SHELTERING POPULISTS?

HOUSE PRICES AND THE SUPPORT FOR POPULIST PARTIES

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LONDON SCHOOL OF ECONOMICS

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HOUSE PRICES AND POPULISM

An increasing focus on geography as explaining factor;

    Local trade shocks (Colantone and Stanig, 2018)

    Exposure to austerity (Fetzer, 2018)

   Relative economic performance (Dal Bó et al 2018)

    Changing demographics (Enos, 2017, Dustman et al, 2018)

An emerging literature on housing prices

Ansell (2014), Larsen et al. (2019) and others have shown the importance of wealth and housing prices for economic preferences and voting patterns

Adler and Ansell (2019) have shown that there is a clear association between changes in housing prices and vote for Trump, Front National and Brexit
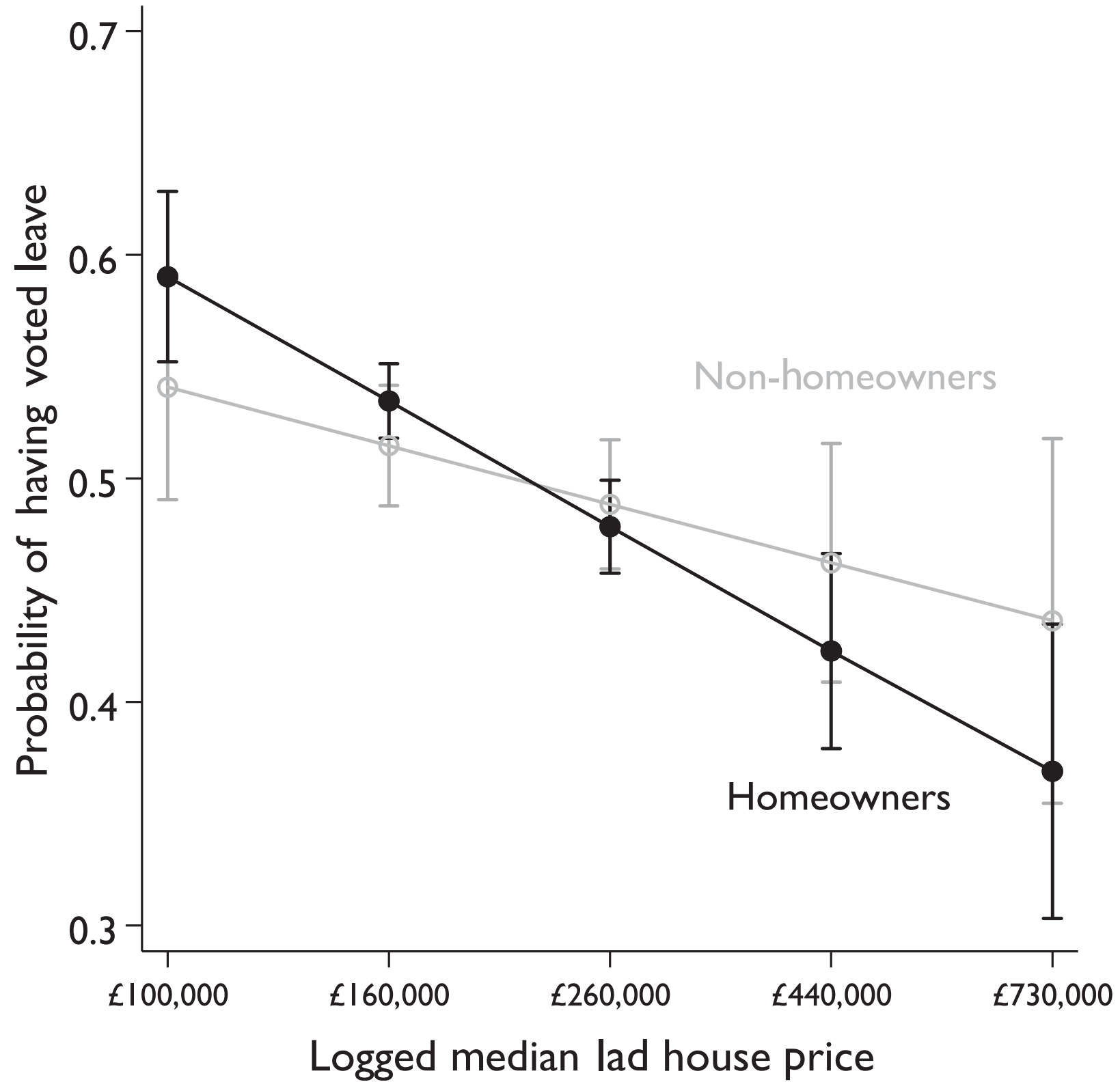
A BREXITY INTERLUDE
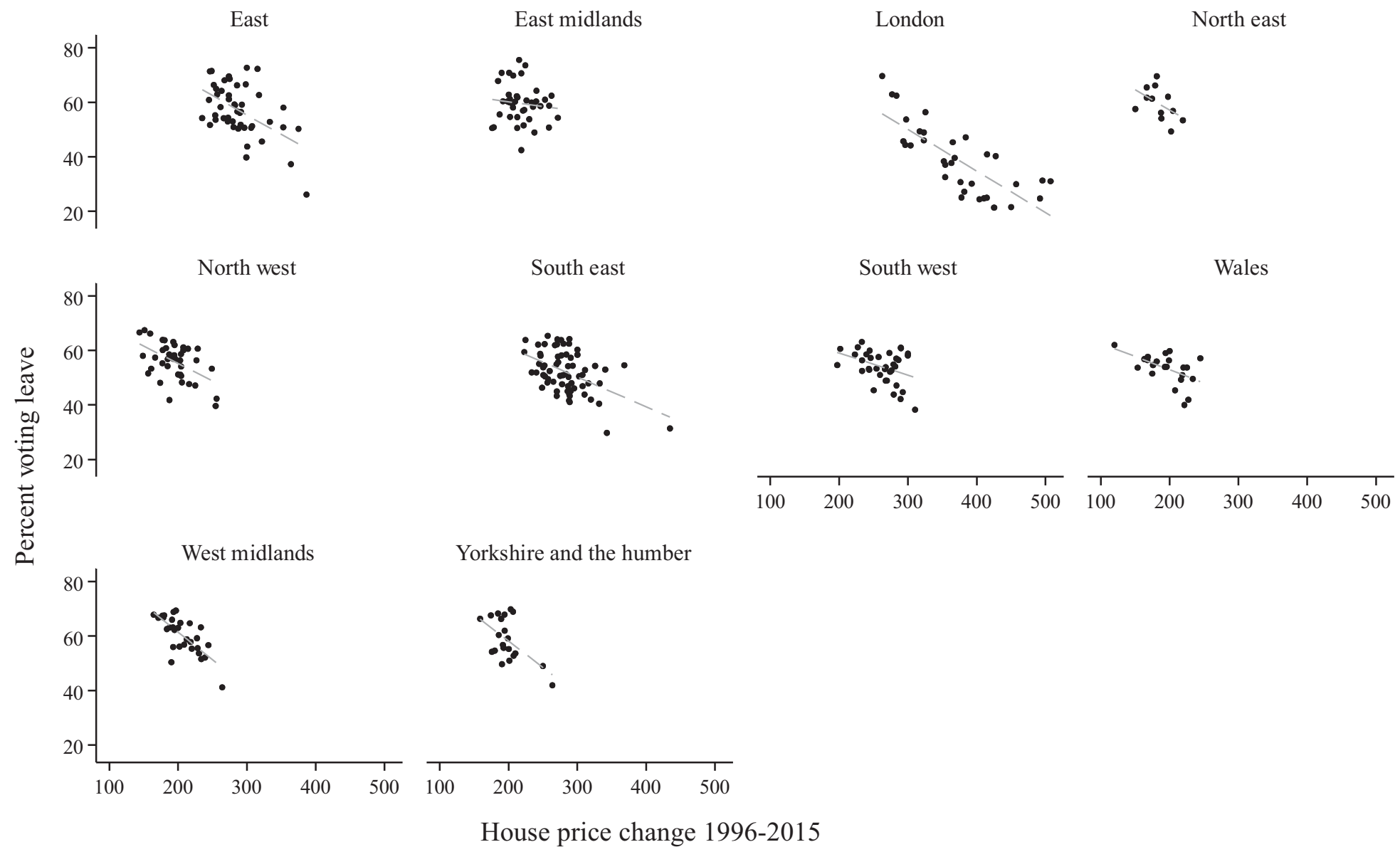
Figure 1. Voting for Brexit and 1996–2015 house price changes at local authority level (by region).
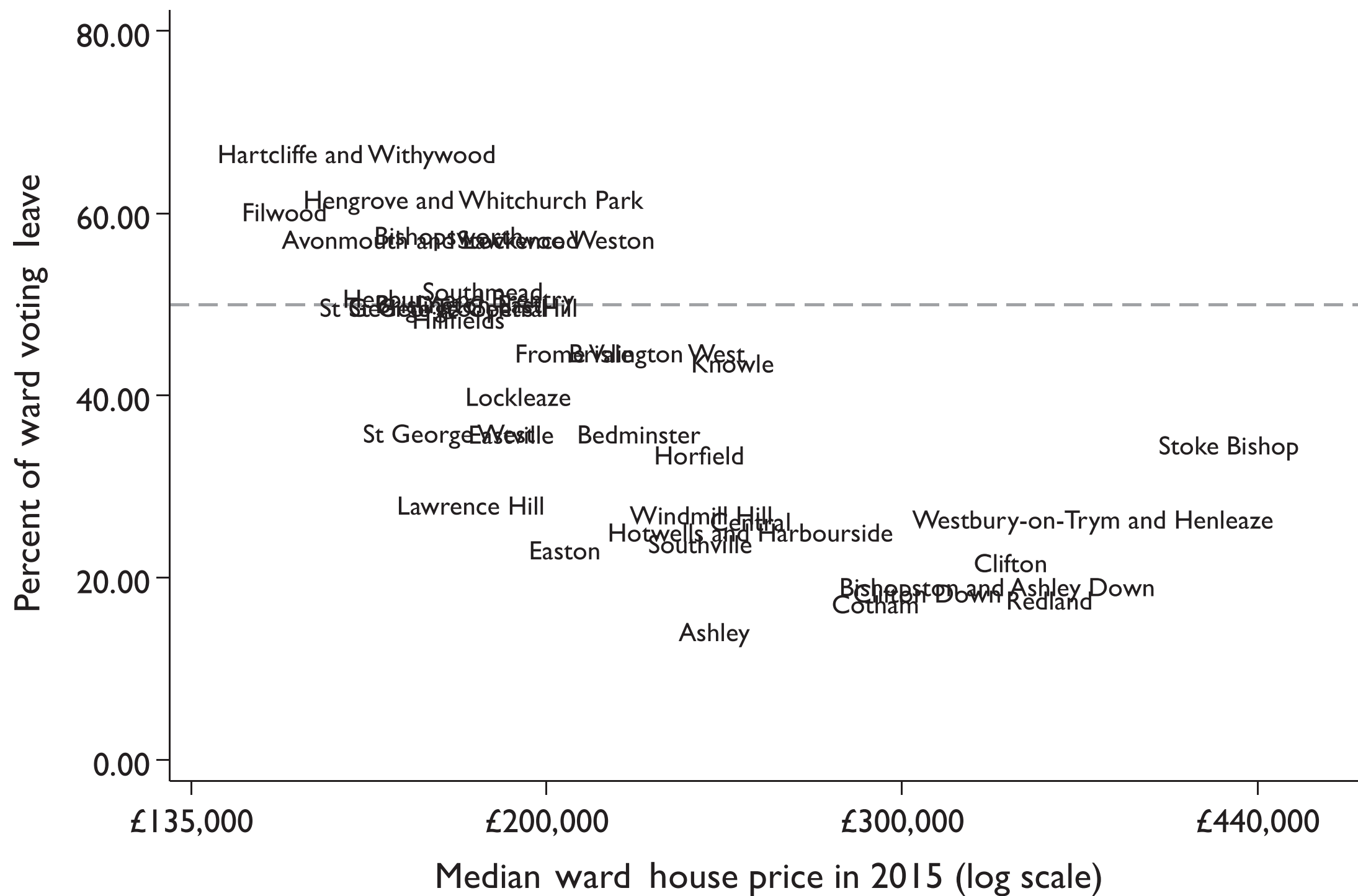
Figure 2. Voting at the ward level in Bristol local authority.

