1.      My main source of pessimism lies with the overall exposition and motivation of the paper. The introduction needs improvement and the rest of the paper needs substantial overhaul. An efficient introduction formula starts with saying what the paper does and what it finds (two paragraphs) and then says how it achieves this and how it contributes to the extant literature. Do not overreach. In particular, I agree with Referee 1 that you do not solve the PFS empirical puzzle of high weights to social welfare. To achieve this, you would need to (i) show how your theoretical mechanism introduces a bias in the usual PFS empirical tests (and sign the bias), (ii) have a model that actually encompasses the lobbying game in PFS, and (iii) perform the empirical test yourself. Currently, you do none of these things; in particular, regarding (ii), (1) is only reduced form.  
2.      You need to structure sections 2 and following. Right now, it is a seemingly random bag of assumptions, results, and discussions of both.  
3.      You need to define the game much more formally and more clearly. A game like yours is defined by the players, their strategy sets, the payoffs, and the timing. Right now, these ingredients are scattered all over the place. A figure with the extensive form of the game would also come in handy.  
4.      Regarding the economic structure of your model, what you actually need is quasi-linear preferences in X and Y as well as in an outside good, Z. Preferences should be linear in Z, increasing and concave in Y and Y. Z should be produced with CRS and be freely traded. Otherwise, Foreign’s decisions have an impact on Home’s via de balance of trade condition. This problem is currently hidden by the fact that you impose symmetric countries (so that trade in X balances trade in Y in the symmetric equilibrium) but it remains true that X and Y are related (this is most visible off the symmetric equilibrium path).  
5.      The LHS term and the term in the last square bracket of the RHS of Equation 3 need different notations (you use the same notation for both…).  
6.      The fact that \gamma\_E is a constant does not imply that protection is not for sale to the executive, as you write on page 10. It actually is, by the second equality of Assumption 1 (which confusingly gets relabeled Ass. 4 later). By the way, you actually impose these inequalities for all \theta and for all e (not just \theta).  
7.      You need to set out the sufficient SOCs in the text. But I really don’t understand all the fuss you are making about these around Lemma 1 and (4). Indeed, the second order condition requires that the sum of the second derivatives of CS, PS, and TR wrt \tau is negative. Thus, totally differentiating the FOC wrt to \tau and \gamma yields d\tau/d\gamma = - (\partial PS / \partial\tau) / ”SOC”, which is positive (PS is increasing in prices and thus in \tau, “SOC”<0 by the SOC). In turn, the FOC to the lobbying effort decision can be written as \partial PS / \partial\tau \* d\tau/d/\gamma \* d\gamma/de = 1, which implies d\tau/d e = - (\partial PS / \partial\tau) / “SOC” \* \gamma\_e, which is larger than zero by assumption, \gamma\_e>0, and by the SOCs.  
8.      Again, (5) makes it clear that your setting is definitely not PFS, for contributions are not specified (and need be to make the comparison).  
9.      Since the game is symmetric, assuming that the other legislature is not being lobbied and/or does not risk making a ‘break’ decision is not the most natural one. I can leave with it, but then I would simply assume this explicitly and openly when writing the extensive form of the game, without the current, twisted discussion of it.  
10.     I am not sure that section 6 adds much to the paper.  
Overall, I find the paper interesting but poorly executed. Should you decide to revise the paper and resubmit it to the Review, please address all these points as well as those raised by the referee submit a point-by-point document that explains clearly and succinctly how you have dealt with them in your revision.  
Thanks for sending us your work,  
Best wishes  
Frédéric

Reviewer(s)' Comments to Author:  
  
Reviewer: 1  
  
Comments to the Author  
This paper presents a model in which the executive negotiates a free trade agreement (FTA) with a trading partner, while legislature, the main body to ratify the agreement and organ which is subject to political pressure from industry lobbies, can disrupt the ratification process. An FTA is likely to reduce the tariffs, while industry lobbies want higher tariffs for protection, hence the political struggle. The main framework of the paper is the Protection for Sale (PFS) model of Grossman and Helpman (1994, AER) in which tariffs are determined endogenously in a lobbying setting. The motivation of the paper is stated to be the unrealistically high empirical estimates found by empirical studies for the weight the government attaches to social welfare relative to lobbying contributions when setting tariffs at a certain level. The main finding of the model is that observed lobbying expenditures may be low because tariffs have been kept sufficiently high in the FTA to prevent political pressure.  
  
I appreciate the effort that the author has made to shed more light on the empirical puzzle that is related to the magnitude of the estimates delivered by empirical studies of the PFS model of Grossman and Helpman. The PFS model spurred a number of theoretical and empirical papers studying the implications of the framework. Empirical studies, in particular, have found high estimates for the weight that governments attach to social welfare relative to lobbying contributions. This finding constituted a puzzle because it implies that governments value social welfare highly, but still grant high tariffs for low lobbying contributions (i.e., low price). Several studies have attempted to provide insights into why such high estimates could be obtained in empirical work, see author’s footnote 3 for relevant citations.  
  
While I appreciate the effort made by the author on the issue, there are a few inconsistencies in the presentation of the motivation. The paper is derailing at the start. It initially reads like political uncertainty will be incorporated into Grossman and Helpman (1994) framework through modelling separation of powers in that setting (i.e., PFS lobbying framework is purely between lobbies and the government-the executive). But later it comes up that the paper is actually about ratification of free trade agreements, in particular, the lobbying process that aims to prevent the agreement from being ratified. A better start that is consistent with the main contribution of the paper is in order. The author can relate the main contribution to the ‘unrealistic’ PFS estimates  following the introduction of the main contribution.  
  
Also, because the main contribution of the paper is the introduction of political uncertainty into the lobbying process, some more intuition in the Introduction about political uncertainty would be helpful.  
  
An important question that arises is that while researchers have found high estimates in the case of the US (Goldberg and Maggi 1999, Gawande and Bandhopadhyay 2000), they also found high estimates for Turkey (Mitra, Thomakos and Ulubasoglu 2002) and Australia (McCalman 2004). The issue is that both Turkey and Australia are parliamentary democracies. Additionally, in Turkey the legislative organ is uni-cameral, but in Australia it is bi-cameral. The point here is that these parliamentary democracies do not exhibit strict separation of powers as does the US, but still the PFS model in these countries delivers high empirical estimates. I expect that the author provide some insights into this issue.  
  
The paper also uses strong language regarding its contribution, such as ‘having solved the main empirical puzzle’, see page 4. In the absence of any empirical estimates, I would refrain from such strong estimates. Suffice to say that the paper is providing additional insights into an empirical puzzle by tailoring the political process more carefully.