Script: Presentation

Jonas Markgraf

28 April 2016

# Slide 1: Title Slide

* Small research project: analysis of publicly owned banks and their effect on electoral outcomes in German subnational politics
* Snapshot of larger PhD project I'm conducting
* Content:

1. Motivation and background information
2. Outlining hypotheses and storyline
3. Presenting empirical strategy, data, and findings

# Slide 2: Motivation

* financial crisis of 2007!!
  + brought especially commercial banks to the center of public attention
  + at the same time, scholarly interest in the role of states and supranational politics in regulating and taming bank behavior increased
* interaction between politics and banks already closely examined
  + however: role of politicians in banks is largely neglected: surprising given the central importance of publicly owned banks in some European banking systems, esp. Germany

=> there is no nuanced analysis of effect of politicians on banks board for banks’ activities and for electoral outcomes

# Slide 3: Institutional Background

* more than 400 Sparkassen in Germany
* Sparkassen are important providers of
  + credit SMEs and local governments, i.e. central players in Germany's Mittelstands economy
  + & local public goods such as access to finance through branch system or donations to local initiatives and sports teams
* Sparkassen have strong regional outlook and are deeply entrenched in German local politics
  + business areas are regionally constrained
  + publicly owned by counties and/or municipalities
  + local mayors have sometimes seat at local Sparkasse, but not all mayors in Germany have seat at Sparkassen board --> fact that we exploit for our analysis

# Slide 4: Map

* as an illustration how municipality borders and Sparkassen business areas match and how Sparkassen operate.

# Slide 5: Hypothesis

* based on rational choice assumptions that actors are rational utility maximizers, we hypothesize that mayors with a Sparkassen board seat extract political rents from this position, hence, increase their re-election chance
* thus, our hypothesis is that mayors with a board seat at a Sparkasse are more likely to get re-elected than mayors without a board seat

# Slide 6: Storyline

* in what way can a board seat help a mayor to get re-elected? Two different mechanisms:
  + direct channel: mayors can influence strategic decisions of banks
    - influence credit volume, e.g. increase before election
    - postpone unpopular steps such as consolidation or mergers until after election
    - direct donations to projects with high visibility or force bank to payout profits to owners, i.e. municipalities
  + indirect channel: voters prefer qualified mayors over unqualified mayors , and board membership might be interpreted as a strong signal of financial competence of the mayor