

FIRST!

(Friday IR Seminar and Tea!)

This week's speaker is **CO-SPONSORED BY:**
Dr. David Chu Program in Asia-Pacific Studies at the Asian Institute

Megumi Naoi

"Framing Business Interests: How Campaigns Affect Firms' Positions on Preferential Trade Agreements"

Friday, January 23, 2015

12:00—2:00 p.m. in 3130 SSH



Megumi Naoi is an Associate Professor of Political Science at University of California, San Diego. Her research interests bridge the fields of international and comparative political economy with particular interests in the politics of trade in East Asia. Naoi is the author of *Building Legislative Coalitions for Free Trade in Asia* (Cambridge University Press, 2015), which examines how party leaders liberalized trade in post-War Japan and Thailand by buying off legislative support with side-payments such as pork barrel projects. Her other works have appeared in *American Journal of Political Science*, *Comparative Political Studies*, *International Organization* and others. Her current work examines the effect of elites and media persuasion on citizens' support for trade agreements and economic integration in East Asia, especially in Japan, South Korea and Taiwan. She serves as an editorial board member of *International Organization*. Naoi received a Ph.D. from Columbia University and M.A. and B.A. from Keio University, Tokyo, Japan. She has been a visiting research fellow at Keio University and Waseda University in Tokyo, Chulalongkorn University in Bangkok, Thailand, and a pre-doctoral fellow at Princeton's Neihaus Center for Globalization and Governance.

Abstract: What determines firms' policy positions on preferential trade agreements (PTAs)? Existing theories about PTAs assume a certain distribution of firm preferences and power, but no systematic empirical data exists to verify such theories. Furthermore, studies have assumed that company executives make up their minds in a perfect information environment, in which the distributional effects of PTAs are known to them before signing. This paper challenges these assumptions by using an original survey of firm executives regarding the Trans-Pacific Partnership Agreement (TPP) conducted in Japan in February 2011, before the Japanese government decided to participate in the negotiations. We obtained responses from around 2,100 firms in manufacturing and service sectors. The survey was embedded in the sub-national variations in anti-TPP campaigns in which 24 prefectural governments published estimated costs of joining TPP on the agricultural sector, and the remaining 23 governments did not. After controlling for a host of company and industry-level co-variables and addressing potential endogeneity issues, the paper found that companies that operated in "negative campaign" prefectures were about five percentage points more likely to predict that the TPP would harm their businesses. The findings call for more research on how firm executives form their policy positions in an imperfect and politicized information environment.