railways 191
 science parks 285, 286
 SMEs 389
 state aid to industry 145
 technology spin-offs 267
 telecommunications 185, 186
- firms
 business support services *see* business support services
 colocation 323–4
 cooperative R&D 123–4, 128–9
 game theory *see* game theory and knowledge accumulation 17, 440
 lead behaviour 369
 management, traditional 103–4
 mergers and acquisitions *see* mergers and acquisitions
 productivity levels 29–30, 102, 322, 442
 size and transaction costs 438–9
 technology alliances 115–19
 technology-based 220–33
see also industrial policy; production
- Folk Theorem 407, 415
- France
 anti-trust 11
 biotechnology 258
 competition 11, 208, 209
 corporate governance 207
 electricity 189
 FDI 209
 genomics 258
 healthcare 301, 304
 industrial policy 60, 62, 107, 209, 344
 monopolies 10–11
 patents 222, 256, 258–9, 260
 pharmaceuticals 304, 305
 political meddling 209
 privatization 201, 207–9
 public utility liberalization 185, 189, 190, 208
 science parks 285
 SMEs 258–9
 software industry 252, 256, 258–9, 260
 state aid to industry 145
 state-ownership 207–9
 telecommunications 185, 207
 trade unions 207
 university spin-offs 267, 273
 water and sewerage 190
- GALILEO satellite 59
- Gambardella, Alfonso 28–44, 218, 222, 224, 230, 238, 396
- game theory
 advertising investment 426–7
 competition versus cooperation 422–4
 differential 409–11, 415–31
 equilibrium concepts 418–19
 essential instruments 406–7
 and industrial organization 407–9
 mergers, horizontal 165, 424–6
 optimization over time 419
 price versus quantity competition 420–22
 product differentiation 426–7
 RAND Health Insurance Experiment 304, 405, 409–11
 technological spillovers 422–4
- GATT 15, 51, 62, 136
- genome research 18, 258, 344
- Germany
 anti-trust 9
 business incubators 274
 business support services 362–3
 electricity 188, 189
 employment 33
 entrepreneurship 34
 GDP 33
 healthcare 301
 industrial policy 60, 326
 industrial revolution 6, 8–9
 mergers and acquisitions 154, 156
 oil crisis 9
 patents 222, 234, 260
 pharmaceuticals 305, 306, 309
 privatization 208
 public utility liberalization 185, 186, 188, 189, 208
 R&D 90, 309
 science parks 285
 SMEs 382, 389
 software sector 33, 260
 state aid to industry 145
 telecommunications 185, 186
 university spin-offs 267, 268
- Ghana 203–4
- Giarratana, Marco 265–78
- Giuri, Paola 217–42
- globalization 15, 38, 54, 79–80, 381, 382
 new economy 28–44
 new industrial policies 14–16, 21–2, 23

- and production activities 100, 103, 204, 290
- science parks 290, 292–3, 294
- and technology alliances 117, 288–9, 290, 292–3
- Goldstein, Andrea 198–214
- Greece 57, 146, 208, 389
- Grönblom, Sonja 180–97
- Guatemala 390
- health policy
 - conflicts and convergences 310–13
 - definition of 299–301
 - developing countries 312
 - economic benefits 301, 302, 304
 - Grossman model 299
 - health as an industry 301–3
 - health insurance 304
 - and industrial policy 298–317
 - pharmaceutical industry *see* pharmaceuticals
 - pharmaceuticals 304–6
 - quality of life 299, 302
 - R&D 302, 303
- Honduras 390, 391
- Hong Kong 85–8, 386
- human capital 17, 21, 22, 34–6, 68, 81
 - and health policy 299
 - immigrants as (US) 35–6, 38, 39–40
 - mobility 23, 38, 39
 - and SMEs 381, 396
- Hungary 145, 208
- IBM 223, 244–5, 250
- ICT 10, 15, 18, 23, 55, 59, 70–71, 162
- IMF 202
- import substitution policy 18, 82, 88, 89
- incentive schemes 106, 108, 137, 138
- India
 - competition 38, 82, 382
 - employment 33, 37
 - entrepreneurship 34
 - GDP 33
 - human capital 34–6, 38
