Wage-rise contract and endogenous timing in international mixed duopoly

Kazuhiro Ohnishi*
Osaka University, Ph. D.

July 2007

Abstract

The study of Matsumura (2003) investigates a mixed duopoly model, where a domestic public firm and a foreign private firm first choose the timing for choosing their quantities and shows that, in contrast to Pal (1998) discussing a case of domestic competitors, the public firm becomes the leader. This paper examines an international mixed duopoly model, where a domestic public firm competes against a foreign private firm. Each firm first chooses the timing for adopting a wage-rise contract as a strategic commitment. The paper shows the equilibrium of the international mixed model.

Keywords: Wage-rise contract, Endogenous timing, International mixed duopoly, Domestic public firm, Foreign private firm

JEL classification: F23, H42, L30

* Corresponding author. Phone/fax: +81-72-722-8638. Email: ohnishi@e.people.or.jp