The Monopolistic Competition Revolution in Retrospect

In 1977 a seminal paper was published by Avinash Dixit and Joseph Stiglitz that revolutionised the modelling of imperfectly competitive markets. It launched what might be called the second monopolistic competition revolution which has been far more successful than the first one, initiated by Edward Hastings Chamberlin and Joan Robinson in the 1930s. In this collection of original essays experts in the fields of macroeconomics, international trade theory, economic geography and international growth theory address the question of why the second revolution was so successful. They also highlight what is missing, and look forward to the next step in the modelling of imperfectly competitive markets. The text includes a comprehensive survey of both monopolistic competition revolutions, and previously unpublished working papers by Dixit and Stiglitz that led to their famous 1977 paper. Other contributors include Wilfred Ethier, Joe Francois, Richard Baldwin, Vernon Henderson, Russell Looker and Peter Neary.

Steven Brakman is Professor of International Economics at the University of Groningen, the Netherlands. He is co-author of The Economics of International Transfers (with C. van Marrewijk, 1998) and An Introduction to Geographical Economics (with C. van Marrewijk and H. Garretsen, 2001).

Ben Heijdra is Professor of Macroeconomics at the University of Groningen, the Netherlands. He is co-author (with Frederick van der Ploeg) of Foundations of Modern Macroeconomics (2002).
The Monopolistic Competition Revolution in Retrospect

Steven Brakman and Ben J. Heijdra, Editors
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RICHARD E. BALDWIN, Department of Economics, Graduate Institute of International Studies, Geneva
LEON BETTENDORF, OCFEB, Erasmus University, Rotterdam
JAN BOONE, Department of Economics, Tilburg University, Tilburg
STEVEN BRAKMAN, Department of Economics, University of Groningen, Groningen
RUSSELL W. COOPER, Department of Economics, Boston University, Boston, MA
AVINASH K. DIXIT, Department of Economics, Princeton University, Princeton, MA
WILFRED J. ETHIER, Department of Economics, University of Pennsylvania, Philadelphia, PA
RIKARD FORSLID, Department of Economics, University of Stockholm, Stockholm
JOSEPH FRANCOIS, Tinbergen Institute, Erasmus University, Rotterdam
HARRY GARRETS, Utrecht School of Economics, University of Utrecht, Utrecht
HENRI L. F. DE GROOT, Department of Spatial Economics, Vrije Universiteit, Amsterdam
BEN J. HEIJDRA, Department of Economics, University of Groningen, Groningen
J. VERNON HENDERSON, Department of Economics, Brown University, Providence, RI
Contributors

MARJAN W. HOFKES, Institute for Environmental Studies, Vrije Universiteit, Amsterdam

CHRISTIAN KEUSCHNIGG, Institut für Finanzwirtschaft und Finanzrecht, St Gallen, Switzerland

THEO VAN DE KLUNDERT, Department of Economics, Tilburg University, Tilburg

CHARLES VAN MARREWIJK, Department of Economics, Erasmus University, Rotterdam

PHILIPPE MARTIN, Research Department, Federal Reserve Bank of New York, New York, NY

PETER MULDER, Institute for Environmental Studies, Vrije Universiteit, Amsterdam

J. PETER NEARY, Department of Economics, University College Dublin, Dublin

DOUGLAS NELSON, Department of Economics, Tulane University, New Orleans, LA

GIANMARCO OTTAVIANO, Department of Economics, University of Bologna, Bologna

JOLANDA J. W. PEETERS, DNB (Netherlands Central Bank), Amsterdam

FREDERIC ROBERT-NICOUD, Centre for Economic Performance, London School of Economics, London

MARC SCHRAMM, Center for German Studies, University of Nijmegen, Nijmegen

SJAK SMULDERS, Department of Economics, Tilburg University, Tilburg

JOSEPH E. STIGLITZ, Department of Economics, Columbia University, New York, NY
This collection of papers is the result of the conference ‘The Monopolistic Competition Revolution After 25 Years’ which was held at the University of Groningen on 30–31 October 2000. The main reason for organising a conference on this topic was that we realised that the second monopolistic competition revolution, initiated by Avinash Dixit and Joe Stiglitz in the 1970s, has been far more successful than the first monopolistic competition revolution that started in the 1930s. In sharp contrast to the first revolution, the second fundamentally influenced fields such as macroeconomics, international trade theory, growth theory and economic geography. It therefore seemed a good idea to ask the founding fathers of the second revolution why they thought that their reformulation has been so successful. Furthermore, we invited well-known international researchers in each of the above-mentioned fields to shed their light on the question. In addition we invited researchers that are currently active in these fields to provide an application of the Dixit–Stiglitz model and to show how it was useful in their current research. Hopefully this set-up has resulted in an interesting collection of papers. We have also included the previously unpublished working papers of Dixit and Stiglitz. These papers give a more comprehensive version of the basic model and also include extensions of the model that later had to be, independently, rediscovered by others.

This workshop is the fourth in a series of international conferences organised by the Economics Department of the University of Groningen. 1 The conference was made possible by the financial support of the research school of the economics department of the University of Groningen (SOM), the Dutch Central Bank (DNB), the Ministry of Economic

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