In this paper a two-stage duopoly game is analyzed, when one of the firms maximizes profits and the other one maximizes profits plus weighted consumer average. This second firm is called a semipublic firm, where the degree of privateness of the firm is given exogenously by the weight attached to the consumer surplus term in the objective function of the firm. In the first stage firms invest in innovation with quadratic costs and in the second stage the firms compete in quantities for exogenously differentiated products with linear demand. Comparative statics is performed on the firm privateness parameter mentioned above.

While the model is solved correctly as far as I can tell, the paper in my opinion does not represent a significant contribution to the existing literature, as I argue in the following lines.

First, methodologically it is a straightforward application of very well known models like for instance d'Aspremont and Jacquemin (1988), which should be cited. The results of the model should be related to these previous well known models, and an explanation should be provided when the results differ.

Second, in order to become a relevant paper to describe a mixed economy, the model should be more general and should not depend so much on specific assumptions. Particularly, it is not clear what role and interpretation the assumptions in the first lines of page 6 play.

To improve the paper the authors should provide a more complete interpretation on the results they obtain, the role of the different assumptions they adopt and the consequences of the relaxation of the different assumptions. They should also provide a guideline for possible empirical implementations for the model.

Finally, it is recommended that the paper is proofread as it is full of grammatical and stylistic mistakes.

References

d’Aspremont, C., Jacquemin, A. (1988), Cooperative and noncooperative R&D in duopoly, *The American Economic Review*, 78, pp. 1133–1137.