

A three-stage mixed tripoly with capacity choice

Kazuhiro Ohnishi*
Osaka University, Ph.D.

January 2017

Abstract

This paper investigates a three-stage mixed tripoly model in which a labour-managed firm, a capitalist firm and a state-owned firm are allowed to install capacity as a strategic commitment. In the first stage, a capitalist firm and a labour-managed firm can simultaneously and independently install capacity. In the second stage, a state-owned firm can install capacity. None of the firms can reduce or dispose of capacity. In the third stage, the firms simultaneously and independently choose output. The paper demonstrates that there exists equilibrium in which only the labour-managed firm installs capacity as a strategic device.

Keywords: Three-stage tripoly game; Capacity choice; Capitalist firm; Labour-managed firm; State-owned firm

JEL classification: C72; D21; L30

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