

Falling house prices hurt incumbents

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Key economic feature of post-industrial societies: mass home ownership.

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- key part of one's control over one's immediate context.
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~> but: relatively little research on how home ownership shapes political behavior.

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“personal grievance hypothesis”: citizens blame (or credit) governments for personal grievances (favor) they experience; specifically, whether local house prices (appreciate) depreciate.

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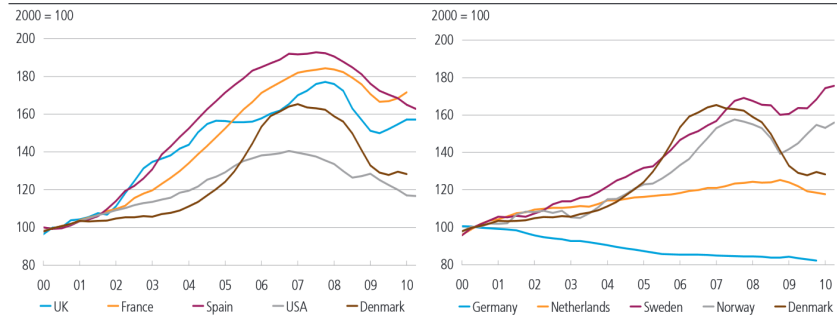
However, personal economic hardships previously studied have been

- ① self-reported, and/or
- ② short-ranging (e.g. unemployment, reductions in income)

In international comparison, DK's housing bubble exceptionally volatile:

REAL HOUSE PRICES IN SELECTED OECD COUNTRIES

Chart 4



Note: Real house prices: nominal house prices deflated by the national accounts deflator for private consumption.

Source: OECD House Price Database.

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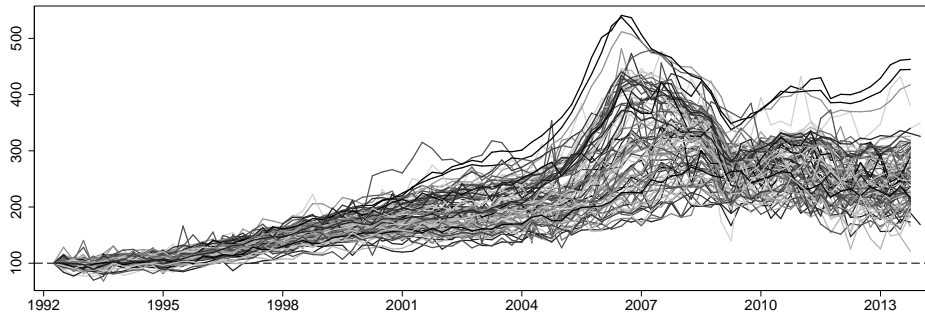
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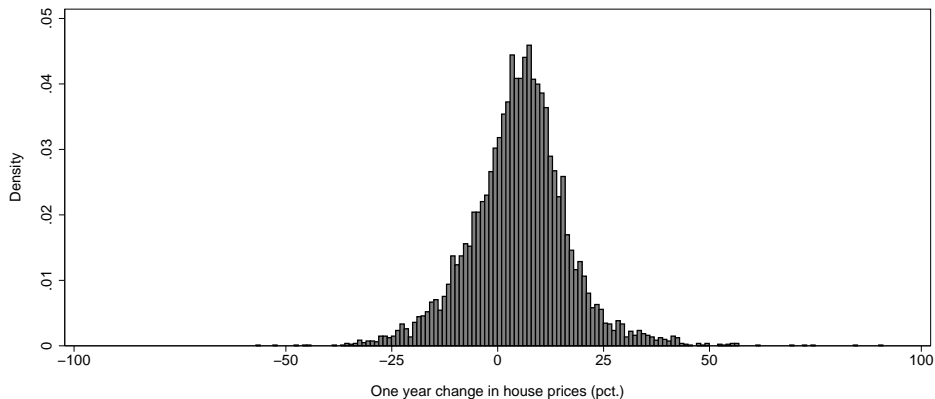
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Data on municipal selling prices from the Danish Mortgage Banks' Federation covering twenty years (1992:2013).

House prices in Denmark
(1992 is index 100)





$$\mu = 0.05 \quad \sigma = 0.11$$

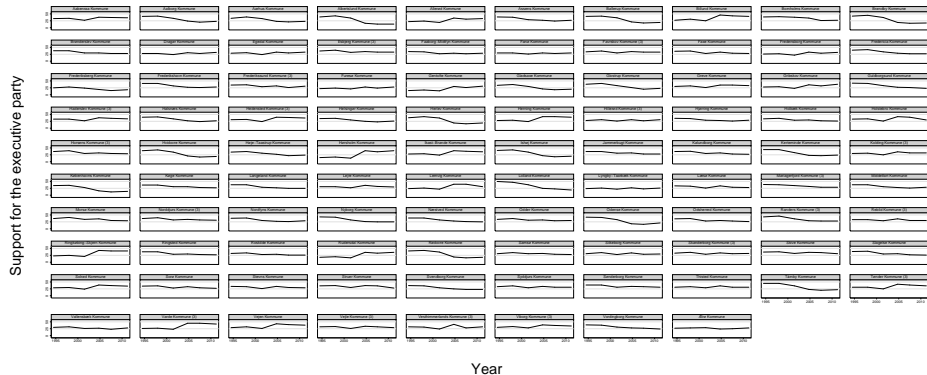
For incumbent support, two data sets:

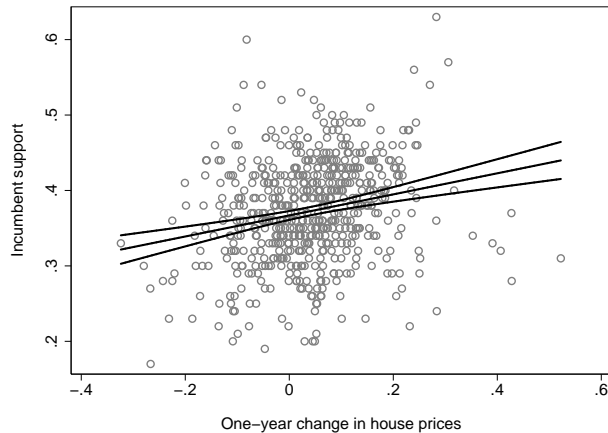
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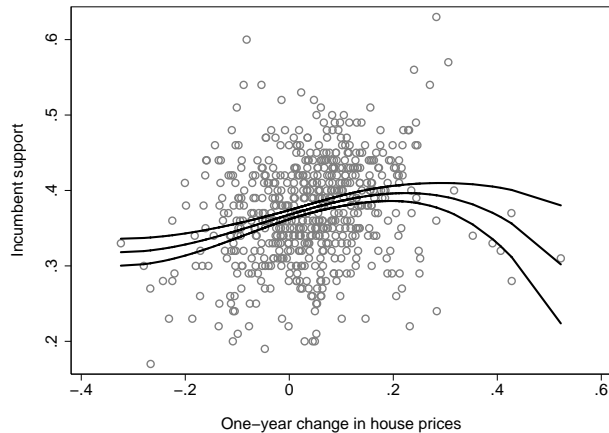
- 1 Municipality-level election returns from the six national elections for which we have the housing data
~> behavioral outcome measure

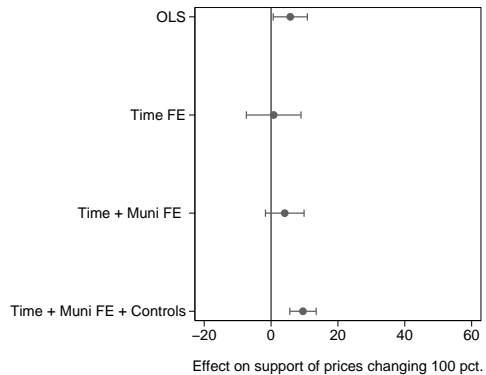
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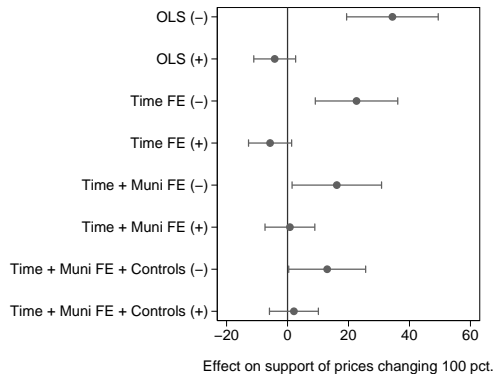
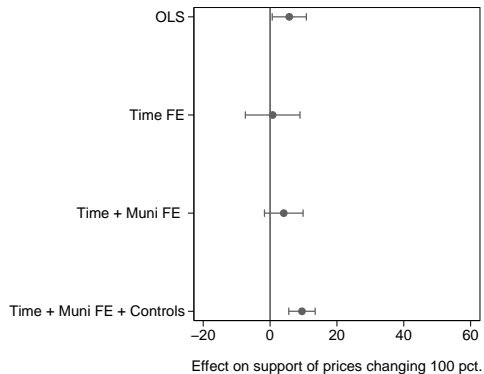
- ① Municipality-level election returns from the six national elections for which we have the housing data
~> behavioral outcome measure
- ② A set of nine surveys
~> intense coverage around the time of the housing-bubble in 2005-2010
~> individual-level controls

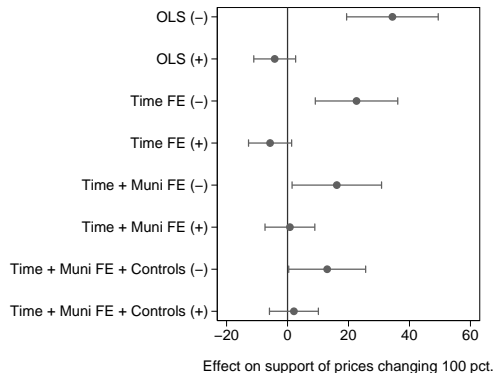
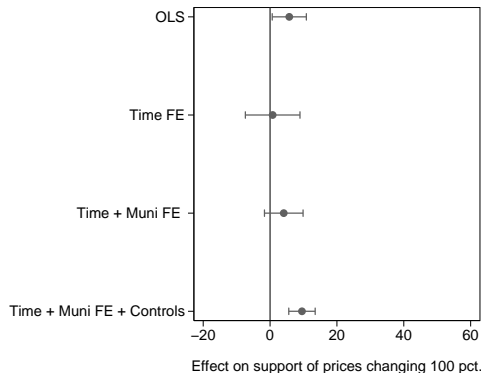




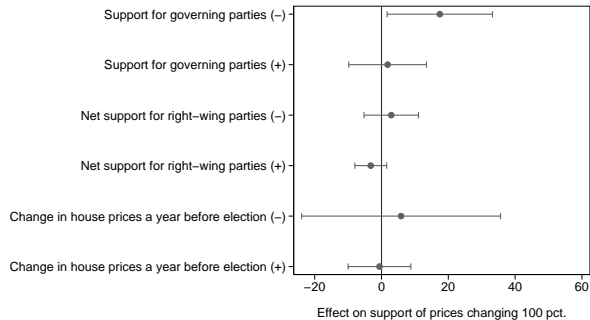


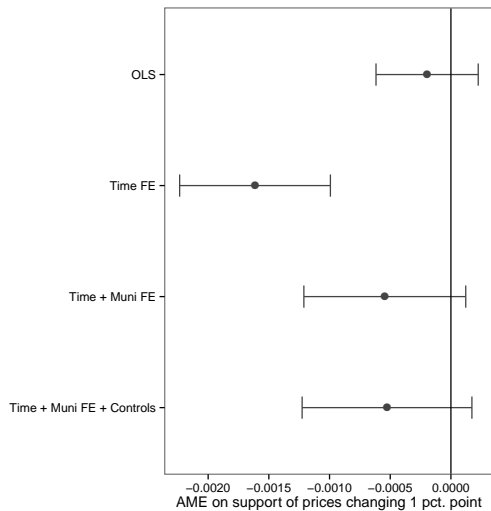


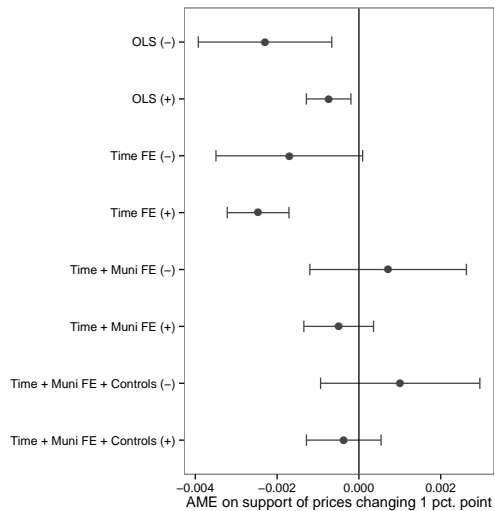
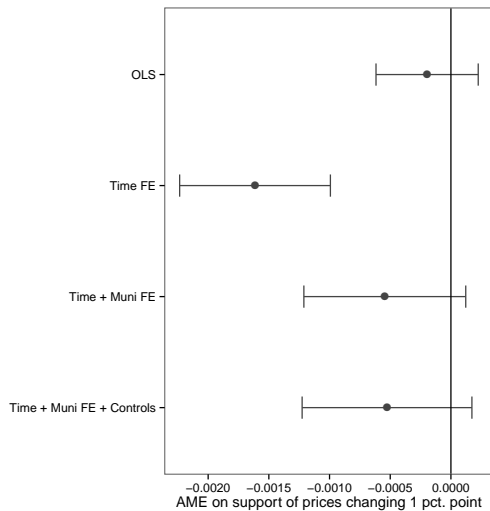




Controls: Unemployment, tax-level, violent crime, theft.







We have shown evidence suggesting that falling - but not rising - house prices hurt incumbents in Denmark.

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- is this convincing?
- what other analyses would you like to see?
- which interesting (theoretical and real world) implications do you think this has?
- do you think this is a case where personal economic grievances matter?

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- Kinder, Donald R and D Roderick Kiewiet. 1979. "Economic discontent and political behavior: The role of personal grievances and collective economic judgments in congressional voting." *American Journal of Political Science* pp. 495–527.
- Lewis-Beck, Michael S, Richard Nadeau and Martial Foucault. 2013. "The compleat economic voter: New theory and British evidence." *British Journal of Political Science* 43(02):241–261.