

CONTENTS

Chapter I	Introduction	7
Chapter II	The Interaction between Northern Strategic Trade Policy and Southern Intellectual Property Rights Protection	15
	1. INTRODUCTION	15
	2. THE MODEL	20
	2.1. Assumptions	20
	2.2. The role of tariff	23
	3. THE GAME -- THE LAST TWO STAGES	24
	3.1. The Case of duopoly	24
	3.2. The Impact of tariffs on R&D, profit and consumer surplus in duopoly	26
	3.3. The constrained monopoly and strategic predation	28
	3.4. Impact of tariff on the appropriated research output by the south	32
	4. THE SECOND STAGE -- THE OPTIMAL TARIFF IN DUOPOLY	33
	4.1. The welfare improving R&D expenditures and tariff	33
	4.2. The optimal tariff	34
	4.3. The three roles of the optimal tariff	41
	5. FIRST STAGE -- OPTIMAL IPR PROTECTION	42
	5.1. The Cournot-Nash equilibrium	42
	5.2. The Stackelberg-Nash game between the governments	45
	6. WORLD WELFARE AND THE OPTIMAL TARIFF	47
	7. CONCLUDING REMARKS	50
	Appendices	53
Chapter III	Strategic Trade Policy and the (In)Ability of the Government to Precommit to Its Policy: Social Welfare Implications	56
	1. INTRODUCTION	56
	2. THE MODEL	58
	2.1. Assumptions	58
	2.2. The Game	61
	3. TARIFFS, R&D AND WELFARE IN TWO REGIMES	65
	3.1. Optimal tariffs in two regimes	65
	3.2. Marginal cost reduction in two regimes	68
	3.3. Welfare in two regimes	71
	4. THE "FIRST-BEST" POLICY	75
	5. CONCLUSION	80
	Appendices	82

Chapter IV	Strategic Tariff Protection, Market Conduct, and Government Commitment Levels in the South	
	A Symmetric versus Asymmetric Information Analysis	94
	1. INTRODUCTION	94
	2. THE MODEL	100
	3. THE “FIRST-BEST” EQUILIBRIUM	104
	4. THE “NON-COMMITTED” DOMESTIC GOVERNMENT	109
	4.1. Tariff policy	109
	4.2. Optimal R&D effort	111
	5. FREE TRADE	114
	6. THE “COMMITTED” DOMESTIC GOVERNMENT	116
	7. ASSESSMENT OF THE CONSIDERED POLICIES	119
	7.1. Free trade versus the non-commitment policy regime	122
	7.2. Non-commitment versus commitment regime	124
	8. MARKET EQUILIBRIUM WITH ASYMMETRIC INFORMATION	127
	8.1. Case 1: No updating of government’s prior beliefs	128
	8.2. Case 2: Signalling	130
	9. CONCLUDING REMARKS	134
	Appendices	136
Chapter V	Strategic Trade Policy and Vertical Product Differentiation in North–South Trade	141
	1. INTRODUCTION	141
	2. THE MODEL	147
	3. THE THIRD STAGE: PRICE EQUILIBRIUM	148
	3.1. Market structures	149
	3.2. Price equilibria	150
	4. THE SECOND STAGE: TARIFF CHOICE	151
	4.1. High-quality domestic firm	152
	4.2. Low-quality domestic firm	153
	5. THE FIRST STAGE: QUALITY CHOICE	154
	5.1. Quality reversals	155
	5.2. Natural duopoly	156
	5.3. Quality reversals in natural duopoly	159
	5.4. Trade policy vis-à-vis free trade	162
	6. CONCLUSION	164
	Appendix	166
References		187