

Abstract

The Protection for Sale model explains that the level of tariff is endogenously determined as a result of a political game played between the government and special interest groups. The objective of this paper was to estimate determinants of industrial pattern of protection in Japan in 2006. To measure the level of trade barriers precisely, we employed the ad valorem equivalent of trade barriers instead of NTB coverage ratio. First of all, we verified that the predictions of the model are statistically consistent with the data. Secondly, we estimated political structural parameters which are also consistent with the model. From our estimation and results of existing studies we conclude that Japanese government's weighting of social welfare compared to campaign contribution was internationally low i.e. price of trade protection in Japan was easy on the lobby's wallet in international perspective.

Keywords: Trade Policy, Rent Seeking, Agricultural Protection, Japan.

JEL Classification: F14, Q17