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SCHOOL OF ECONOMICS

MSc
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The value of local political connections in Japan

A research note ^{*}

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Preliminary version

Abstract

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1 INTRODUCTION

This papers suggests a research design in order to evaluate the value of local political connections in Japan

Most litterature on the value of political connections has been in either Western economies or in countries with a much higher level of perceived corruption in the public sector. A study of the value of political connections in Japan, on the other hand, is not only an interesting new contribution to the litterature as the perceived corruption of their public sector is about at level with that of the United States and Ireland while having a very different political culture. Moreover, the continous decrease in the number of municipalities as well as their status provides rich variation in the power of reelected local politicians across time.

Using panel regressions

2 BACKGROUND

2.1 Political connections

Peña Miguel and Cuadrado-Ballesteros (2018) use data from 1995-2003 for 25 European countries to conclude that the perceived level of corruption increases with privatizations, however, the impact increase with the economic relevance of the privatization. This could perhaps be a factor in explaining the consistent low level of perceived corruption in Denmark regardless of the evidence of a wide transfer of rent to firms owned by family members to local politicians (Amore and Bennedsen, 2013). In Spain, a country in which perceived corruption is significantly higher (Amore and Bennedsen, 2013; Peña Miguel and Cuadrado-Ballesteros, 2018; Albalade et al., 2017)

2.2 Political culture in Japan

Some text

Table 1: Corruption Perceptions Index (CPI) 2017.

A score of 0 is highly corrupt and a score of 100 is very clean.

2017 Rank	Country	2017 Score	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score
13	Australia	77	79	79	80	81	85
13	Hong Kong	77	77	75	74	75	77
13	Iceland	77	78	79	79	78	82
16	Austria	75	75	76	72	69	69
16	Belgium	75	77	77	76	75	75
16	United States	75	74	76	74	73	73
19	Ireland	74	73	75	74	72	69
20	Japan	73	72	75	76	74	74
21	Estonia	71	70	70	69	68	64
21	United Arab Emirates	71	66	70	70	69	68
23	France	70	69	70	69	71	71

Visit www.transparency.org/cpi for more information

Source: Transparency International.

2.3 Japanese municipal mergers

Quite a lot of literature has been about municipal merger in Japan or taking advantage of it.

3 EMPIRICAL STRATEGY

While the administrative reform in Denmark allowed for difference-in-differences evaluation around the implementation (Amore and Bennedsen, 2013), several municipal reforms has continuously incentivized merging of municipalities in Japan through

4 DISCUSSION

5 CONCLUSION

REFERENCES

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