BRITISH ELECTION STUDY 2016

Mechanisms

1. Pocket book - A direct effect of housing prices:

   Rising prices mean homeowners are happy and support mainstream parties. Stagnation leads to dissatisfaction.

2. Geotropic - Housing prices as a proxy for the general development in the local area:

   People see that their local area is in decline and vote for populist parties, which offer a radically different direction.

   Learning effect: People learn that the market doesn't value people in places where they live. Worry about themselves

   Altruism effect: I care about my community. I see it in decline and want to "help" by voting for the right-wing.

3. Relative mobility

   People become locked in and cannot afford to move to more expensive areas.

   Solidify and accentuate existing geographical differences in fortune, status and satisfaction with the status quo
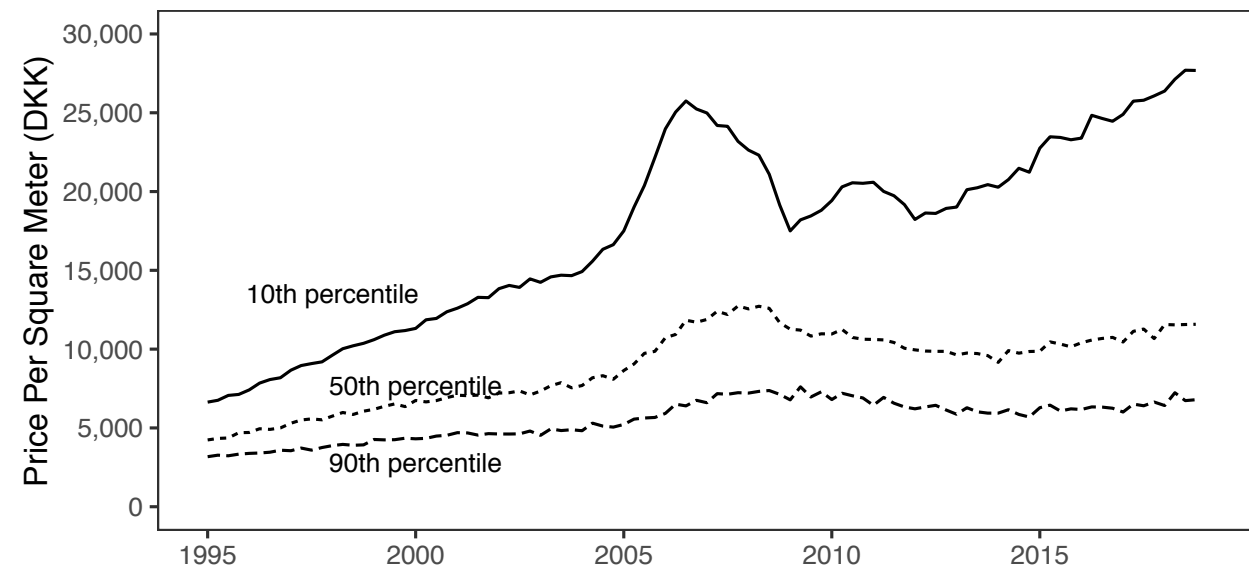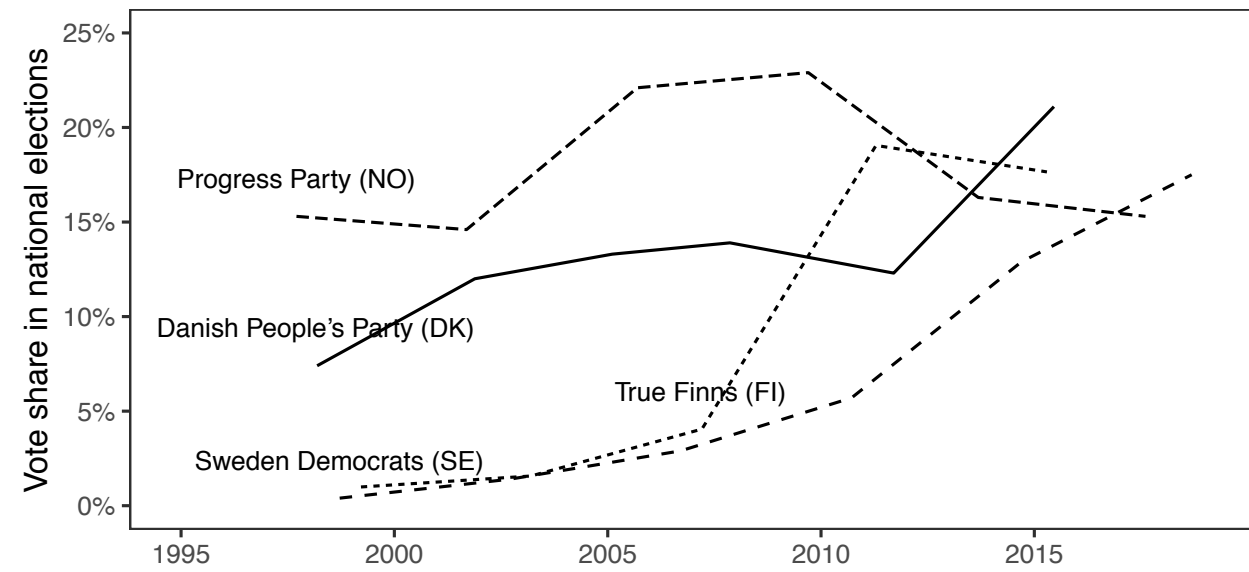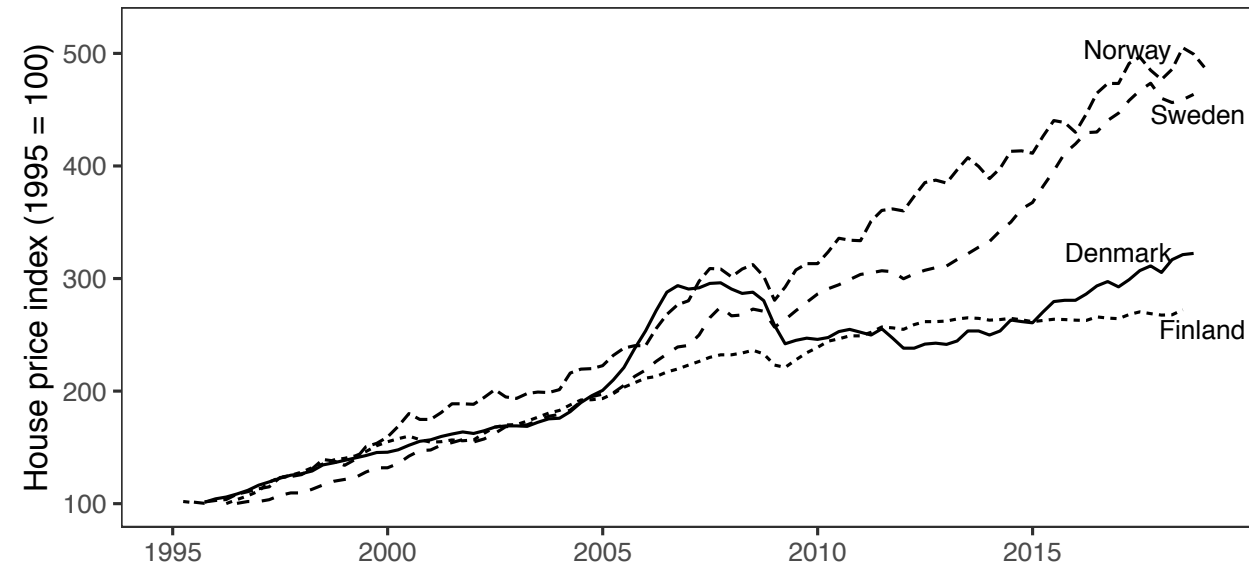
EMPIRICAL STRATEGY: DENMARK

We use registry data to examine house prices and (change in) support for the Danish People's party at precinct level ≈ 3,000 eligible voters. Unit of observation is a precinct (i) - year (j).

