

# [Economic geography assignment](https://assignbuster.com/economic-geography-assignment-essay-samples/)

Attracts foreign firms who want to establish factories in home country Limitations and drawbacks: 1. High domestic price of product 2. Discourages Trade 3. Decrease of welfare because of distortion effect 4. High transport cost of essential imported goods Article 2 Ferreira, F. A. , & Ferreira, F. (2009). Maximum-revenue tariff under Bertrand duopoly with unknown costs. Communications in Nonlinear Science and Numerical Simulation, 14(9-10), 3498-3502. Tariff helps local firms to increase their sales and profit and reduces the dependence n foreign firms.

But it also increase the production cost of home manufacturers so the price of goods go up 1. Increase of sales and profit of home firms 2. Decrease in sales and profit of foreign firms 3. It reduces dependence on foreign markets Limitations and drawbacks: 1 . It increases the production cost of home manufacturers. 2. It decreases the production cost of foreign manufacturers. 3. It makes industries less competitive Article 3 Danielson, E. , & Dugan, C. (2010). Tariffs versus anti-dumping duties. Economic Geography By askance

Tariff saves local firms from the dominance of foreign firms so that they can increase the productivity and it is helpful for the economy . 1. It generates revenue 2. It protects local firms 3. Increases in net export and exporter’s profit 4. It increases domestic welfare 5. At reduces the dominance of the foreign firms over local firms 1 . It can indirectly cause the price of local goods to increase 2. Less Job opportunity 3. It makes industries less competitive 4. Bad for importers 5. Reduces Consumer Choice Article 4 Chin, H. -Y. , Change, Y. M. ; Chou, J. -R. (2011). A welfare analysis of tariffs and equivalent quotas under demand uncertainty: Implications for transformation. International Review of Economics ; Finance, 20(4), 549-561. Tariff helps a country’s economy by increasing revenue. It also lowers the market price of the local products . 1. It lowers the market price 2. It increases the revenue 3. Defends industries within a country 1 . It lowers the domestic output 2. It lowers the domestic profit 3. Less development in industry sector Article 5 Sanguineous, P. & Evolve Martinets, C. 2009). Tariffs and manufacturing location in Argentina. Regional Science and Urban Economics, 39(2), 155-167. When tariffs are high it protects local market and when tariffs are low the land price goes higher and the commuting cost also goes up so it affects the market price. 1 . Local products get more focus 2. Low land price 1. It results Low productivity 2. It affects manufacturing location problem which leads the market price go higher 3. Article 6 Incite, A. (2009). The price effect of tariff liberalizing: Measuring the impact on should welfare.

Journal of Development Economics, 89(1), 19-27. Tariff makes local product cheaper but the price of the imported goods including the raw materials go higher so it affect directly to the households and manufacturers. 1 . Prohibitive tariff is there to discourage people from importing luxury items 2. Government earns revenue from tariff 3. Local products get the market 4. Lower foreign competition 5. Net positive impact on households 1. Higher the trade barrier 4. Consumers could conceivably end up paying higher prices