

# IWH Research Seminar in Economics

Montag, 23. Januar 2017, 14:00–15:30 Uhr, Konferenzsaal im Erdgeschoss



## Politics and Banking in Russia: The Rise of Putin

Professor Laurent Weill, Universität Straßburg

(zusammen mit Koen Schoors, Universität Ghent und HSE)

We examine how state ownership of banks may have contributed to the ascent to power of Vladimir Putin during the Russian presidential elections of March 2000. We demonstrate that the regional variation in the surge of Putin's popularity between December 1999 and March 2000 is correlated to the regional variation in the increase of Sberbank lending to firms in the period right before. Also the regional variation in the increase of voter turnout over the same period is explained by the regional variation in higher Sberbank lending to firms. The found effects are more pronounced in regions with governors connected to the FSB or the military. All results are controlled for structural determinants of Putin's popularity, the regional variation in lending by other banks and the regional variation in lending by Sberbank to households. Our results support the view that Sberbank loans granted to firms before the presidential elections of March 2000 incentivised managers of privatised firms to urge their workers to turn up and vote for Vladimir Putin, especially in regions where the governor was connected to security interests.

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