PHARMACEUTICAL INNOVATION

The pharmaceutical industry worldwide is a rapidly burgeoning industry contributing to growth of gross domestic product and employment. Technological change in this field has been very rapid, with many new products being introduced. Partly for this reason, health care budgets throughout the world have increased dramatically, eliciting growing pressures for cost containment. This volume, written by well-known students of health economics, explores four important issues in pharmaceutical innovation: (1) the industry structure of pharmaceutical innovation, (2) incentives for correcting market failures in allocating resources for research and development, (3) competition and marketing, and (4) public evaluation of the benefits and costs of innovation. The lessons are applicable to countries all over the world, at all levels of economic development. In countries with larger markets, market mechanisms will generally provide adequate incentives. In countries with small markets, however, especially those with low incomes, some form of government intervention may be required. This collection discusses existing evidence and proposes incentive arrangements to accomplish social objectives.

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Pharmaceutical Innovation

Incentives, Competition, and Cost-Benefit Analysis in International Perspective

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Technological change in pharmaceuticals has been a major driving force in improving the health of populations in many countries throughout the world. Gains in health have been achieved at the cost of high spending on personal health care services. Financing health services is closely linked to incentives for research and development. Thus, countries face a dilemma of providing access to pharmaceuticals, preserving incentives for research and development, and controlling their health care budgets. At the same time, countries view growth of local pharmaceutical industries as highly desirable for their overall economic development. This book is motivated by these complex issues associated with pharmaceutical innovation and aims to communicate and disseminate the findings of research on this topic.

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