Faculty of Social Sciences and Humanities Department of Government and Public Administration

Is Protection for Sale? The Political Economy of Trade Protection in Post-reform China

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Abstract:

This paper examines the domestic politics of trade policy in the post-reform China. I argue that domestic interest groups in China have both formal and informal access to trade policymakers, and their access change as the institutions of trade policymaking change. The structure of protection, both across industries and over time, thus reflects not only the distribution of winners and losers from free trade and the cost of lobbying but also, more importantly, groups' differential access to trade policymakers. Empirical evidence in support of the arguments focuses on the post-WTO period, when protection arises from both the formulation of non-tariff measures at the national level and the distorted implementation of import-related measures at the local level. Using new data on the economic and geographical characteristics of 471 manufacturing industries and HS6 product-level non-tariff protection from 2003-2009, I show that the percentage of state ownership and the geographical distribution of firms, two measures of access to trade policymakers, are significant predictors of industry-level protection. These findings suggest that domestic groups in nondemocratic regimes have a greater impact on trade policies than is often recognized by conventional wisdom.

All are welcome