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Different branches of the government

I believe the interpretation of the model as representing two branches of the government is arbitrary. It is more realistic to interpret the model as representing the preferences of a government with time-inconsistent preferences, such that ex ante the government's objective is to maximize social welfare, but at the time of implementing the agreement it might be influenced by lobby group activities.

I understand that the author has tried to modify the interpretation of the model to address this concern, but in my view the modification was insufficient.

Result 1

As part of "Result 1", the author states that "The equilibrium trade agreement is never subject to dispute." But this is true by construction of the equilibrium. In other words, the author finds an equilibrium that is self-enforcing and, thus, no dispute arises. Therefore, I believe that this statement is not sufficiently interesting or insightful to be part of Result 1.

However, I find the discussion immediately following the Result 1 quite interesting. The author shows that at the equilibrium, the applied tariff is equal to the negotiated binding. That is, the lobby group exert sufficient effort to induce the government to apply a tariff as high as the negotiated cap. Moreover, it is interesting that in the equilibrium the self-enforcing constraint for the legislature is not binding.

The former result is reminiscent of Maggi and Rodriguez-Clare's finding in their commitment model that the optimal form of trade agreement is a tariff cap, rather than a particular tariff rate. The justification is similar in both papers: by allowing the government to set a tariff below the cap, the lobby groups are induced to pay for the increase in the applied tariff, which reduces the incentives of the lobby groups to push for more protection.

I think more insights could be generated by comparing this paper and those of Maggi and Rodriguez-Clare. Therefore, I recommend the author to provide more discussion of how her paper is related to Maggi and Rodriguez-Clare.

Continuation payoffs and changes in the preferences

It is assumed that the current legislator evaluates future welfare (i.e., the continuation payoffs) based on the expected preferences of the future government, which will be induced by lobbying efforts in the future. Alternatively, it could be assumed that the current legislator evaluates future profits based on its current preferences.

The latter assumption might be more consistent with the premise of the model, which is essentially a decision-making model with time-inconsistent preferences. Moreover, I think the results related to self-enforceability of the agreement will continue to hold if the author adopts the latter assumption.

Some discussion of this point could be illuminating.