 - human capital to USA 35–6, 38
 - import substitution 82
 - industrial policy 66, 81, 326
 - IT graduates 34, 35, 40
 - MVA (manufacturing value added) 82
 - NASSCOM 34
 - outsourcing to 36–40, 395, 396
 - R&D 38, 271
 - science parks 285
 - SMEs 86, 386, 393, 395, 396
 - software sector 4, 23, 32–40, 395
 - specialization 30, 39
 - state ownership 200, 210
 - technology spin-offs 270, 271
 - wage levels 40
- Indonesia 81, 386, 387, 392, 393, 394, 395
- industrial clusters 17, 19, 21, 32, 120, 321–8, 330–31, 347–8, 351–3, 355–6, 442
 - and science parks 279–97, 307
 - SMEs 380, 381–3, 388, 395, 396, 397, 444, 445–7
 - technology-based firms 279–97
- industrial policy 3, 4, 23, 80–82, 90
 - in 21st century 29–32
 - balanced development theory 18
 - business support services *see* business support services
 - clusters *see* industrial clusters
 - colocation socioeconomics 323–4
 - and competition policy 16, 119–20, 306, 435–40, 442
 - decentralization of 19, 22, 104, 321–41
 - and diversification 28, 31–2
 - East Asia 9, 16, 20–24, 66, 79–97, 107, 109, 326, 344, 441
 - entry barriers 120, 235, 437
 - European Union 11–14, 19–24, 45–78, 107, 144, 209, 344, 347, 438, 440, 443–4
 - game theory *see* game theory
 - and globalization 14–16, 21–2, 23
 - governance consensus, new 324–6
 - and health policy *see* health policy
 - horizontal 46, 47, 49–50, 53, 56, 58, 60, 62–9, 70, 107, 144, 204, 388
 - and informational service activities 98–111
 - integrative framework 442–3, 444
 - international practice 440–42
 - Latin America 326, 327–8, 334
 - local dimensions of *see* industrial policy, local
 - national champions 344, 440
 - need for 103–6
 - neoclassical perspective 436–8, 439, 440, 442, 443
 - in new economy 120–22, 322–3
 - new forms of 106–10, 321–6, 442
 - old 3–27, 60–62, 69, 98–9, 119
 - and oligopolies 436–7, 438
 - path dependency 17
 - perspectives 435–49
 - pharmaceuticals 306–10
 - policy networks 325
 - resource-based perspectives 439–40, 444
 - science parks *see* science parks
 - second-generation 363, 367–8
 - sectoral and specific 46, 47, 50–51, 53, 69–72, 107, 144

- specialization *see* specialization
 and state aid *see* state aid to industry
 and state ownership *see* state ownership
 state role 19–24, 98
 transaction costs 438–9
 transition to 3–27
 and welfare 435–7, 440
see also firms
- industrial policy, local
 competition, restricted 343–4
 cooperative nexus 349, 351, 352, 353, 354–5
 developing countries 355–6
 dimensions of 342–61
 efficiency bases 349–51, 352, 354
 externalities 343, 349, 350, 351
 failure risks 353–4
 and government failures 345–7
 guidelines 354–6
 infrastructure 351, 353
 investigation and action units 347–9
 joint action 347, 351–2
 localities of industry 349–51, 352, 354, 355
 and market failures 342–5, 349–51, 352
 markets, incomplete 344
 meta-economic objectives 345, 352, 353
 principal-agent asymmetry 347
 production systems, local 110, 348
 public base provision, failures and remedies
 351–4
 public goods 343, 349, 351, 352, 353
 rent seeking 346, 353
 specialization 350
 and state intervention 344, 345–7, 352
 systemic conditions 349–51, 354, 356
 training programmes 350, 352
- industrial revolution 4–7
- infant industry protection theory 18
- innovation 17, 21, 22, 23, 37, 90, 106–7, 257,
 289, 323–4, 329–32
 abusive practices 126–7
 agency problems 266
 business support services *see* business
 support services
 and competencies 31
 and competition 101, 115–33, 439, 440
 cooperative schemes 106, 348
 entry barriers 125, 126, 127
 European Union 13, 18, 19, 47, 49, 52, 53,
