Accepted Manuscript

Large and small firms in a global market: David vs. Goliath

Mathieu Parenti

PII: S0022-1996(17)30116-2
DOI: doi:10.1016/j.jinteco.2017.09.001
Reference: INEC 3081

To appear in: Journal of International Economics

Received date: 9 July 2016
Revised date: 11 September 2017
Accepted date: 11 September 2017

Please cite this article as: Parenti, Mathieu, Large and small firms in a global market: David vs. Goliath, Journal of International Economics (2017), doi:10.1016/j.jinteco.2017.09.001

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.
Large and small firms in a global market: David vs. Goliath

Mathieu Parenti

This version: September 2017

Abstract

This paper studies the impact of trade liberalization when large and small firms coexist in the same market. I develop a model of imperfect competition where a few oligopolistic firms coexist with a monopolistically competitive fringe. The former have a direct impact on the industry average price level, which depends on the breadth of their product scope. Oligopolists produce higher output per worker, charge higher markups, but also sell at higher prices than monopolistic single-product firms. Under linear demand, trade liberalization triggers the exit of small firms and the entry of foreign large firms, leading to more product variety but also to a higher average price. For a broad class of demand functions, the entry of an oligopolist induced by trade liberalization has a negative impact on consumer surplus. Producer surplus rises, but the total effect on welfare is ambiguous.

JEL Classifications: D1, L10, F11

Keywords: Monopolistic Competition, Oligopolistic Market Structure, Multi-product firms, International Trade.

*I am very grateful to Lionel Fontagné, Peter Neary and Jacques Thisse for many challenging interactions on this topic. I would also like to thank Aya Ahmed, Claude d’Aspremont, Kristian Behrens, Paola Conconi, Arnaud Costinot, Mathieu Couttenier, Meredith Crowley, Matthieu Crozet, Ron Davies, Don Davis, Swati Dhingra, Francesco Di Comite, Jonathan Dingle, Martin Hellwig, Gianmarco Ottaviano, Jean Imbs, Sergey Kokovin, Sebastien Krautheim, Helene Latzer, Florian Mayneris, Julien Martin, Thierry Mayer, Joan Monras, John Morrow, Volker Nocke, Vincent Rebeyrol, Nicolas Roux, Nicolas Schmitt, Nicholas Schutz, Farid Toubal, Federico Trionfetti, Thierry Verdier, Helene Windish, Stephen Yeaple as well as two anonymous referees for their helpful comments and suggestions.

†ECARES (Université Libre de Bruxelles) - C.E.P.R.. E-mail: mathieu.parenti@ulb.ac.be.
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات