

Political Donation, Intellectual Property Rights, and Economic Growth *

Ken-ichiro IKESHITA †

Abstract

This paper examines how political donation from the firms to the government affects its IPR policy, innovation, and welfare. When the government gives attention not only to household's welfare but also to the amount of money offered by the firms, the size of political donation distorts optimal patent policy. Especially, we find if the government is corrupt and gives much attention to political donation, the government strengthens patent protection and increases innovation. We also find that a higher fraction of political donation encourages the innovation and the government chooses stronger patent protection when the government is corrupt and gives much attention to political donation. This implies that if political donation is important for policy-making process, the government tends to have an incentive to choose too strong patent protection level.

Keywords: political donation, intellectual property rights, endogenous growth

JEL Classification: O31, O34, O41

*This study was partly supported by Grant-in-Aid for Scientific Research from Japan Society for Promotion of Science. All remaining errors are my own.

†Faculty of Economics and Management, Institute of Human and Social Sciences, Kanazawa University, Kakuma-machi, Kanazawa, Ishikawa, 920-1192, Japan. E-mail: ikeshita@staff.kanazawa-u.ac.jp