 68, 265, 389
 industries, organization of 119–29
 markets 125–6, 438
 mergers and acquisitions 127–9, 161–2
 networks 120, 123
 and new economy 120–22
 and production 106–7, 108–9
 quality 324
 and science parks *see* science parks
 and SMEs 106, 232
 and users 38
see also intellectual property rights; product
 differentiation; R&D
- intellectual property rights 5, 19, 20, 23, 121,
 124
 anti-commons 221, 228–30
 GPL (General Public Licence) 20–21
 institutional changes 218–20
 institutional and public policy consequences
 257–60
 life science industry 256–7
 and litigation costs 221, 230–33
 and market dynamics 217–42
 new approaches to 243–64
 protection 245–6, 258
 and R&D 236
 and software industry 233–8, 244–7, 253–7,
 272
 strong, and technology-based firms 220–33
 technology markets 221–5
 technology-based firms 221–5
 and technology-based firms 220–33, 272–3
 transaction costs 228
 TRIPS agreement 219–20
see also patents
- interventionism 45, 48, 53, 67, 69, 70, 81, 88,
 89, 92, 199
- Ireland
 deregulation 191
 employment 33
 entrepreneurship 34
 GDP 33
 human capital 34–6, 38
 human capital to USA 35–6, 38
 industrial policy 344
 IT graduates 34, 35, 40
 MNCs 33, 42, 274
 privatization 203, 208
 SMEs 389
 software sector 23, 32–6, 39, 41
 state aid to industry 146
 structural policies 12–13
 technology spin-offs 274
 university spin-offs 267
- Israel 23, 32–6, 33, 38, 39, 42, 270
- Italy
 air transport sector 12
 banking sector 9, 10
 biotechnology 258
 business incubators 275
 business support services 362
 chemical sector 9

- Clean Hands Drive 201
 - competition 10, 183
 - education 42
 - electricity 189
 - FDI 9
 - film industry 19
 - and globalization 382
 - healthcare 301
 - ICT 10
 - industrial clusters 331
 - industrial policy 19, 60, 325, 344, 347
 - industrialization 9–10
 - innovation 19
 - IRI 10, 12
 - Legge 297/199 275
 - monopoly regulation 10
 - patents 222, 258, 260, 311
 - pharmaceuticals 306, 311
 - privatization 10, 12, 199, 201, 203, 206–7, 208
 - public utility liberalization 183, 185, 186, 189
 - raw materials 10
 - science parks 275, 282
 - SMEs 382, 389, 396
 - social capital 282
 - software sector 260
 - state aid to industry 145
 - state ownership 198, 199, 200–201, 206–7, 208
 - steel sector 9, 12
 - structural policies 13
 - technology-based industries 282
 - telecommunications 185, 186
 - textile industry 9
 - university spin-offs 267, 268, 275
- Japan
- competition 441
 - employment 33
 - entrepreneurship 34
 - GDP 33
 - growth rates 38–9
 - healthcare 300, 301, 304
 - ICT 71
 - India, software outsourcing 38
 - industrial policy 9, 16, 107, 109, 344, 441
 - innovation 123
 - MITI 9, 441
 - MNCs 37, 39
 - national champions 9
 - patents 219, 223
 - pharmaceuticals 304, 305
 - R&D 67, 90, 422
 - science parks 285
 - SMEs 381, 441
 - software sector 33, 38
 - technology alliances 115, 117–18
 - university spin-offs 268
- Jullien, Nicolas 243–64
- knowledge
- of production 23, 102–5, 106, 107–8
 - transfer, business support services 364, 373
- knowledge-based economy 14, 17, 21, 22, 29–30, 70, 382
- see also* ICT; software
- Korea 4, 81, 86, 87
- chaebol* 89, 90, 387
 - competition 89, 130
 - economic crises 387
 - employment 386
 - industrial policy 344
 - interventionism 81, 89, 92
 - manufacturing 85–6, 87
 - privatization 89, 208
 - R&D 4, 81, 86, 89, 90
 - reverse engineering 89
 - SMEs 86, 386–7, 392–3, 395
 - software industry 34
 - state ownership 200, 208
 - university spin-offs 268
- Labory, Sandrine 3–27, 380–402
- Lall, Sanjaya 15, 79–97
