

NCCR Trade Regulation Brown Bag Series

Stephanie Rickard, Associate Professor, London School of Economics, Department of Government

Ruling the market: economic geography, political institutions and subsidies

Tuesday, 10 May 2016, 12.30 – 13.30

Anna Nussbaum Auditorium, World Trade Institute, University of Bern
Hallerstrasse 6, 3012 Bern, Switzerland

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Abstract

Governments have scaled back their involvement in the economy over the past three decades. They have privatised state-owned enterprises, lifted capital controls, deregulated markets, cut tariffs and, more selectively, pared back welfare guarantees. Despite this trend, many governments continue to provide financial assistance to businesses in the form of subsidies. Why, in an era of seemingly less state intervention, do governments still subsidise businesses? Leaders fund subsidies to win re-election. Financial assistance to businesses from the state helps to create jobs, secure employment and assist firms competing with foreign imports. Other policies, like tariffs, provide similar benefits but tariffs are increasingly restricted by international trade agreements. Unable to use tariffs, governments turn instead to subsidies to aid businesses and win votes. Subsidies' effectiveness in securing re-election depends on two country-specific factors: 1) the rules governing elections and 2) the geographical diffusion of employment. Typically, these factors are examined in isolation, if at all, in the study of economic policymaking. In *Ruling the Market*, I demonstrate the importance of economic geography for policymaking and look for the first time at the interaction between economic

geography and electoral institutions. By marrying these two variables, I propose an innovative template for studying a variety of questions in the political economy of policymaking and deliver a novel account of government-funded subsidies.

Biography of the Speaker

Stephanie Rickard is an Associate Professor at the London School of Economics in the Department of Government. Her research examines the effects of political institutions on economic policies and appears in various journals including *International Organization*, *The Journal of Politics*, *British Journal of Political Science*, and *Comparative Political Studies*. Her current research includes a study of state subsidies to business, an investigation into how elections impact international bailouts, and an examination of the politics of austerity measures, particularly cuts to the public sector. Stephanie is a member of the steering committee of the International Political Economy Society and the Governing Council of the International Studies Association. She has appeared on BBC Radio 4's flagship *Today* programme to discuss various events in the global economy, including the leadership contests at the WTO and IMF.

Participation is free of charge, no registration is needed.

We warmly welcome you to join our seminar at the World Trade Institute!

NCCR Trade Regulation Brown Bag Seminars are 30-minute presentations, given by external or in-house researchers. The presentations are followed by a 30-minute Q&A session. The Brown Bag concept comes from the US; it means that people bring their own lunch and eat it during the presentation.