

Productivity Growth of Public Firm and Welfare in Mixed Oligopoly

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Several studies have been made for R&D investment in mixed oligopoly where state-owned public firms and own profit maximizing firms. However, there has been no study to investigate a situation that both kinds of firms product goods and only public firms invest R&D activities. This paper concentrates on this situation and compare R&D level in the mixed oligopoly with that in social optimum. It is concluded that there are overinvestments of public firms because of their objective functions and soft budget constraints. ¹

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