- Lambertini, Luca 405–14, 415–31
- Latin America
- automotive industry 82
 - comparative advantage 82
 - competition 82, 390
 - economic crises 83, 328, 330, 334, 385
 - exports 82, 84
 - FDI 82
 - import substitution policy 18, 82
 - industrial policies 23, 80–81, 82, 326, 327–36
 - liberalization 81, 83
 - manufacturing 80–84, 327, 328, 332–3, 334
 - privatization 201, 204, 207, 208, 209, 328, 332
 - R&D 82, 200
 - SMEs 23, 328–31, 334, 385–7, 390–92, 395–7
 - software industry 23, 32–6, 41, 391
 - software sector 23, 32–6, 391
 - state ownership 198–9, 200, 201, 207, 208, 209
 - taxation 390
 - technological skills 82
 - training 390
 - wage levels 82
 - see also* individual countries

- liberalization 15, 79, 81, 83, 85
 - European Union 48, 49, 53, 55–6, 59
 - neoliberalism 16–17, 79, 86, 326
 - public utility sectors *see* public utility sectors
- Lorentzen, Jochen 115–33
- Luxembourg 208
- Maastricht Treaty 13, 53, 56, 58, 63, 64
- Malaysia 81, 201, 386, 387
- manufacturing
 - East Asia 80–87
 - European Union 54, 145
 - Latin America 80–84, 327, 328, 332–3, 334
 - SMEs 381
- market abuse, and competition 106
- market failures
 - business support services 365, 366, 375
 - European Union 61, 62, 67, 441
 - and industrial policy, local 342–5, 349–51, 352
 - and monopoly 436
 - pharmaceuticals 306–9
 - SMEs 381
- marketing 15, 368–71
- Martin, Stephen 120, 123, 124, 130, 134–52, 180, 183, 408, 422
- mergers and acquisitions 11–12, 50, 52, 71, 104, 115, 119
 - agency theory 164, 165
 - banking 155–6
 - cascades 167, 169
 - competition policy 122, 127–9, 153, 173–5
 - and concentration policy 153–79
 - control 170–75
 - efficiency gains 154–5, 174
 - game theory *see* game theory
 - horizontal 424–6
 - and hubris 164–5
 - and innovation 127–9, 161–2
 - market power 155, 156, 173, 174
 - merger experience 160–61
 - minimax regret 168–70
 - owners and managers 163–4
 - performance of 154–63
 - pharmaceutical industry 310
 - rational herding 166–7
 - real value 154–7
 - regret framework 167–8
 - reputation 165–6
 - shareholder value 154, 157–61, 163, 172
 - SMEs 162, 174, 175
 - strategic theory 163–70
 - supermegamergers 156
 - uneconomic 164, 165, 169–70, 171–2, 173–4
 - welfare losses 171–2, 173
- Mexico
 - economic crises 385
 - export market 82, 84
 - industrial policy 326
 - maquiladoras 391
 - MVA (manufacturing value added) 82, 83, 84
 - NAFTA 82, 84
 - privatization 201, 208
 - SMEs 385, 386, 390, 391
 - state ownership 200, 208
- Microsoft 19, 126–7, 245
- Middle East 80–81, 84, 210
- MNCs
 - developing countries 86, 88–9, 327, 355, 356
 - European Union 37, 39, 55
 - and science parks 274–5
 - United States 257
- Møllgaard, Peter 115–33
- Monmax Theorem 406
- monopoly 7–11, 139, 224, 436
 - abuse 17
 - and competition 122, 126–7, 128
 - and economies of scale 343–4, 352
 - and efficiency 343, 437–8
 - and entry barriers 437
 - hypothetical monopolist 125
 - public utility sectors 180–81, 182–3, 184, 188, 189, 190, 191, 198, 204
 - UK 8, 10
 - welfare losses 437–8
- Myanmar 209
- Nash equilibrium 406–7, 409, 418, 419, 423
- Nepal 392
- Netherlands
 - biotechnology 258
 - mergers and acquisitions 157, 171
 - patents 222, 256, 258
 - pharmaceuticals 306
 - privatization 208
 - SMEs 389
 - university spin-offs 268, 276
- network industries 16, 19, 20, 21, 106, 280
 - European Union 48, 49, 53, 55–6, 58, 62, 66, 71, 396
- networking schemes 104, 105, 115–16
 - and competition 121–2, 126, 127
 - innovation 120, 123
 - production 104, 105, 110
- new economy
 - evaluation of 4–7
 - and globalization 28–44
