

POLITICAL ECONOMY OF PUBLIC BANKS

ELECTORAL EFFECTS OF SAVINGS BANKS IN GERMAN SUBNATIONAL ELECTIONS

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BACKGROUND

MOTIVATION

- financial crisis 2007-8: increased interest in bank-politics interface
- politicians' participation in public banks understudied
- public banks are central element of Europe's banking sector

INSTITUTIONAL SETTING

- large number of public savings banks (*Sparkassen*) in Germany
- *Sparkassen* important providers of credit and public goods
- regional outlook of savings banks & close ties to local politics

SPARKASSEN BUSINESS AREAS



any idea how to center

the image?

HYPOTHESIS

HYPOTHESIS

- mayors with board seat in savings bank extract political rents from board membership

Hypothesis:

Mayors with a board seat in a Sparkasse are more likely to be re-elected than mayors without a boardseat, holding all other explanatory variables constant.

STORYLINE

How does membership in a *Sparkasse* affect electoral success?

- direct channel: influence on strategic decisions of bank
 - credit volume
 - timing of consolidation and mergers
 - donations & payouts
- indirect channel: competence signal to constituency

EMPIRICAL STRATEGY & FINDINGS | MODEL & CONTROLS

DATA

FINDINGS

Thank you for your attention!

<https://github.com/jmarkgraf/PresentationAssignment>