We use a first difference approach (sometimes w. fixed effects) to examine election to election changes in voting.

$$\Delta DPP_{ij} = \beta \Delta Prices_{ij} + \Delta \mathbf{X_{ij}} \gamma + \theta_j + \epsilon_{ij},$$

We also examine individual survey data coded by precinct to see if the effects can also be picked up in terms of vote choice in surveys. United observation is individual-year.
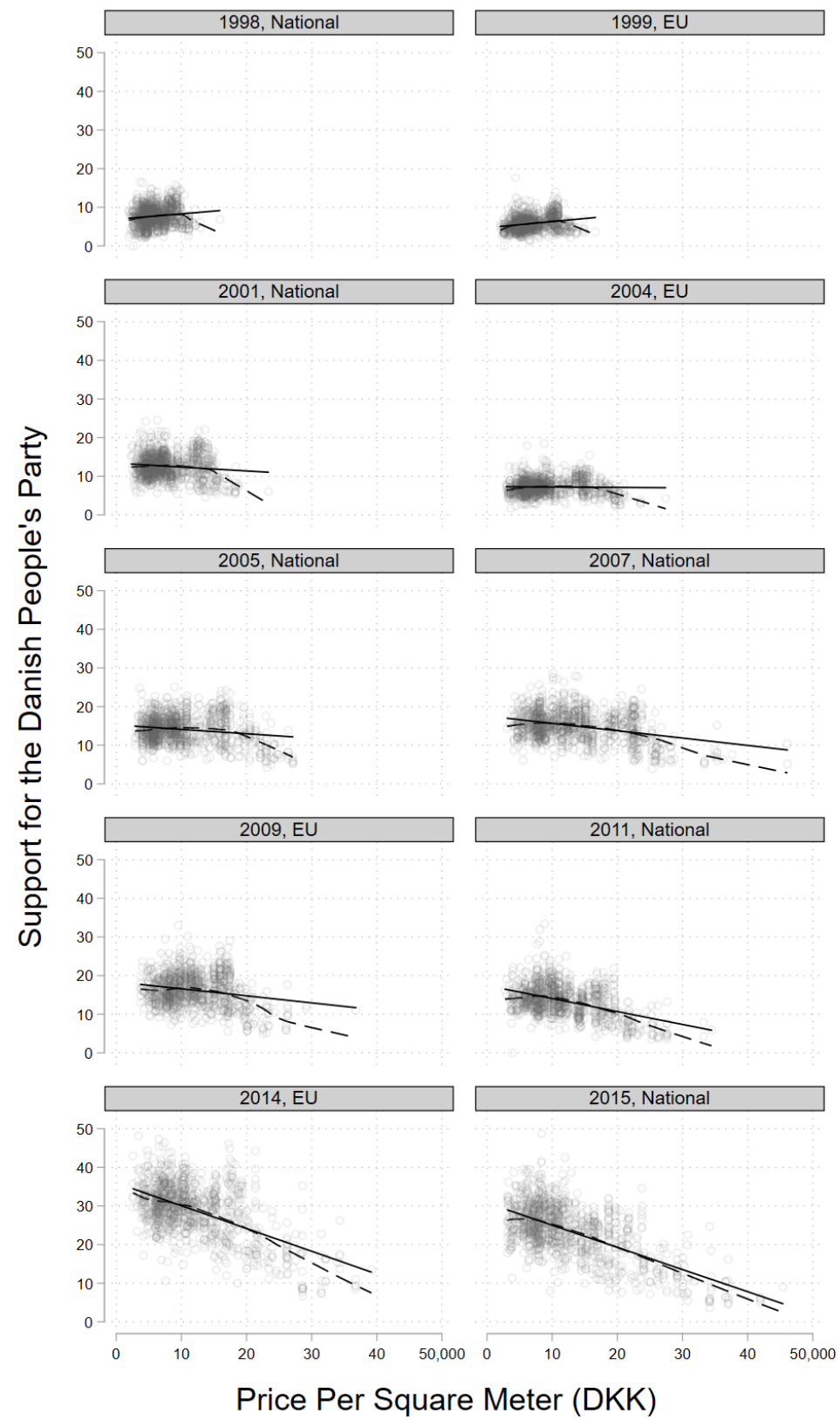
FIRST DIFFERENCES

Table 1: Support for the Danish People's party and Housing Prices

	(1)	(2)	(3)	(4)	(5)
Housing Prices (DKK 10,000)	-3.0	-3.0	-3.0	-3.0	-2.9
	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Log(Population Density)		-1.1	-1.1	-1.3	-1.9
		(1.3)	(1.3)	(1.3)	(1.2)
Single Family Homes		-0.1	-0.1	-0.1	-0.1
		(0.1)	(0.1)	(0.1)	(0.1)
Ten Family Apartments		-0.4	-0.4	-0.5	-0.4
		(0.2)	(0.2)	(0.2)	(0.1)
Non-western Immigrants			0.0	-0.0	0.0
			(0.1)	(0.1)	(0.1)
Unemployment Rate				-0.1	-0.1
				(0.1)	(0.1)
Median Income				-3.7	-4.7
				(2.1)	(2.0)
Low Skilled Service					0.1
					(0.0)
Low Skiled Manufacturing					-0.0
					(0.1)
High Skilled and Manager					-0.1
					(0.1)
Year FE	✓	✓	✓	✓	✓
Observations	9878	9808	9808	9808	9808
RMSE	2.526	2.521	2.521	2.521	2.516

Clustered standard errors in parentheses.

FIRST DIFFERENCES W. FIXED EFFECTS

	(1)	(2)	(3)	(4)	(5)
Housing Prices (DKK 10,000)	-2.2	-2.2	-2.2	-2.0	-2.0
	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Log(Population Density)		-0.6	-0.6	-0.9	-2.0
		(1.5)	(1.6)	(1.5)	(1.3)
Single Family Homes		-0.1	-0.1	-0.1	-0.1
		(0.1)	(0.1)	(0.1)	(0.1)
Ten Family Apartments		-0.5	-0.5	-0.5	-0.4
		(0.2)	(0.2)	(0.2)	(0.2)
Non-western Immigrants			0.3	0.4	0.4
			(0.2)	(0.2)	(0.2)
Unemployment Rate				-0.2	-0.2
				(0.1)	(0.1)
Median Income				-4.7	-5.5
				(2.1)	(2.1)
Low Skilled Service					0.1
					(0.0)
Low Skiled Manufacturing					0.2
					(0.1)
High Skilled and Manager					0.0
					(0.1)
Year FE	✓	✓	✓	✓	✓
Precinct Trend FE	✓	✓	✓	✓	✓
Observations	9878	9808	9808	9808	9808
RMSE	2.452	2.446	2.445	2.441	2.437

Clustered standard errors in parentheses.

