

Urban unemployment, privatization policy, and a differentiated mixed oligopoly

Tohru Naito

The University of Tokushima
The Institute of Socio-Arts and Science
1-1 Minamijosanjima-cho Tokushima, 7708502, Japan.

Abstract

The purpose of this paper is to analyze the effect of privatization of public firm on urban unemployment in a differentiated mixed oligopoly. This model is extended by combining Harris and Todaro model with a differentiated mixed oligopoly. We introduce the quasi-linear utility function with a quadratic sub-utility to derive the solution of model analytically. As the results of our analysis, the urban unemployment depends on the privatization level of public firm and the progress of privatization of public firm worsen it when the intensity of preferences for differentiated products is large relatively. As for social welfare, we show that the privatization of public firm improves social welfare under certain conditions.

Key words: dualistic economy, urban-rural migration, mixed oligopoly, product differentiation

JEL: J62, O18, L32,

* Corresponding to: Tohru Naito, The institute of Socio-Arts and Science, The University of Tokushima, 1-1 Minamijosanjima Tokushima, 7708502, Japan. Tel.+81-88-656-7103; e-mail:naito@tokushima-u.ac.jp

¹ This study is supported by Grant-in-Aid for Scientific Research A (25245042) from Japan Society of the Promotion of Science.