

# Agri-tourism, Unemployment and Urban-Rural Migration

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## Abstract

This study examines the effects of policy changes and improvements in the agri-tourism sector in a developing country. We analyze the economy of a developing country, which consists of two regions: an urban area where the manufacturing sector is located and which has a certain level of unemployment à la Harris and Todaro (1970), and a rural area where both the agricultural and agri-tourism sectors are located. We demonstrate that encouraging labor outflow is reasonable, while the effects of a decrease in the minimum urban wage or the effects of additional foreign capital investment are not clear. We also assert that under certain conditions, an enhancement of the ratio of agricultural goods to touristic services in the agri-tourism sector will improve domestic welfare and reduce the urban unemployment rate. We conclude that agricultural-good-intensive tourism and environmentally friendly agri-tourism cause positive effects on welfare and employment.

*Keywords:* Agri-tourism; Urban-rural migration; Unemployment Social efficiency

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