**Examining the Relationship Between Rent and Political Expenditure: Using Rent Information Obtained from Financial Statements**

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**Abstract**

This study aims to develop a standard method for measuring the rent of an individual enterprise from its financial statement data and to analyze the relationship between rents of companies and their political and R&D expenditures. This method will allow for the decomposition of various causes that yield rents by regression analyses. This study set the equation of the first-order condition of profit maximization as a function of the capital amount, satisfying both short-term and long-term optimal conditions, and obtained the mark-up rate that can realize the production level in monopolistic equilibrium as a competitive equilibrium. The average rents for 29 industries in Japan were calculated using a linear algebraic method from 30 years’ time-series financial statement data. Moreover, this study also managed to substitute production factors for pseudo-production factors applicable to global companies whose breakdown of manufacturing and sales costs are usually not disclosed. These rents are regressed by political and R&D expenditures of each industry. In several models, political expenditure has a significant relationship with rent, although R&D expenditure does not.

**Keywords:** Rent, Political expenditure, Financial statement, R&D expenditure, Japanese industries

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