JUST
COPENHAGEN

Table C1: Support for the Danish People's Party and Housing Prices in the Capital Reg

|	(1)	(2)	(3)	(4)	(5)
Housing Prices (DKK 10,000)	-3.8	-3.7	-3.4	-3.3	-3.3
	(1.1)	(0.9)	(0.9)	(1.0)	(1.0)
Log(Population Density)		-6.3	-5.8	-5.9	-4.7
		(2.6)	(3.0)	(3.0)	(3.5)
Single Family Homes		0.6	0.6	0.6	0.7
		(0.3)	(0.3)	(0.3)	(0.3)
Ten Family Apartments		-0.3	-0.3	-0.3	-0.3
		(0.4)	(0.4)	(0.4)	(0.4)
Non-western Immigrants			0.3	0.3	0.4
			(0.3)	(0.3)	(0.4)
Unemployment Rate				-0.1	-0.1
				(0.2)	(0.2)
Median Income				-5.3	-6.3
				(3.0)	(3.4)
Low Skilled Service					-0.0
					(0.1)
Low Skiled Manufacturing					0.4
					(0.4)
High Skilled and Manager					-0.0
					(0.2)
Year FE	✓	✓	✓	✓	✓
Observations	1557	1547	1547	1547	1547
RMSE	2.505	2.460	2.451	2.447	2.443

Clustered standard errors in parentheses.

OTHER PARTIES

Table D1: Support for Selected Other Parties and Housing Prices

|	Left	Socialist	Social Democratic	Liberal Party
Housing Prices (DKK 10,000)	0.5	0.3	0.2	-0.6
	(0.6)	(0.4)	(0.5)	(0.4)
Low Skilled Service	-0.0	0.1	-0.1	-0.2
	(0.1)	(0.0)	(0.1)	(0.1)
Low Skiled Manufacturing	-0.1	0.0	-0.2	-0.1
	(0.2)	(0.1)	(0.2)	(0.1)
High Skilled and Manager	-0.5	-0.2	-0.2	0.3
	(0.2)	(0.1)	(0.1)	(0.1)
Log(Population Density)	3.0	-0.6	3.6	-0.6
	(1.7)	(0.9)	(1.5)	(2.1)
Unemployment Rate	0.2	0.2	-0.0	-0.6
	(0.2)	(0.1)	(0.1)	(0.2)
Median Income	-9.0	-5.9	-3.1	-2.5
	(3.4)	(1.8)	(3.4)	(3.7)
Single Family Homes	-0.2	0.0	-0.2	0.1
	(0.2)	(0.1)	(0.1)	(0.1)
Ten Family Apartments	-0.4	0.0	-0.4	0.4
	(0.4)	(0.2)	(0.3)	(0.3)
Non-western Immigrants	-0.2	-0.0	-0.2	0.1
	(0.3)	(0.2)	(0.2)	(0.3)
Year FE	✓	✓	✓	✓
Observations	9799	9799	9808	9808
RMSE	4.796	2.609	4.138	3.804

