



NEG (Fujita, 1988; Krugman, 1991; Venables, 1996)

core-periphery

home market effect

bell-shaped curve

mobility of human capital  
real rates of returns

immobile labor  
+  
vertical linkages

mobility of physical capital  
nominal rates of returns

short-sighted  
migrations

forward-looking  
migrations

more spatial costs

probabilistic  
migration

shipping the  
numéraire is costly

urban costs  
(land rents +  
commuting costs)