 - industrial organization in 120–22
- New Zealand 185, 201, 208, 305

- Nicaragua 390, 391
 Norway 187–8, 189, 208, 258, 267, 268, 306
- OECD 90, 98, 119, 185, 186, 203, 207, 210, 211, 285, 291
see also individual countries
- oil crisis 9, 11, 17
 open science model 217, 218, 233–8, 243
 open source model 20
 outsourcing 36–9, 41, 104, 270–71, 395, 396
- Paci, Daniele 298–317, 380–402
 Pakistan 30, 326
 Parrilli, Mario Davide 380–402
 patents 20, 121, 161, 217, 218, 219, 221, 222, 260
 blocking 221, 223
 and copyright 234, 245, 246–7
 cumulative inventions 233
 European Union 48, 72, 219, 222, 223, 226, 232, 234–5, 243, 246, 256, 258–9, 260, 311
 ‘hold-up’ problems 228–9
 infringements 229, 247
 licensing 222–4, 225–7, 228–30, 236, 243–4, 247–8
 litigation costs 230–33
 and natural resources 257–8
 paradox 236
 pharmaceutical industry 308, 309–10, 311
 protection 222, 223–4, 233, 238, 244, 276
 and R&D 308
 sleeping 221, 223
 software industry 219, 220, 233–8, 243, 244, 257, 276
 TRIPS agreement 219–20
 United States 72, 143, 219–20, 223, 225–6, 230–32, 234–5, 244–6, 257–8, 275–6, 309–10
 and universities 221, 224, 225–7
 unused 222–3
 see also intellectual property rights
- Pelkmans, Jacques 13, 45–78, 184
 Peru 204, 386, 390, 391, 395, 396
 pharmaceuticals 72, 162, 222, 301–2, 303–13, 344
 brand names 311
 competition promotion 309–11
 European Union 304, 305, 306, 309, 311
 health policy towards 304–6
 industrial policy issues 306–10
 market failures 306–9
 patents 308, 309–10, 311
 pricing strategy 311–13
 R&D 306–9, 311
- Philippines 81, 386, 387, 392
 Pitelis, Christos N. 435–49
 Poland 145, 208
 Portugal 12–13, 57, 146, 208, 387, 389
 privatization 16, 210
 and business support services 366–7, 374–5
 European Union 10, 12, 199, 201, 203, 207–9, 286, 441
 Latin America 201, 204, 207, 208, 209, 328, 332
 outcome of 203–4
 public utility sectors 204–5, 206
 unpopularity of 203
 see also state ownership
- product differentiation 15, 17, 21
 investment in 426–7, 437
 see also innovation
- production
 ‘bottom-up’ approach 109–10, 446
 competence poles 110
 competency development 108
 and competition 19, 100, 103, 120
 complexity 109
 control revolution 101
 delocalization 98, 100–101
 diversity of 101–2, 134
 and economic intelligence 104, 108
 and globalization 100, 103, 204, 290
 and incentive schemes 106, 108–9
 and innovation 106–7, 108–9
 of knowledge 23, 102–5, 106, 107–8
 local 110, 348
 networking schemes 104, 105, 110
 new conditions and modes 99–103
 organizational set-up 5, 19, 105–6, 109
 resource allocation 107–8, 109
 returns 102
 state intervention 109
 systems analysis 104–5
 training programmes 104, 107, 108
 and wage levels 100–101
 see also firms
- productivity levels 29–30, 102, 203, 322, 383, 442
 protectionist policies 22–3, 64, 69, 70, 81, 89, 91
 Prussia 6
 public utility sectors
 bus transport 191
 competition 180–82, 189, 190, 191, 205
 corporate governance 205–7
 efficiency, distribution and quality, endogenous 183–4, 189, 190
 labour costs 183–4
 liberalization 64, 144, 180–97, 204–6, 208

- monopolies 180–81, 182–3, 184, 188, 189, 190, 191, 198, 204
- railways 191–2
 - and state ownership 198
- sunk costs 180–81, 186, 190–91
- vertical relations and network externalities 181–3
- water and sewerage 190–91
 - see also* electricity; telecommunication water and sewerage
- R&D 15, 17, 18, 31, 89, 104, 106, 144, 222, 324
 - cooperative agreements 123–4, 128–9
 - East Asia 4, 38, 67, 71, 72, 81, 86, 88–91, 90, 271, 422
 - European Union 13, 51–3, 64–9, 71, 72, 90, 123, 124, 256, 309, 422
