

North-South trade, Antidumping and Information Asymmetry

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Abstract:

A northern firm produces an ethically sound good, while a southern firm produces a good with an ethically ambiguous status. The true status is known to the southern firm but not to consumers. The firms compete to satisfy the demand of the north. The northern firm introduces an antidumping complaint against the southern firm and launches an information (smear) campaign against it to influence local consumers' beliefs about the ethical character of the southern good. We show that the antidumping process and the smear campaign are complementary strategic tools for the northern firm.

JEL Classifications: F1, F12, F13, F16.

Key words: Antidumping, North-South Trade, Ethic, Information Asymmetry.