Clustered standard errors in parentheses.
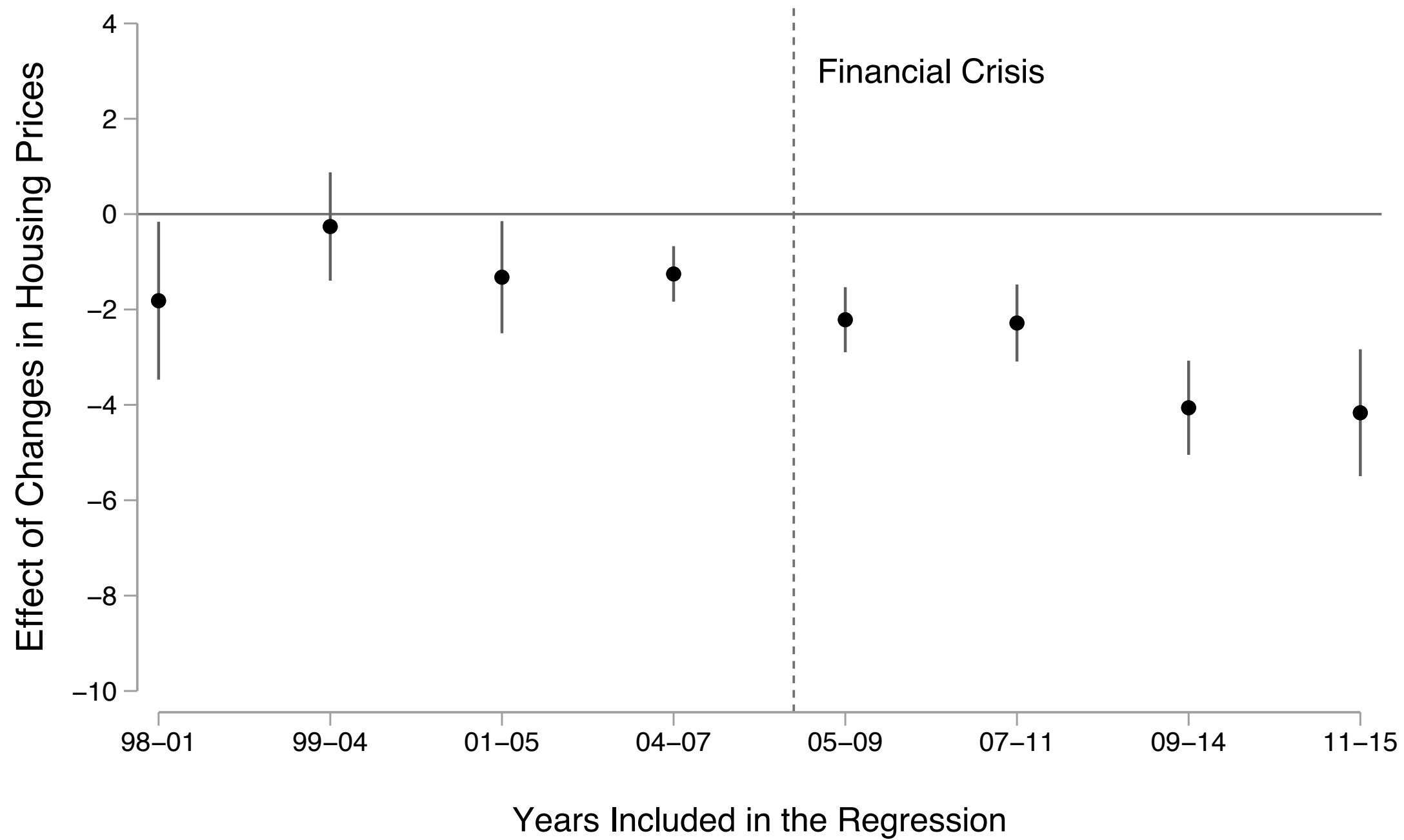
CAUSATION
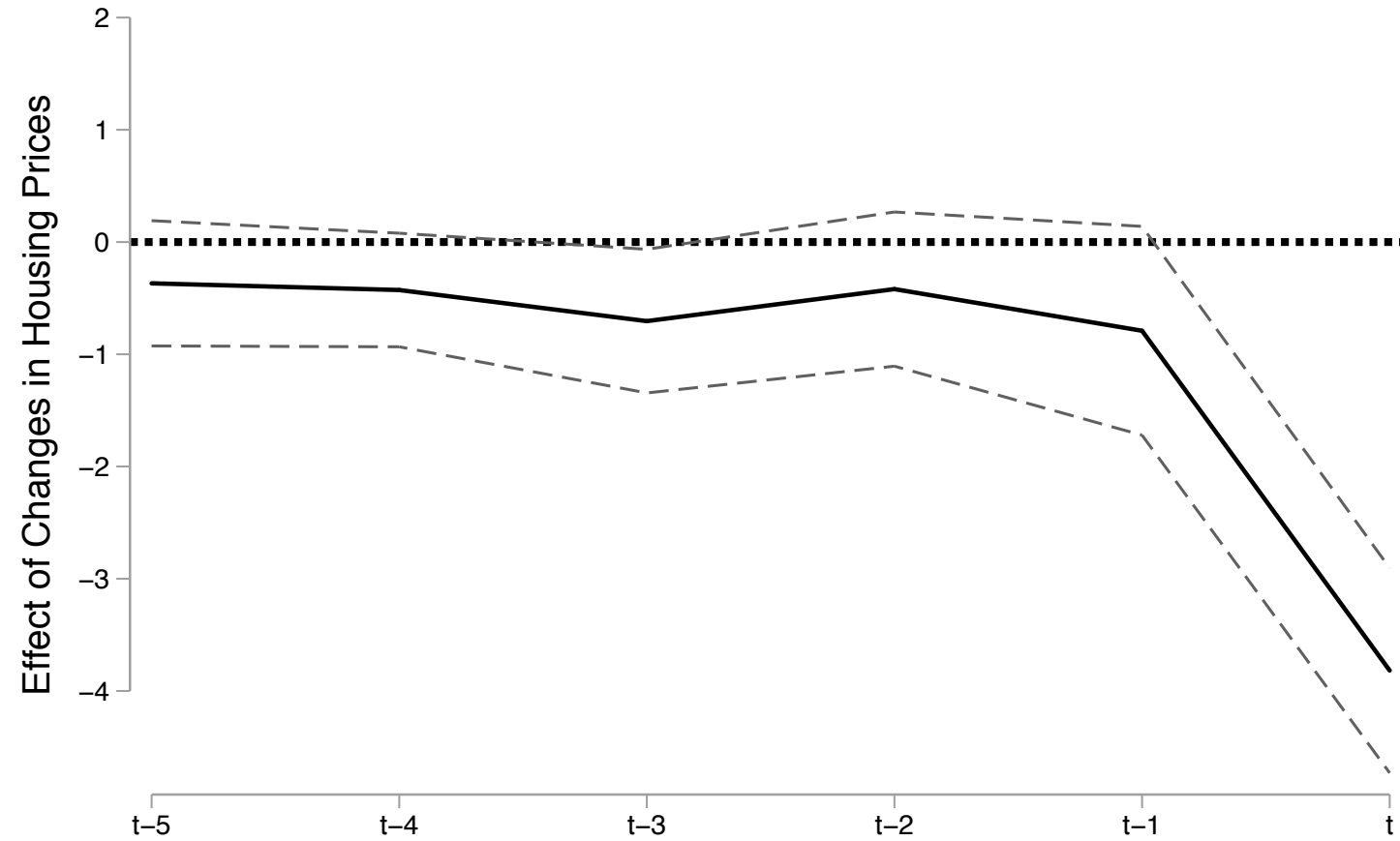
MOBILITY
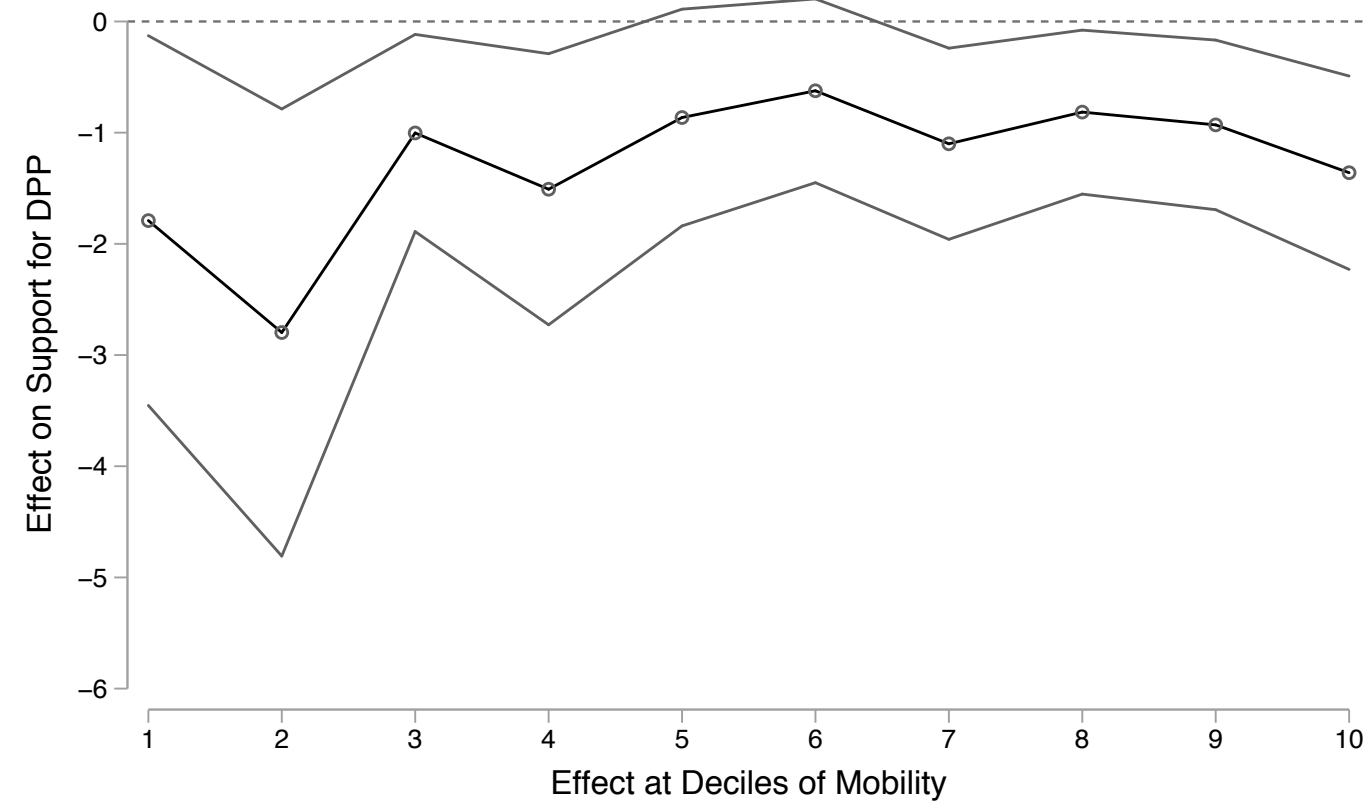
INDIVIDUAL LEVEL

