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# Sheltering Populists? House Prices and the Support for Populist Parties

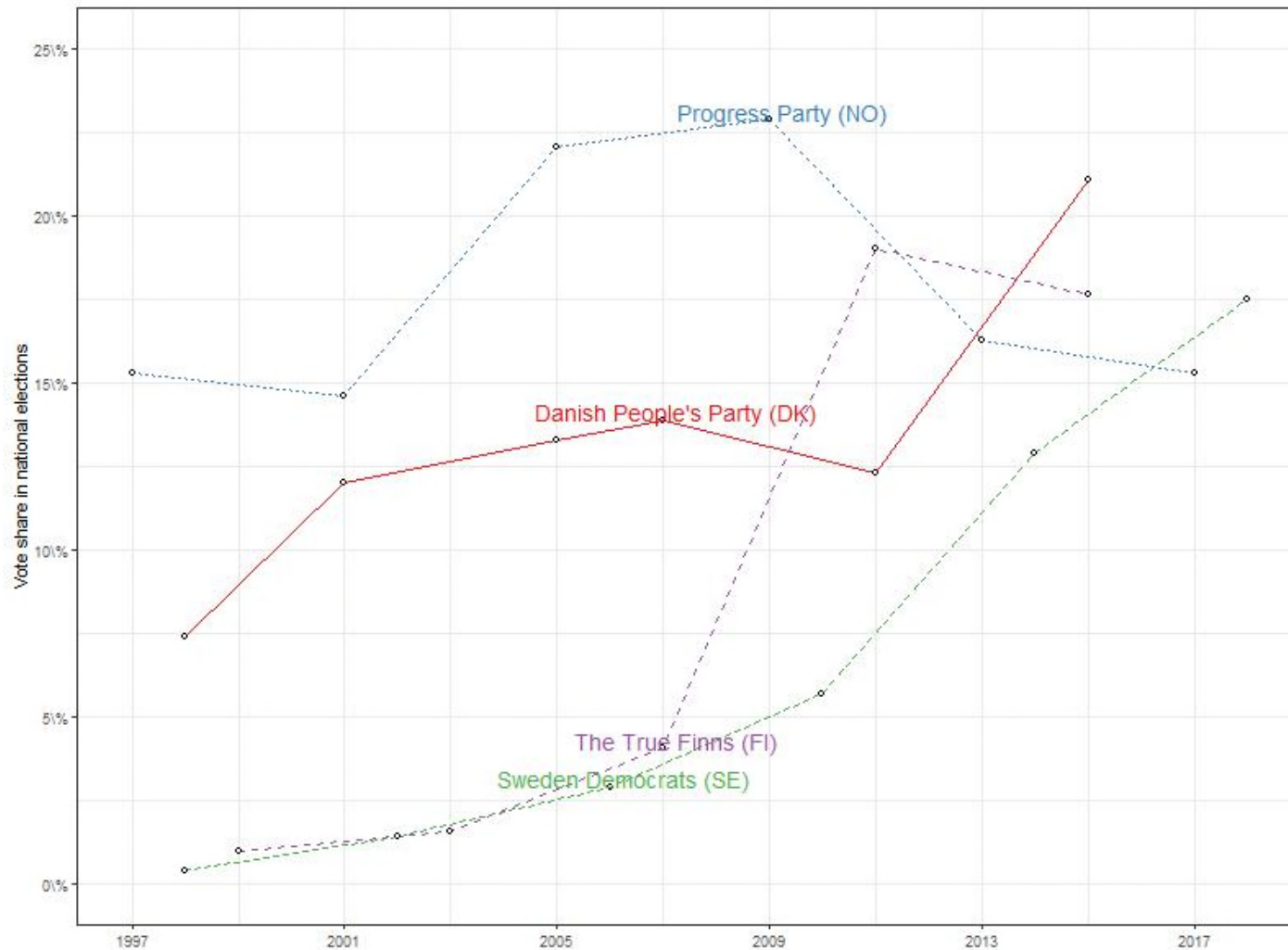
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9<sup>th</sup> of November 2018  
DPIR Graduate Seminar, Nuffield College

Jacob Nyrup

Joint work with Ben Ansell (University of Oxford), Frederik Hjorth, (University of Copenhagen) and Martin Vinæs Larsen (University of Aarhus)

