

Local Migration, R&D Policy and International Trade

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Abstract

We simultaneously analyze the subsidies of education for labors and product R&D for manufacturing firms and show whether or not these policies boost the migrants from the sector in the rural area to the manufacturing sector in the city by using a basic and very simple Melitz model in the cases of closed economy and open economy. As a result, we show that an increase in the subsidy for education costs always enhances the migrants. On the other hand, an increase in the product R&D subsidy reduces the migrants.

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