Table 2: Support for the Danish People's party: An Individual-level Approach

	(1)	(2)	(3)
Housing Prices (DKK 10,000)	-2.4	-2.9	-3.3
	(1.3)	(1.3)	(1.4)
Renter			0.9
			(2.5)
Housing Prices (DKK 10,000) × Renter			0.8
			(1.2)
Year FE	✓	✓	✓
Zip code controls	✓	✓	✓
Demographic controls		✓	✓
Observations	6869	6869	6869
RMSE	30.743	30.397	30.389

Standard errors clustered on zip codes in parentheses.

Demographic controls: Age, gender, income, education and marital status.

Zip-code controls: See precinct-level analysis.

INDIVIDUAL LEVEL

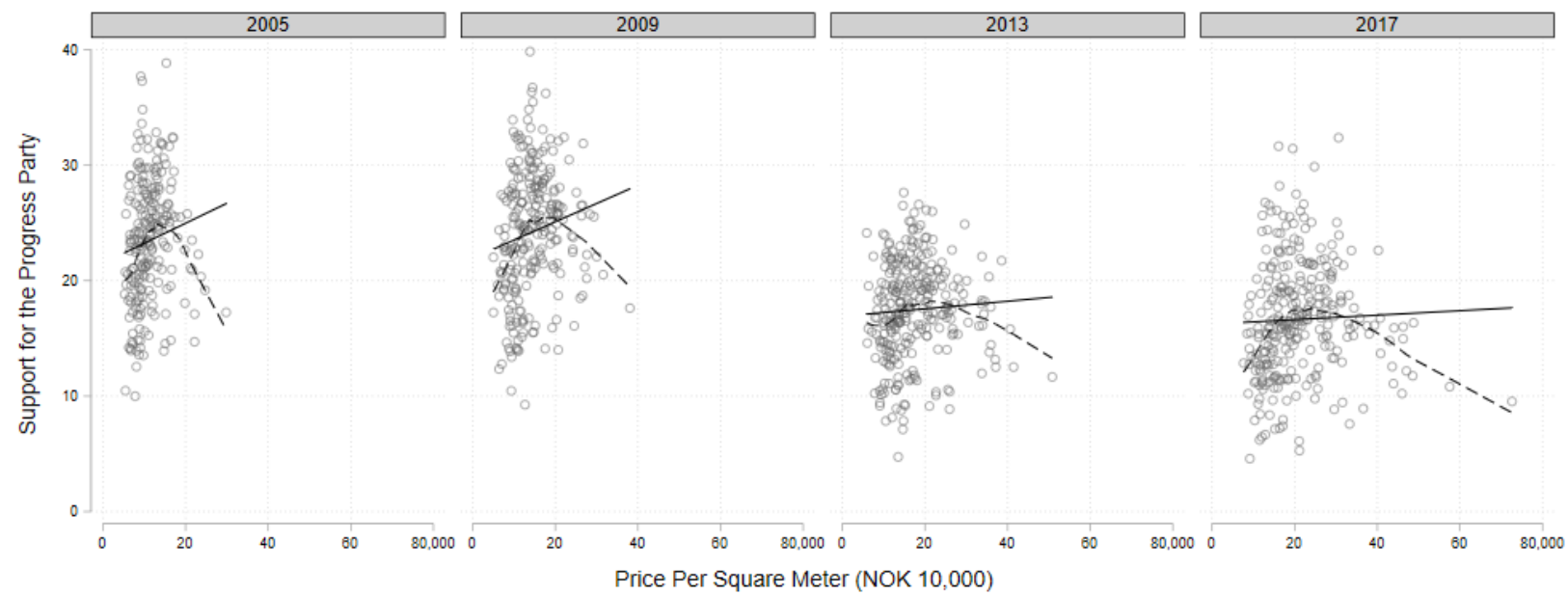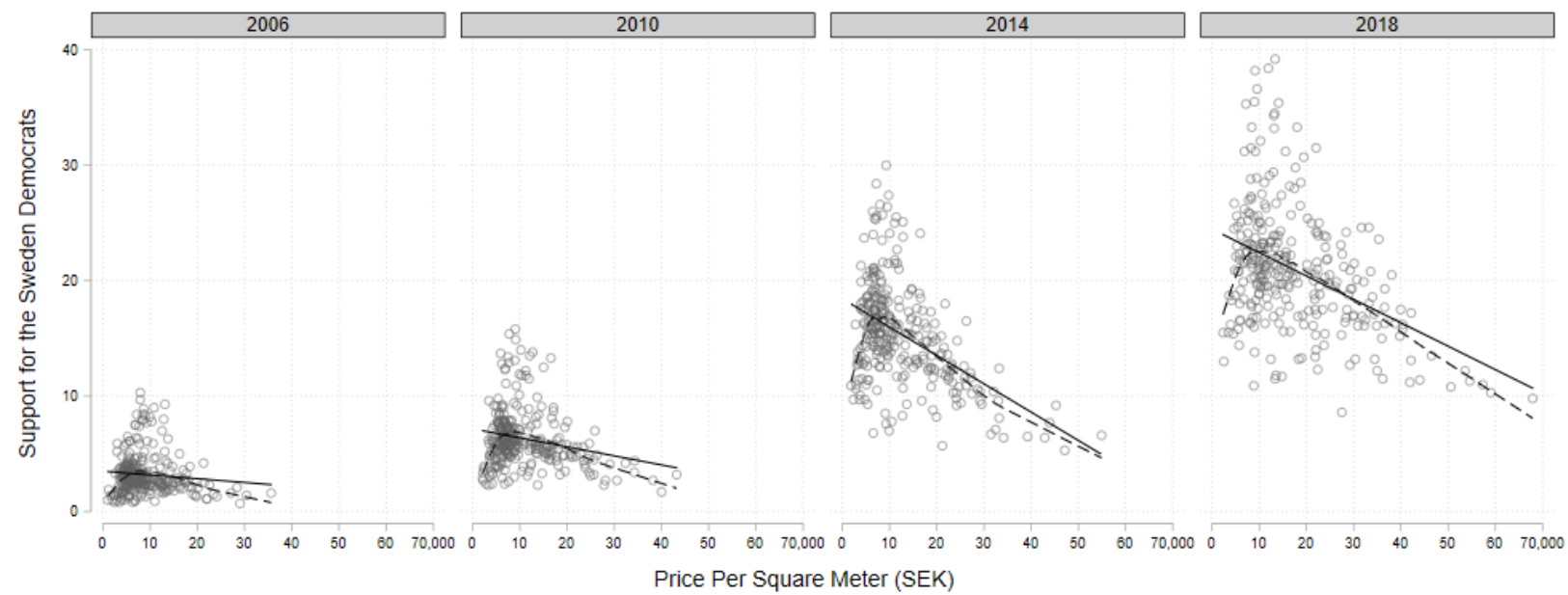Table H1: Housing Prices, Home Equity and Anti-immigrant Sentiment

