

Privatization of public firm and urban unemployment in a dualistic economy

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Abstract

This paper presents a model in which the economy comprises a mixed oligopoly in an urban area and an agricultural sector in a rural area. Using it, the effect of privatization of public firms in the urban area on urban unemployment are analyzed. We introduce a mixed oligopoly model into Harris and Todaro model to analyze this effect. The results of our analysis show that privatization of public firms might not improve the unemployment rate in an urban area.