

Poštovani,

pozivamo vas na *Znanstveni utorak* koji će se održati **10. travnja 2018.** godine (utorak) u Ekonomskom institutu, Zagreb, I. kat s početkom u 14:00 sati. Izlaganje će održati **Vuk Vuković** na temu:

**The politics of bailouts:
Impact of political connections on corporate bailouts
during the 2008–2009 US financial crisis**

If there was ever a stylized fact in political economy, it would be that firms benefit from political connections. However, there is a gap in the literature over establishing causal inference of political connections on government decision-making outcomes in the context of high-pressure events like a financial crisis. The paper that will be presented examines the effect of political connections on the allocation of the Troubled Asset Relief Program (TARP) to the US finance industry during the 2008–2009 US financial crisis. It looks at financial institutions that lobbied the government, donated to political campaigns, or had direct connections to politics via top bank executives, and uncovers whether this helped them receive higher bailouts as a share of their total assets. The author first runs a matching approach to balance the treatment and control groups, followed by a regression discontinuity design to uncover how losses of politicians in close races affect the distribution of bailout funds for a connected firm, and finally, as a robustness check the author instrumentalizes political connections via foreclosure rates in districts of connected firms that are outside the connected congressmen's district. All three methods successfully confirm that politically connected financial institutions got a better bailout deal. However, this does not imply that policy-makers deliberately favored some banks over others, just that banks that were favored benefited because of their proximity to the right people in power. In other words, if being politically connected matters in general, in times of crisis it matters even more.

Vuk Vuković doktorski je student političkih znanosti na Sveučilištu Oxford. Istraživački interesi su mu politička ekonomija, bihevioralna ekonomija i ekonomska povijest.

Zahvaljujemo na odazivu.