Comments and Discussions

Ming Hsin LIN*

This is an interesting paper, that modifies the mixed oligopoly model with foreign private firms by Fjell and Pal (1996, Canadian Journal of Economics), and adopts the framework of partial privatization by Matsumura (1998, Journal of Public Economics) successfully. One important feature of this paper is the introduction of the parameter that represents the restrictions on foreign investment. Fjell and Pal (1996) essentially consider either completely domestic private firms or completely foreign private ones. This paper deals with (identical) private firms, and each one of them is partially owned by foreign investors.

This extension and the adoption of the viewpoint of partial privatization make it possible to clarify how market-opening policies (the allowance of foreign investments as well as the allowance of the entry of private firms which are partially owned by foreigners) affect the degree of the privatization of a public firm. In my judgment, ignoring some minor concerns, the paper makes a meaningful contribution to the literature.

^{*}Associate Professor, Osaka University of Economics