

# **Partial privatization in international mixed duopoly with price competition**

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## **Abstract**

This paper considers a price-setting mixed duopoly model in which a domestic public firm competes against a foreign private firm. First, the domestic government chooses the degree of privatization to maximize domestic social welfare. Second, observing the degree of privatization, the firms simultaneously and independently choose prices. The paper then shows that neither full nor partial privatization is optimal in the international mixed duopoly model with price competition.

Keywords: Partial privatization; International mixed duopoly; Price competition

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