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R&D versus output subsidies in mixed markets
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Abstract
We analyse the relative welfare effects of an R&D and an output subsidy in a mixed duopoly. We show that an R&D subsidy is beneficial for society as a whole, and socially superior to an output subsidy, when spillovers are sufficiently high. Otherwise, an output subsidy is socially superior. © 2012 Elsevier B.V.

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