	(1) Home Equity (10,000 DKK)	(2) Anti-immigrant
Housing Prices (DKK 10,000)	5.930	-0.031
	(1.396)	(0.017)
Year FE	✓	✓
Zip code controls	✓	✓
Demographic controls	✓	✓
Observations	1834	5922
RMSE	11.286	0.340

THE NORDIC WORLD

We extend our framework to look at Sweden (Sweden Democrats), Finland (True Finns), and Norway (Progress Party).

Data at higher level of aggregation - municipalities.

As before we use fixed effects and first differences models.

Table 2: Support for Populist Parties Across Scandinavia: A Fixed Effects Approach

	(1)	(2)	(3)	(4)	(5)
Housing Prices (SEK 10,000)	-3.5	-3.9	-3.6	-3.2	-2.1
	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)
Housing Prices (NOK 10,000)	-1.6	-0.7	-0.7	-0.6	-0.5
	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)
Housing Prices (EUR 1,000)	-2.3	-4.2	-4.1	-4.3	-3.3
	(1.4)	(1.6)	(1.7)	(1.8)	(1.6)
Year FE	✓	✓	✓	✓	✓
Municipality FE	✓	✓	✓	✓	✓
Urbanization controls		✓	✓	✓	✓
Immigration controls			✓	✓	✓
Economic controls				✓	✓
Education controls					✓
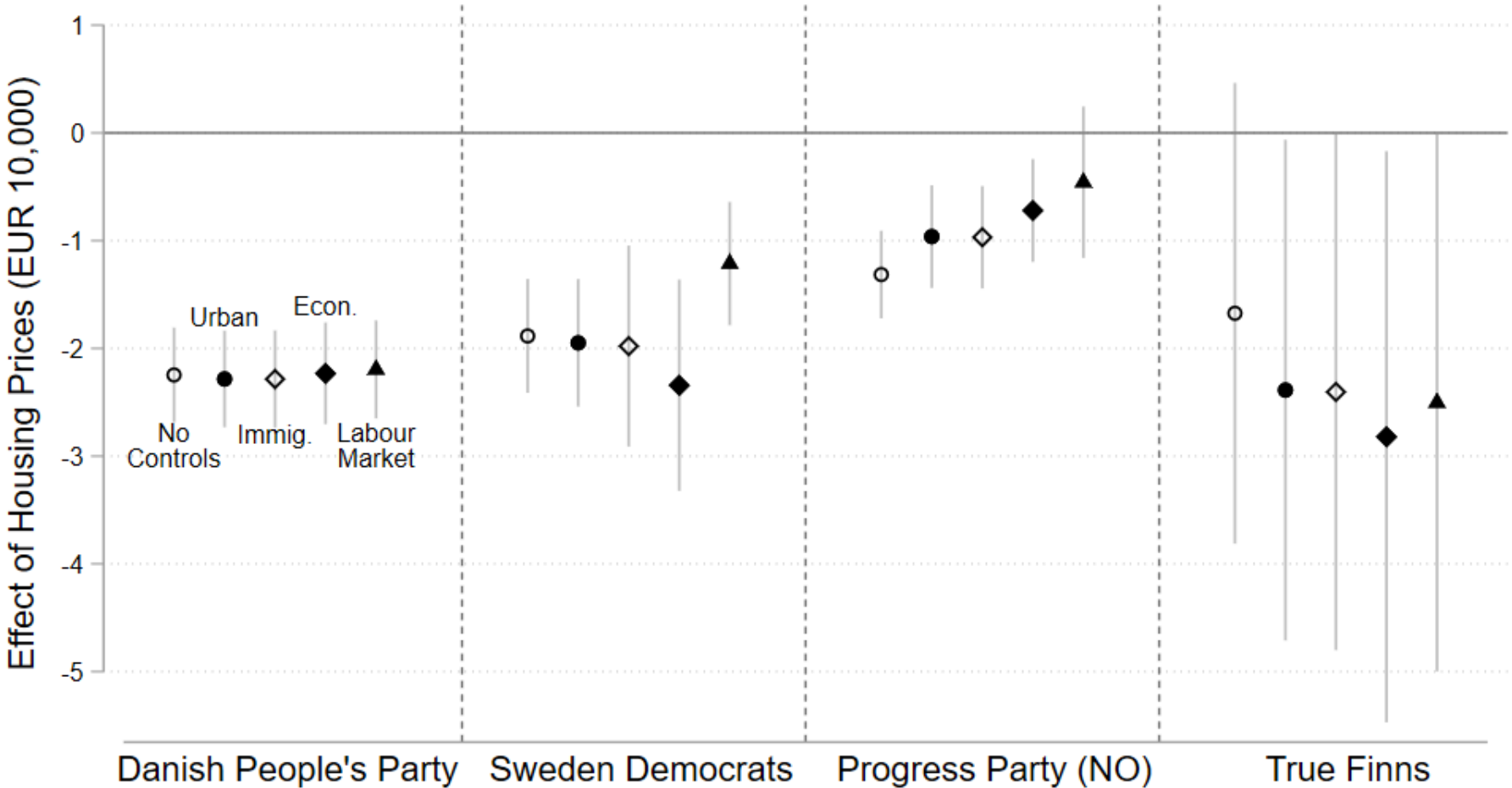
CONCLUSION

Strong evidence for connection between relative house prices and relative support for right populist parties in Nordic world.

Builds on existing findings for Brexit and France.

Helps to reconcile economic and cultural stories about populism through lens of place.