 - game theory *see* game theory
 - health policy 302, 303
 - and intellectual property rights 236
 - Latin America 82, 200
 - and patents 308
 - pharmaceuticals 306–9, 311
 - and science parks *see* science parks
 - with spillover 422–4
 - technology alliances 115–19, 254–6
 - technology-based firms *see* technology-based firms
 - United States 67, 72, 90, 123–6, 220, 256, 267, 269, 307, 422
 - see also* innovation
- regional development 19, 21, 22
- rent seeking 138–41, 346, 353
- Romania 57
- Russia 301
- Schenk, Hans 153–79
- Schweitzer, Stuart O. 298–317
- science parks
 - communicative interaction 282–3
 - and competition 288–90
 - East Asia 88, 285
 - economic impact 22, 283–4
 - efficiency of 281–2
 - European Union 274, 275, 280, 282, 285, 286, 290, 291
 - first (Stanford Research Park) 284, 286, 287
 - first-generation 286–7, 290
 - and globalization 290, 292–3, 294
 - and high-tech clustering 279–97, 307
 - institutional thickness 282–3
 - as intermediaries 290
 - and MNCs 274–5
 - and networks 290–91
 - policy decisions 291–2
 - purpose of 280
 - resource-rich urban fabric, part of 285–6
 - second-generation 287
 - sister parks 292
 - third-generation 287–8
 - United States 274, 275, 282, 284–5, 286–7, 289, 290, 291
 - see also* networks
- semiconductors 90, 228, 229, 236
- Sepulveda, Leandro 321–41
- Singapore 34, 81, 85–6, 87, 88–9, 92, 386
- SMEs 18, 326, 348, 349, 380–402
 - business support services *see* business support services
 - clusters 380, 381–3, 388, 395, 396, 397, 444, 445–7
 - collective learning 382
 - and competition 381, 382, 396, 397–8
 - development of 396–8
 - East Asia 85, 86, 90, 381, 385–7, 392–6, 441
 - and economic crises 387
 - and employment 380, 383–5
 - and entrepreneurship 385, 392
 - entry barriers 120, 235
 - European Union 13, 23, 52, 56, 66, 68, 144, 175, 258–60, 380–85, 388–90, 394–6
 - flexibility 387
 - and globalization 381, 382
 - and human capital 381, 396
 - and innovation 106, 232
 - international support for 383
 - and knowledge-based economy 382
 - Latin America 23, 328–31, 334, 385–7, 390–92, 395–7
 - manufacturing sector 381
 - market failure 381
 - mergers and acquisitions 162, 174, 175
 - micro firms 383–5, 391, 395, 396, 397
 - networking 396
 - and patent infringement 247
 - performance 383–7
 - policy analysis 388–94
 - productivity 383
 - specialization 382
 - and subcontracting 381, 391
 - technology-based 220–33, 236
 - transnational networks 382
- software industry 28–9, 42, 344
 - business development 252–3
 - collective production 254–6
 - competition 237
 - copyright 243, 245–7, 253–4
 - Creative Commons Licensing 256
 - East Asia 4, 23, 32–41, 256, 395

- European Union 23, 32–9, 33, 41, 55, 70–71, 234–5, 243, 246, 252, 256, 258–60
- free software 247–51, 254
- and intellectual property rights 233–8, 244–7, 253–7, 272
- Latin America 23, 32–6, 41, 391
- licensing 247–8, 253, 256, 258–9, 272
- new methods of production 249
- open science model 218, 233–8, 243
- Open Source Initiative 236–8
- open-source programs 251–5, 258, 259–60
- operating systems 250–57
- outsourcing 36–40, 395, 396
- patents 219, 220, 233–8, 243, 244, 257, 276
- software quality 251–2
- United States 23, 33, 35–6, 220, 234–5, 243, 244–5, 246, 256, 275–6, 289–91
- South Africa 80, 326
- South Asia *see* East Asia
- Spain
 - education 42
 - FDI 57
 - infrastructure 57
 - patents 222, 260
 - privatization 208, 286
 - public utility liberalization 183, 185, 208
 - science parks 286
 - SMEs 389
 - software sector 260
 - state aid to industry 145, 146
 - structural policies 12–13
