

Is Social Welfare Increased By Private Firm Entry ? *

From a coopetition viewpoint

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Abstract

Using a coopetition model, this paper aims to scrutinize the effects on social welfare of the emergence of private firms in a market monopolized by semi-public firms. It turns out that there are two effects of the emergence of private firms. First, if there is a highly privatized semi-public firm in the market, the incentive to increase the market size will be greater in a semi-public monopoly than the sum of the incentive in a mixed duopoly. Second, a private firm entering a mixed duopoly market diminishes the social welfare only when a highly privatized semi-public firm exists in the market.

JEL Classification: C72, L13, L33

Key words: *Coopetition, Semi-public monopoly, Mixed duopoly, Mixed oligopoly*

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