

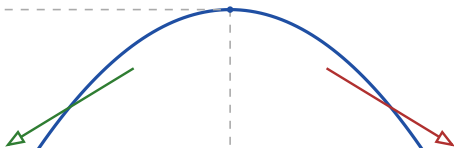
Innovation



Monopoly

Perfect  
competition

Competition intensity



Escape  
competition  
effect  
dominates

Replacement  
(Schumpeterian)  
effect  
dominates

Aghion et al. (2003)