

## GUEST EDITORS' FOREWORD

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The Information Society is closely linked to both communication processes and to the market exchange of information goods. Therefore the production of copyrighted works represents today a significant part, both quantitatively and qualitatively, of the economies of post-industrial countries. And in this scenario copyright is increasingly playing a pivotal role in markets.

However, for a long time copyright has been neglected from mainstream economic analysis, perhaps simply because of the fact that originally it protected “literary and artistic works” – as claimed by the Berne Convention (1886) –, placed it outside the traditional issues investigated by economics scholars.

Nevertheless, luckily, innovators do exist even among economists, and over the years several researchers have written a number of seminal articles on this topic. These papers are today the fundamental reference for new scientific developments, demanded by the Information Society itself.

Technological change, the emergence of the peer-to-peer system, the new possibilities of reproducing information goods are today seriously challenging the earlier industrial organisation and consumption paradigm which had characterised thus far the information good markets. Consequently, today we need additional epistemological tools to figure out what is happening in economic contexts and from which to grasp policy suggestions.

The Third Annual Congress of the Society for Economic Research on Copyright Issues (SERCI), held in Turin, Italy, the 8th and the 9th of July, tried to offer a partial answer the above request.

The participants at the event were principally international scholars in the law and economics of copyright, including a few of the aforementioned innovators as well as representatives of the new generation of researchers. This feature offered participants the unique opportunity of an extended confrontation and discussion on different topics, while keeping a tight link with the previous theory

The congress was organised under the auspices of the Fondazione Luigi Einaudi. This institution is a research centre in Turin named after Luigi Einaudi, the first Italian President after the Second World War and an economist at the Università di Torino. He was educated in Piedmont's intellectual milieu that also produced Joseph-Louis Lagrange and Vilfredo Pareto. Now, although Einaudi never focused his activity on copyright, nonetheless he had a personal sensibility on the nature and role of copyright. Actually, he decided to devote a considerable part his copyright earnings, essentially coming from books, to support the education and training of young economics scholars. In fact, he recognised the specific – and limited – nature of property in the knowledge domain and the debt contracted with the previous scholars, and he was, in turn, willing to contribute to the promotion of new knowledge production. In other words, he felt the tension between the public

and the private dimension in knowledge and tried to balance this trade-off with his personal awareness.

The right balance between public and private appears to be still today the hot topic of copyright analysis and the current issue of the Review of Research on Copyright Issues essentially offers a peer-reviewed selection of articles presented in Turin and facing, though with different perspectives, this subject.

The congress was inaugurated with a provocative talk by Prof. Paul David who essentially suggested that the new technologies, which forged copyright developments could now imply that copyright itself is becoming superfluous.

This issue of RERCI, presenting a selection of papers from the 2004 SERCI congress, begins with a paper that captures the main argument of Prof. David's talk. Then we move on to a paper by Marcel Boyer which focuses on the urgent need to define, even from the methodological point of view, what copyright and intellectual property in general represent for economies. Referring above all to the North American experience, he observes that we have no clear representation of the economic impact of copyright regimes, a prerequisite for the economic analysis.

However, this lack of understanding is not just quantitative and therefore it is necessary to deepen our knowledge on the effect of copyright law on markets in light of the dynamic efficiency. This point seems to guide the subsequent articles.

Net Le discusses the thesis of whether the exclusive right given by copyright under certain conditions can be weakened in order to stimulate innovation and competition. The answer, at least in the software domain which represents the focal point of the article, seems to be positive as even in case of compulsory licensing there are sufficient incentives for right holders to innovate.

In the same vein, but with the focus on peer-to-peer, Joëlle Farchy sketches out a general framework of alternative or complementary incentive systems that is able to provide financial support for creativity even in the presence of copyright infringement. In fact, copyright infringement sometimes presents specific positive features on economic welfare tied to market specificity and that should thus be preserved.

In addition, according to Martin Peitz and Patrick Waelbroeck authors of the next paper, in contrast with what is usually asserted by media, file downloading since the 2003 does not yet play a significant role in lowering the demand for products. Even though their analysis concerns only the US music market, their results raise the general question of whether peer-to-peer and piracy are alone responsible for changes in behaviours by producers and, above all, consumers.

Anna Maffioletti and Giovanni Ramello try to give a preliminary answer to this question by means of experimental economics, collecting and discussing micro-data on consumers. The main conclusions here are that the consumers' willingness-to-pay has changed and so the effect of increasing copyright enforcement and penalties will have the related effects of lowering copyright infringement but also legal demand, and possibly to increase social costs.

Finally, Christian Barrère and Veronique Chossat conclude the discussion extending the paradigm of copyright to the traditional heritage such as 'grande cuisine' and 'haute couture'. Their argument deals with incremental creation and again calls for a cautious application of a strong property rights regime, highlighting once more that property, when 'intellectual', is strongly different from general property and its enforcement should focus on the law's goal rather than the law itself.

All in all, a common line of argument appears to be whether copyright law should pursue private benefit or public interest, when these do not coincide. Looking at the history of copyright and social welfare, we recognise that knowledge production and enlargement, not private appropriability, is the main goal of copyright law.

At this point, we must acknowledge our expression of gratitude to the institutions that supported, in several ways, both the congress and/or the special issue of the journal, in addition to the usual SERCI and RERCI sponsors, the Fundación Autor and the Sociedad General de Autores y Editores. Precisely, we would like to thank the Compagnia di San Paolo, the Fondazione Luigi Einaudi, the Consorzio Collegio Carlo Alberto, the Dipartimento di Economia “Cognetti De Martiis” and the MIUR project on “The Governance of Intellectual Property”.

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