# Rise of the right

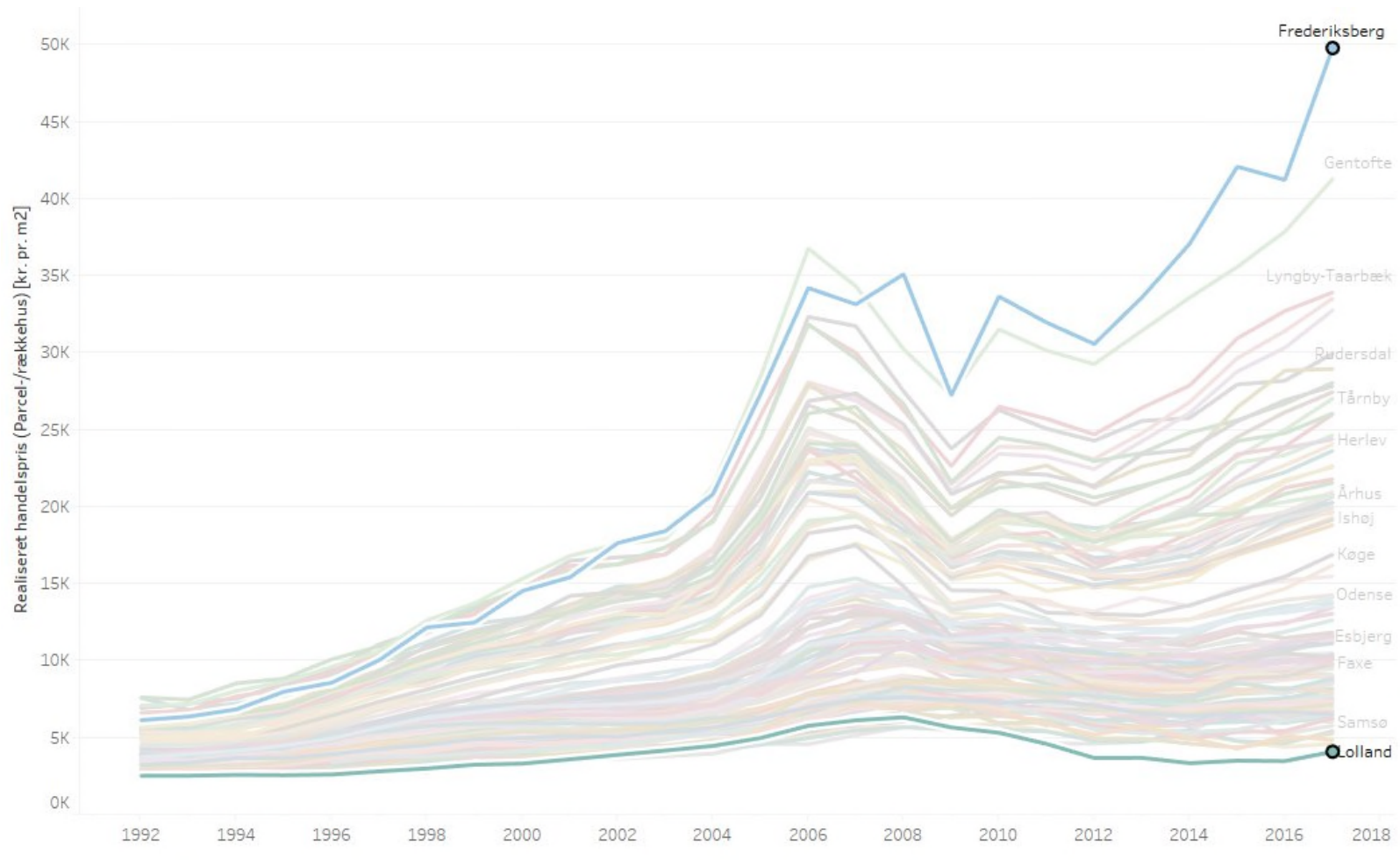


# Why populism?

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- The question of our time. Different approaches:
    - First dimension politics:
      - Labor market shocks
      - Austerity
      - Income inequality
    - Second dimension politics:
      - Nationalism
      - Authoritarian values
      - Anti-globalism
      - Lost trust in government
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# Explosion in house prices