 - telecommunications 185
 - university spin-offs 268
- specialization 28, 29, 30, 39, 88, 322, 323, 350, 382
 - and entrepreneurship 30–31
 - industrial policy, local 350
 - SEFs 222
 - spin-offs 31–2
- Sri Lanka 386
- Stackelberg equilibrium 419
- Stallman, Richard 236, 247–9
- state aid to industry 88, 134–52
 - European Union 11, 12, 49–51, 53, 62, 136, 143–7, 389–90
 - market failure 443
 - rent seeking 138–41
 - strategic trade policy 134–5
 - tax competition 135–8
 - United States 141–3
- state intervention 3, 4, 5, 7, 89, 109, 201, 332–3, 335
 - and competition 120
 - health policy *see* health policy
 - and industrial development 20–24, 98
 - and industrial policy, local 344, 345–7, 352
 - subsidies 16, 19
- state ownership 198–214
 - developing countries 199, 200, 202, 206
 - East Asia 200, 208–10
 - in economic development 198–201
 - European Union 11, 12, 47, 49, 198–201, 206–10
 - Latin America 198–9, 200, 201, 207, 208, 209
 - and national independence 198
 - privatization dynamics 201–2, 209
 - privatization outcome 203–4, 206
 - public utility sector *see* public utility sector
 - regulatory capitalism requirements 204–7, 211
- steel industry 9, 12, 49, 50, 69, 139, 145, 237
- structuralist theory 18
- subcontracting, and SMEs 381, 391
- subsidies
 - business support services 364
 - East Asia 81, 89, 90
 - European Union 49, 69, 70, 71–2
 - state intervention 16, 19
 - strategic trade 134–5
 - United States 142
- Sweden
 - bus transport 192
 - electricity 187–8, 189
 - patents 256, 260
 - pharmaceuticals 306
 - privatization 208
 - public utility liberalization 187–8, 189, 191, 192, 208
- R&D 90
- railways 191
- science parks 285
- SMEs 389
- software industry 256, 260
- university spin-offs 267, 276
- Switzerland
 - electricity 189
 - public utility liberalization 189
 - SMEs 383
 - university spin-offs 268
- Taiwan 4, 22, 34, 81, 86, 87, 89, 90–92, 256, 387
- tariffs 11, 51, 62, 89, 90, 91
- taxation 52, 135–8, 141–2, 143, 343, 390
- technology alliances 288–9, 290, 292–3, 422–4
 - R&D 115–19, 254–6
- technology spin-offs 267, 270, 271, 274
- technology-based firms

- business incubators 274, 280
- corporate spin-offs 266–7, 270, 272–4, 275, 275–6, 280
- entrepreneurship 266–7, 268–9, 270, 271, 274, 275
- European Union 70–72, 115, 117–18, 282
- high-tech clustering 279–97
- human resource strategies 271–2
- and intellectual property 220–33, 272–3
- involuntary spin-offs 270–71, 274
- licensing contracts 272
- new entrants 265, 266, 269–70, 271–2, 273, 281, 302
- performance 273–4
- and public policy 274–6, 302–3
- science parks *see* science parks
- SMEs 220–33, 236
- spin-offs 265–78, 280, 281, 291
- United States 265, 269, 273, 282
- university spin-offs 267–8, 269, 270, 271, 272–3, 274, 275, 280, 291
- telecommunications 8, 10, 16, 59, 70, 184–7, 202, 204, 207, 210, 281
- Thailand 81, 386, 387, 392, 393, 394, 395
- Torrisi, Salvatore 265–78
- trade unions 207
- training programmes 104, 107, 108, 350, 352, 390
- Treaty of Rome 50
 - Article 40 146
 - Articles 85 and 86 (now 81 and 82) 11, 438, 440
 - Articles 90 and 92 12
 - Euratom Treaty 13
 - see also* European Union
- Turkey 81, 200, 208
- UK
 - anti-trust 10
 - Broadcasting Act 10
 - bus transport 191
 - and Commonwealth 10
 - competition 10, 183, 187, 191
 - electricity 187, 188, 189
 - genomics 258
 - healthcare 300, 301
 - in Hong Kong 88
 - industrial revolution 4–9
 - information sector 10
 - mergers and acquisitions 154, 160, 171
 - monopoly regulation 8, 10
 - OFGEM 187
 - OFWAT 190
 - patents 222, 234, 256
 - pharmaceuticals 304, 305, 309
