

## Ex-ante Lobbying

- intro

1. Need to take endogenous effort into account for some questions
2. Role of trade agreements
  - (a) Baldwin-style gov't welfare function works for a set of questions, but not for this one
    - Need to be able to say which predictions/design questions are okay: those where it doesn't matter whether government cares if it encourages/discourages lobbying: e.g. already described (ms2011), ms2012a,
  - (b) In MRC, weight on lobby's profits is  $1 + a$  no matter what. Doesn't vary in lobby's efforts. GH not really microfoundations for flexible model as in Long and Vousden (1991) / Baldwin (1987) model; microfoundations for more restrictive version with fixed weights ( $1 + a$  on those who lobby,  $a$  on those who don't); then decide  $\tau$  to change PS, CS, etc. (p. 481 GH94). Can't get shocks as in this literature
  - (c) MRC-style results survive incorporation of ex-ante lobbying. TA still works to restrict lobbying in many cases, but also to keep lobbyists "in the game"
  - (d) Nuanced view of domestic commitment motive: it's there in ex-post, but they lose control in ex-ante. Still, with ex-ante TA helps to screen out some lobbies for whom ex-ante is too expensive
3. Get implications for real-life design of escape clause
  - (a) What if the WTO actually *did* what the literature says it does? It wouldn't work

- Conclusion

- perhaps re-emphasize that gov't can't completely control lobbying: can't make it higher than lobby's optimal. But this is b/c there's only one lobby
- Be more explicit about relationship between  $\gamma(e)$  and  $\gamma(s)$ 
  1. Need to convey the possibilities of this set-up for capturing the real life dynamics of shocks integrated with lobbying dynamics, how that interacts with enforcement and administered protection

- finish escape clause result

For after this draft

- Could escape clause be made to work with some kind of dynamic use constraint?
  - When would lobby exert effort to top up?
- What units are  $\pi(\tau)$  and  $e$  measured in? (no numeraire)
- existence proofs