Optimum Welfare and Maximum Revenue Tariffs under Oligopoly



Abstract

A well-known proposition in conventional trade theory, H. G. Johnson (1951-52), is that the maximum revenue tariff exceeds the optimum welfare tariff. The purpose of this paper is to show that under oligopoly the optimum welfare tariff may exceed the maximum revenue tariff due to the profit-shifting effect. Copyright 1991 by Scottish Economic Society.

Suggested Citation

🖉 Collie, David, 1991. "Optimum Welfare and Maximum Revenue Tariffs under Oligopoly."
Scottish Journal of Political Economy, Scottish Economic Society, vol. 38(4), pages 398-401,
November.

Handle: *RePEc:bla:scotjp:v:38:y:1991:i:4:p:398-401*

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