Southern Economic Journal 2006, 73(2), 530–545

[redacted] Act: An Economic Analysis

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Under the Continued Dumping and Subsidy Offset Act (CDSOA) of 2000, the U.S. [redacted] model to examine the economic effects [redacted] of the CDSOA. For the case in which the "offset payment [redacted] than in the Cournot equilibrium. This [redacted] runs contrary to what [redacted] the EU [redacted] and some exporting countries [redacted] market is [redacted] competitive than in Cournot, the CDSOA [redacted]

[redacted]

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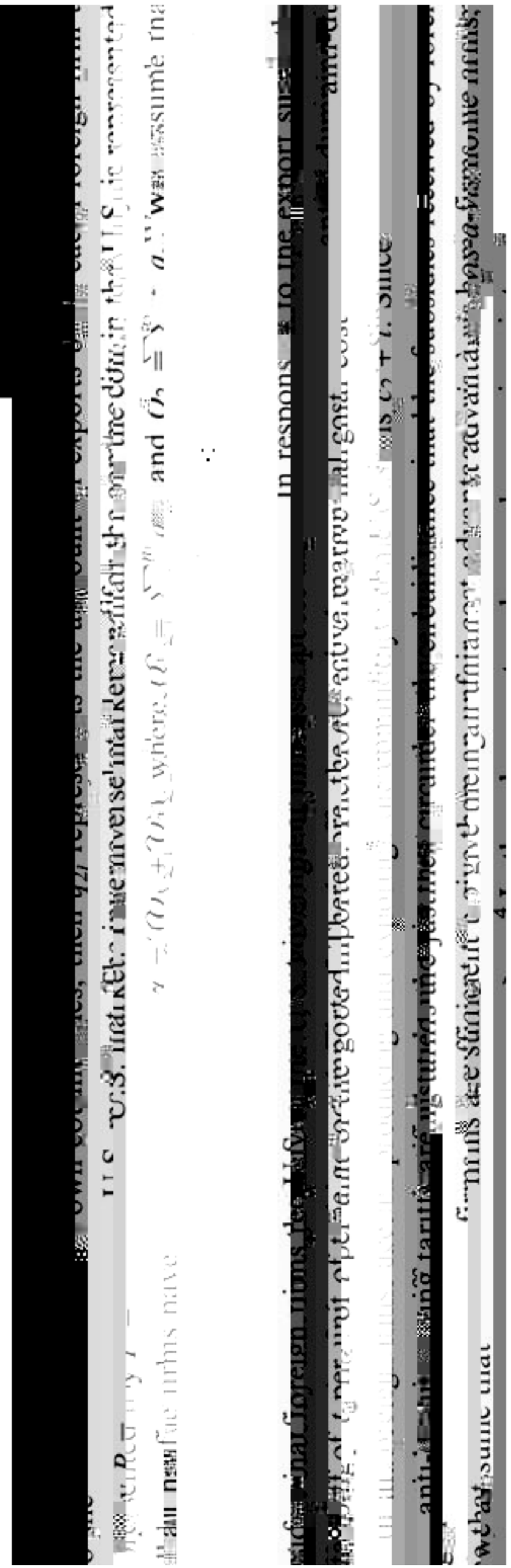
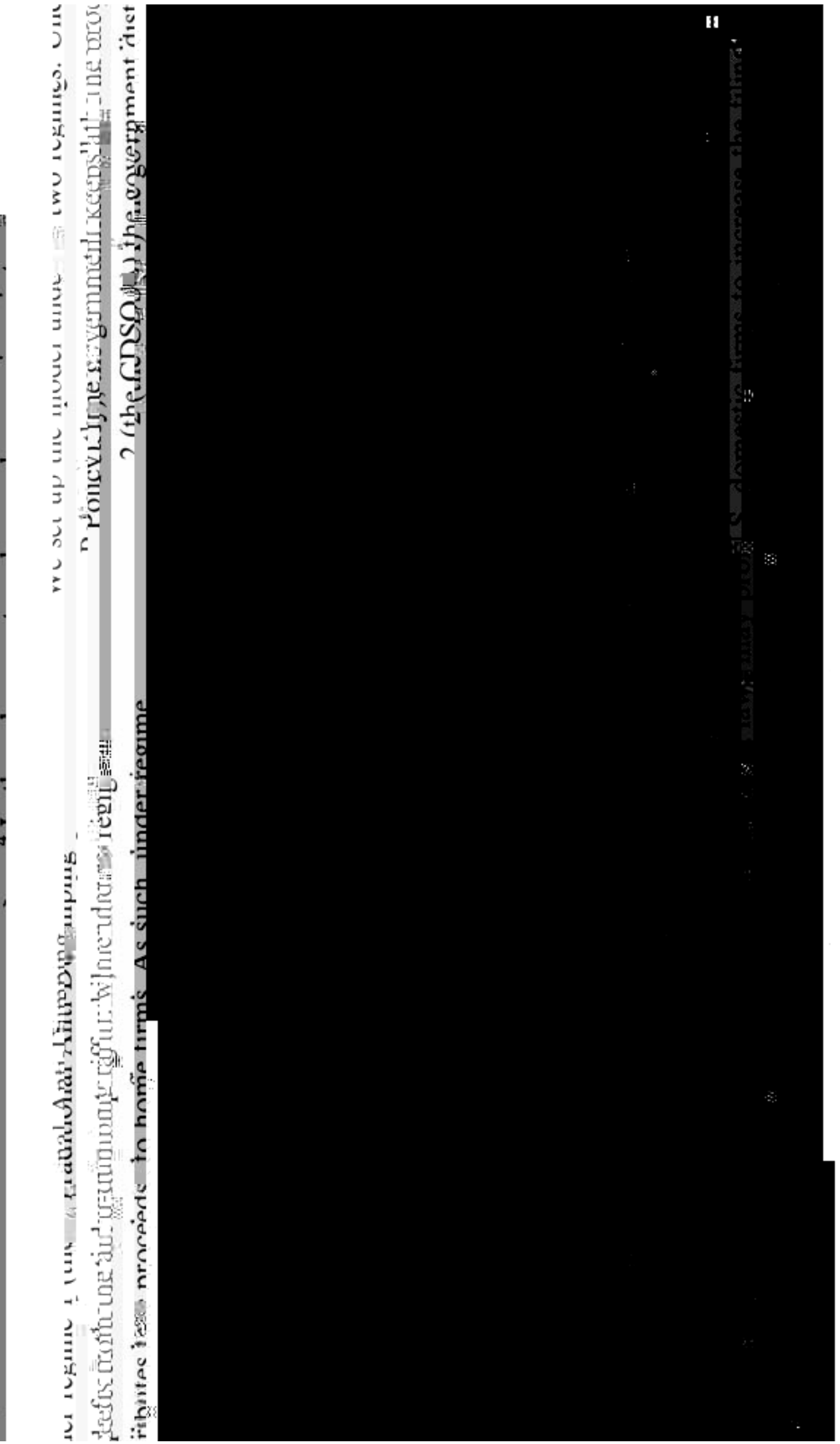
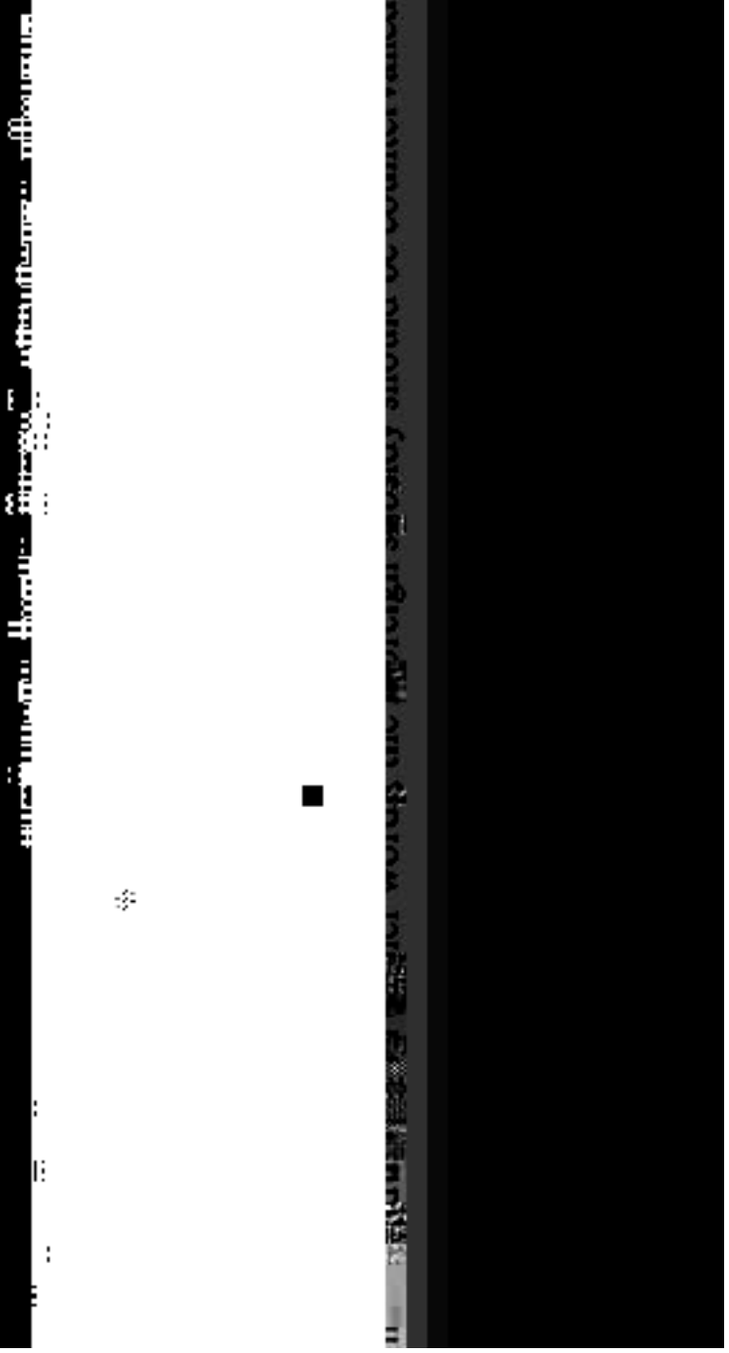
We thank Dennis Weisman for invaluable comments on an earlier edition of this paper. We are grateful to the co-editor, Dek Terrell, and three anonymous referees for very helpful comments and suggestions. Any remaining errors are [redacted]

[redacted] tional markets and anti-dumping policy as an instrument for restricting imports [redacted]

[redacted] (1982), Blonigen and Prusa (2001), and Irwin (2004). Stiglitz (1997) contains a review of the U.S. import laws, including the anti-dumping and countervailing measures.







$$\hat{Q}_1 = \frac{M_2(x - c_1) + c_2 - c_1 + \quad}{M \cdot + M_2 + M_1 M_2} \qquad (8)$$

$$\frac{t}{}$$

[illegible]

...ion 9 reveals that an increase in foreign [illegible] may then decrease [illegible]

[illegible]

[illegible] foreign firm [illegible] can be expressed as

[illegible]

[illegible] firms' first-order conditions [illegible], reflects these firms' ability to [illegible] payments they receive via their choice of output.

Based on Equations 12 and 13, the Nash production levels are

[illegible] (14)

and

$$\tilde{Q}_2 = \frac{M_1(\alpha - c_2 - t) + c_1 - c_2 - t - t\frac{n_2}{n_1}}{M_1 + M_2 + M_1 M_2}. \qquad (15)$$

Industry output and price are

$$\tilde{Q}_T = \tilde{Q}_1 + \tilde{Q}_2 = [illegible] \qquad (16)$$

maximize th[redacted] profit in the new regime, they must reduce th[redacted]

[redacted]

[redacted] reduces

[redacted] increases the incentive to produce in regime 2. In order to maximize profits,

[redacted] output in order to satisfy

[redacted] foreign firms to

[redacted] Again, we

[redacted] see that

[redacted] the shift in policy regime and increase in [redacted] foreign subsidy indirectly

[redacted]

However, this argument has above raised the following question: What is the economic

[redacted] intuition behind the relationship between [redacted] and the marginal benefit of an increase

[redacted]

[redacted] sure that if they increase

[redacted] a [redacted] material benefit from increasing their [redacted]

[redacted] the connection

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[illegible] given that $c_1 = c_2 + t$, [illegible] both equations are symmetric, and so we only need to consider one equation [illegible]

perfectly competitive equilibrium [illegible] $\hat{q}_1 = \hat{q}_2 = \hat{q}$. Further, since [illegible]

[illegible] equation becomes

$$\hat{P} - c_1 = 0$$

[illegible]

[illegible] first-order condition, when $v = 1$, is identical to that under [illegible]

[illegible]

Home firm's marginal variable profit is given as

$$\hat{\pi}_1 = (\alpha - c_1)\hat{Q}_1 - \frac{\alpha M_1 M_2 + M_1(c_1 + t) + M_2(c_2 + t) + (M_1 + M_2)\hat{t}}{M_1 + M_2 + M_1 M_2}\hat{Q}_1 - \hat{t}\hat{Q}_2$$

$$= M_1\left[\frac{M_2(\alpha - c_1) + \hat{t} - c_1 + c_2}{M_1 + M_2 + M_1 M_2}\right]^2.$$

Total welfare is $\hat{W} = \hat{S} + (\hat{\pi}_1 - c_1)\hat{Q}_1 + \hat{t}\hat{Q}_2$.

$$\hat{W} = \frac{1}{2}\left[\frac{M_1(\alpha - c_2 - t) + M_2(\alpha - c_1)}{M_1 + M_2 + M_1 M_2}\right]^2 + \frac{M_2(\alpha - c_1) + t - c_1 + c_2}{M_1 + M_2 + M_1 M_2}$$

$$+ \frac{t[M_1(\alpha - c_2 - t) + c_1 - c_2 - t]}{M_1 + M_2 + M_1 M_2}.$$

Optimal tariff is obtained by computing $d\hat{W}/dt$, setting it equal to 0, and solving to get

$$t^* = \frac{(\alpha - c_2)(M_1^2 M_2 + 2M_1 M_2) + (c_1 - c_2)(M_1 M_2 + 2)}{2M_1^2 + 4M_1 M_2 + \hat{M}_1^2 + 2\hat{M}_1^2 M_2}$$

A.7.2. Regime 2:

Equilibrium outputs are

Total output is