

Table 1

Homogeneous product: $\beta = 1$			Maximum product differentiation: $\beta = 0$		
inter-sector perfect competition			inter-sector monopolistic competition		
$p$	$x$	$\pi$	$p$	$x$	$\pi$
marginal cost	$L Y \frac{1}{N_m}$	0	$\frac{N}{N_i - 1}$	$L Y \frac{(N_i - 1)}{N} \frac{1}{N_m}$	$L Y \frac{1}{N^2 N_m}$

Table 2

Free entry: $s \neq 0$			Perfect patent: $s = 1$		
intra-sector perfect competition			no intra-sector competition		
$p$	$x$	$\pi$	$p$	$x$	$\pi$
marginal cost	$\frac{1}{N_m}$	0	$\frac{1}{\beta}$	$\frac{\beta}{N_m}$	$\frac{(1-\beta)}{N_m}$

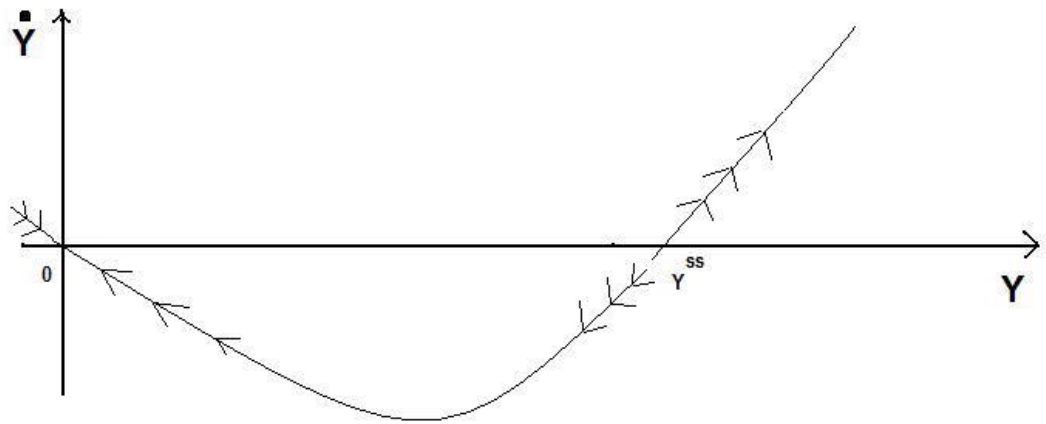


Figure 1: Bernoullian dynamic equation

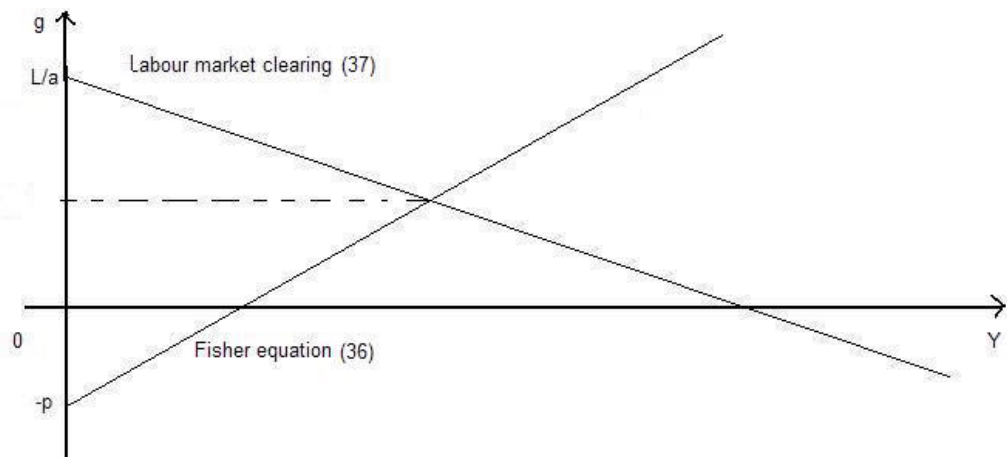


Figure 2: Steady state linear solution