

# Political Contributions for Trade Policy and National Public Finance\*

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## Abstract

We consider how special interest groups influence trade and fiscal policies in order to protect their own interests. This paper focuses on the relation between economic openness and government spending using a previously suggested political contribution approach. We conclude that organized industries indicate a positive correlation between the degree of trade liberalization and the government, whereas unorganized industries show a negative correlation. In addition, we show that the wider the difference of available income between organized lobbies and unorganized sectors, the more difficult is it for the country where a large part of industries are organized to practice trade liberalization.

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