 - privatization 10, 201, 203, 207, 208, 441
 - public capital 58
 - public utility liberalization 180, 183, 185, 187, 188, 189, 190–91, 208
 - R&D 256, 309
 - railways 191
 - science parks 275, 280, 285
 - SMEs 389
 - software sector 259
 - state aid to industry 145
 - technology alliances 115
 - telecommunications sector 10, 185
 - university spin-offs 274
 - water and sewerage 190–91
- UN 22, 57
- United States
 - air transport sector 8
 - anti-trust policies 7, 8, 19, 125, 126, 141–2, 143, 438, 440
 - AT&T case 8
 - Bayh-Dole Act 115, 220, 225–6, 227, 307
 - biotechnology 258, 291, 307
 - business incubators 274
 - business support services 362, 363, 366
 - CAFC 219
 - car industry 273
 - chemical industry 37
 - Clayton Anti-Trust Act 8, 126
 - commerce, inter-state 142–3
 - comparative advantage 38
 - competition 8, 67, 119–20, 126–7, 174, 257, 310
 - Creative Commons Licensing 256
 - Cuno* case
 - defence 72
 - Diamond v. Diehr* 220, 234
 - education 39
 - electricity 188, 189
 - employment 33, 37
 - Enron 188, 209
 - entrepreneurship 7, 8, 18, 34, 265, 267, 275
 - GDP 33
 - genomics 258
 - Gottschalk v. Benson* 234
 - Hatch-Waxman Act 310
 - healthcare 300, 301, 304
 - human capital, immigrants as 35–6, 38, 39–40
 - ICT 18, 70, 71, 162
 - In re Appalat* case 234
 - incentive policies 138
 - India, software outsourcing 36–40, 395, 396
 - industrialization 7
 - infrastructure 56
 - innovation 125–6, 162, 257, 289

- IT graduates 35
- Lobbying Disclosure Act 140
- mergers and acquisitions 153–6, 158, 163, 171–5
- MNCs 257
- monopoly regulation 7, 8, 139
- National Cooperative Research Act 115, 123, 125, 442
- Netpreneur program 275
- ‘New Economy’ 18
- Orphan Drug Act 308
- outsourcing 36–40, 41, 395, 396
- Parker v. Brown* 141
- patents 72, 143, 219–20, 223, 225–6, 230–32, 234–5, 244–6, 257–8, 275–6, 309–10
- pharmaceuticals 72, 162, 304–7, 309–10, 311, 312
- privatization 208
- production returns 102
- Prorate Act, California 141
- public utility liberalization 180, 184–6, 188–91, 208
- quality certification 312
- R&D 67, 90, 123–6, 220, 256, 267, 269, 307, 422
- RAND Health Insurance Experiment 304, 405, 409–11
- rent seeking 139–40
- Robinson-Patman Act 119
- science parks 274, 275, 282, 284–5, 286–7, 289, 290, 291
- SEFs 37
- Sherman Anti-Trust Act 7, 8, 141–2, 143
- SMEs 162, 267, 382
- social capital 282
- software sector 23, 33, 35–6, 220, 234–5, 243–6, 256, 275–6, 289–91
- specialization 31–2
- Stanford Research Park 284, 286, 287
- state aid to industry 141–3
- State Street Bank Trust v. Signature Financial Group* 220, 234
- steel industry 139
- subsidies 142
- taxation 136, 138, 141–2, 143
- technology alliances 115, 117–18
- technology spin-offs 271, 273, 275–6
- technology start-ups 269
- technology-based industries 265, 269, 273, 282
- telecommunications sector 8, 184, 185, 186
- university spin-offs 267, 268, 273
- wage levels 40
- water and sewerage 190, 191
- Wikipedia 256
- university spin-offs 21, 267–76, 280, 291 and patents 221, 224, 225–7
- Uruguay 385, 386
- Valbonesi, Paola 134–52
- Venezuela 385, 386
- Vietnam 210, 392
- wage levels 40, 82, 88, 100–101
- Washington Consensus 16, 79, 81, 82, 84, 444
- water and sewerage 190–91
- welfare effects
 - and competition 137, 435–7, 440
 - industrial policy and 435–7, 440
 - mergers and acquisitions 171–2, 173
 - rent seeking 139
 - strategic trade policy 135
- Willner, Johan 180–97
- World Bank 187
- WTO 15, 51, 79, 82, 210
 - Subsidies and Countervailing Measures Agreement 135
- Zermelo’s Theorem 406
- Zimmermann, Jean-Benoît 243–64