

# **An international mixed duopoly with a wage-rise contract as a strategic commitment**

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April 10, 2008

## **Abstract**

This paper examines international mixed competition, where one domestic social-surplus-maximizing public firm and one foreign profit-maximizing private firm can adopt a wage-rise contract as a strategic commitment. The paper considers the following three stages. In the first stage, the domestic public firm can offer the wage-rise contract. In the second stage, the foreign private firm can offer the wage-rise contract. In the third stage, each firm independently chooses and sells its actual output. The paper discusses the equilibrium of the international mixed duopoly model.

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

JEL classification: F23, H42, L30

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