

Contents

Introduction	1
1 Special Interest Politics	2
2 Articles in this Collection	7
2.1 Part I: Methodology	7
2.2 Part II: Applications to Trade Policy	11
3 Empirical Validation	17
References	21
Part I: Instruments of Influence	23
1. Common Agency and Coordination: General Theory and Application to Government Policy Making	25
with Avinash Dixit	
1 Introduction	25
2 General Theory	28
2.1 Equilibrium	28
2.2 Truthful Equilibria	32
2.3 Quasi-Linear Preferences	34
3 Application to Government Policy Making	35
References	41
2. Electoral Competition and Special Interest Politics	43
1 Introduction	43
2 Related Literature	45
3 The Model	47
3.1 The Voters	47
3.2 The Parties and the Government	49
3.3 The Special Interests	50
3.4 Political Equilibrium	52
3.5 Functional Forms	54
4 Equilibrium with One Lobby	54
4.1 Contributions with Only an Influence Motive	56
4.2 When Is an Electoral Motive Operative?	59
5 Equilibrium with Several Lobbies	61
6 Summary	67
APPENDIX	69
Strict Majority Rule	69
References	71

3. Competing for Endorsements	73
1 The Literature on Political Endorsements	77
2 The Model and a Benchmark	79
3 A Neutrality Result	84
4 Effective Endorsements	85
4.1 Mechanical Endorsements	86
4.2 Strategic Endorsements	92
5 Welfare	95
6 Conclusions	98
APPENDIX	100
Statement and Proof of Proposition 4	100
Proof of Proposition 5	104
References	107
Part II: Trade Policy	109
4. Protection for Sale	111
1 Overview	114
2 Formal Framework	116
3 The Structure of Protection	119
4 Political Contributions	126
5 Why Lobbies May Prefer Trade Policies	132
6 Summary and Extensions	134
References	136
5. Trade Wars and Trade Talks	139
1 Introduction	139
2 Model Outline and Relation to the Literature	141
3 The Formal Model	143
4 Trade Wars	147
5 Trade Talks	157
6 Conclusions	168
References	170
6. Politics and Trade Policy	173
1 Introduction	173
2 Political Economy Approaches	175
2.1 Direct Democracy	175
2.2 Political Support Function	178
2.3 Tariff-Formation Function	180
2.4 Electoral Competition	184
2.5 Influence-Driven Contributions	186

3	Double-Edged Diplomacy	191
3.1	Trade Wars	192
3.2	Trade Talks	193
3.3	Free Trade Agreements	194
	References	197
7.	The Politics of Free Trade Agreements	199
1	Analytical Framework	201
1.1	Objectives of Economic and Political Agents	202
1.2	The Political Game	204
1.3	Economic Equilibria Under an FTA	205
1.4	Effects of an FTA on Economic Interests	207
2	Unilateral Stances	208
3	Equilibrium Agreements	212
4	Industry Exclusions	219
4.1	Unilateral Stances	219
4.2	Bargaining over Industry Exclusions	224
5	Conclusions	228
	APPENDIX	229
	Contributions to Foreign Governments	229
	References	232
8.	Foreign Investment with Endogenous Protection	233
1	Introduction	233
2	Basic Model	236
2.1	Consumption and Production	237
2.2	The Special Interest Group and the Government	239
2.3	Multinationals	242
3	DFI and Protection	243
3.1	Tariff Response Curves	243
3.2	Profit Differential Curves	244
3.3	Entry	244
3.4	Equilibrium DFI and Protection	246
4	Does DFI Benefit the Average Voter?	249
5	Workers Versus Capitalists	251
6	Conclusions	255
	References	255
	Index	257