# A new approach: Housing prices

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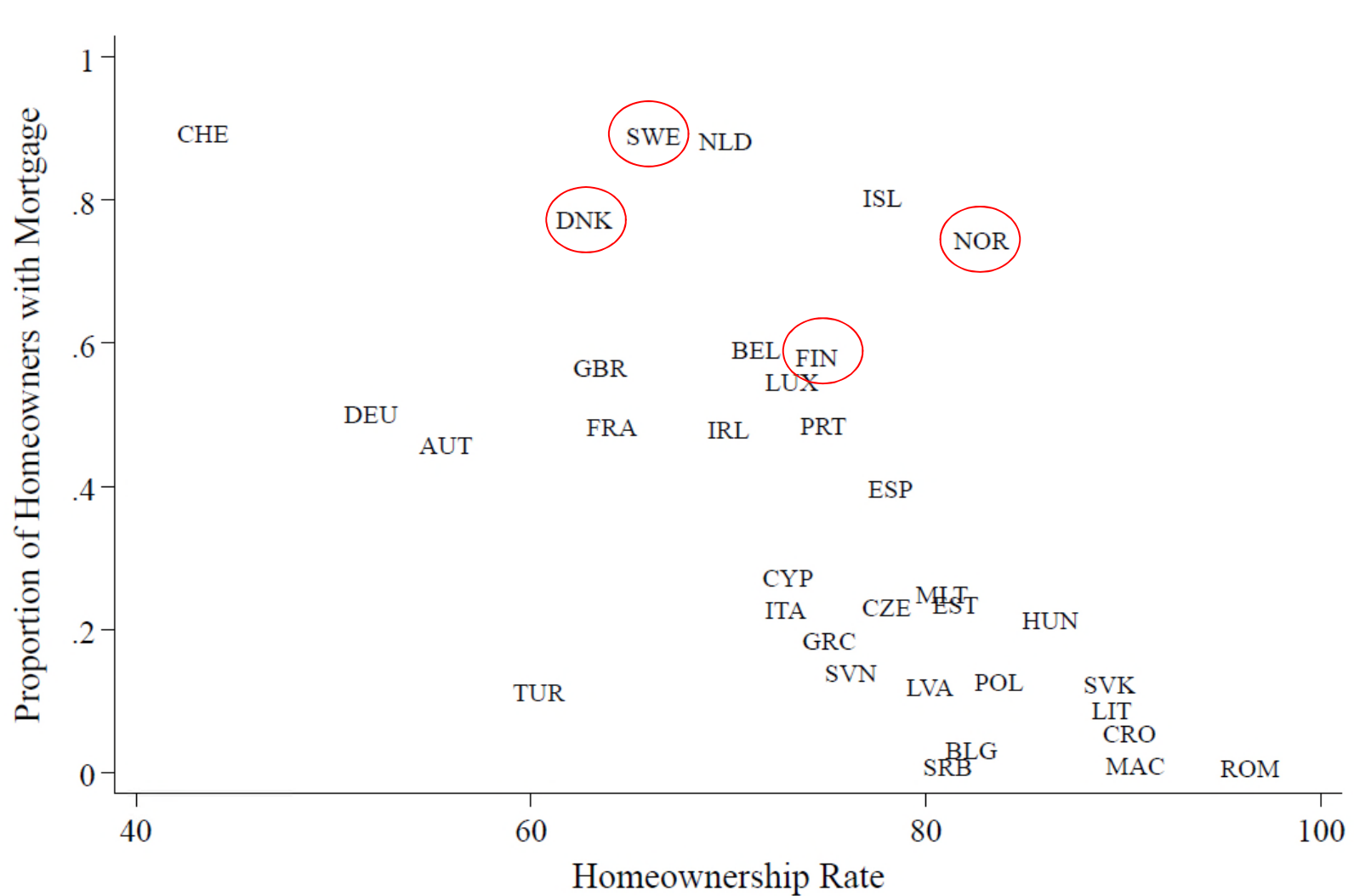
- An increasing focus on geography as explaining factor;
    - Local trade shocks (Colantone and Stanig, 2018)
    - Exposure to austerity (Fetzer, 2018)
    - Changing demographics (Enos, 2017, Thisted Dinesen, 2015)
  - Ansell and others (2014-) have shown the importance of wealth and housing prices for economic preferences and voting patterns
  - Ansell and others (2018) have shown that there is a clear association between changes in housing prices and vote for Trump, Front National and Brexit
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# A new approach: Housing prices

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- Two theoretical mechanisms:
    1. Pocket book; A direct effect of housing prices:
      - Housing is a measure of wealth -> Wealth inequality increases.
      - People are “locked in”; it is no longer possible to sell the house and move.
    2. Geotropic; Housing prices is a proxy for the general development in the local area:
      - Somewheres and anywheres (Goodhart 2017)
      - People see that their local area is “left” behind and vote for populist parties, which offers a radically different direction.
      - People, who look alike, cluster
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# Housing market in Scandinavia



# Denmark: Data

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- In Denmark we use registry data to examine house prices and (change in) support for the Danish People's party at a very low level of aggregation (precinct  $\approx$  1,000 persons)
  - We use a fixed effects approach and a first difference approach to examine election to election changes in voting.
  - Enables us to test the association over time with extremely detailed data (1998- and onwards)
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# Denmark

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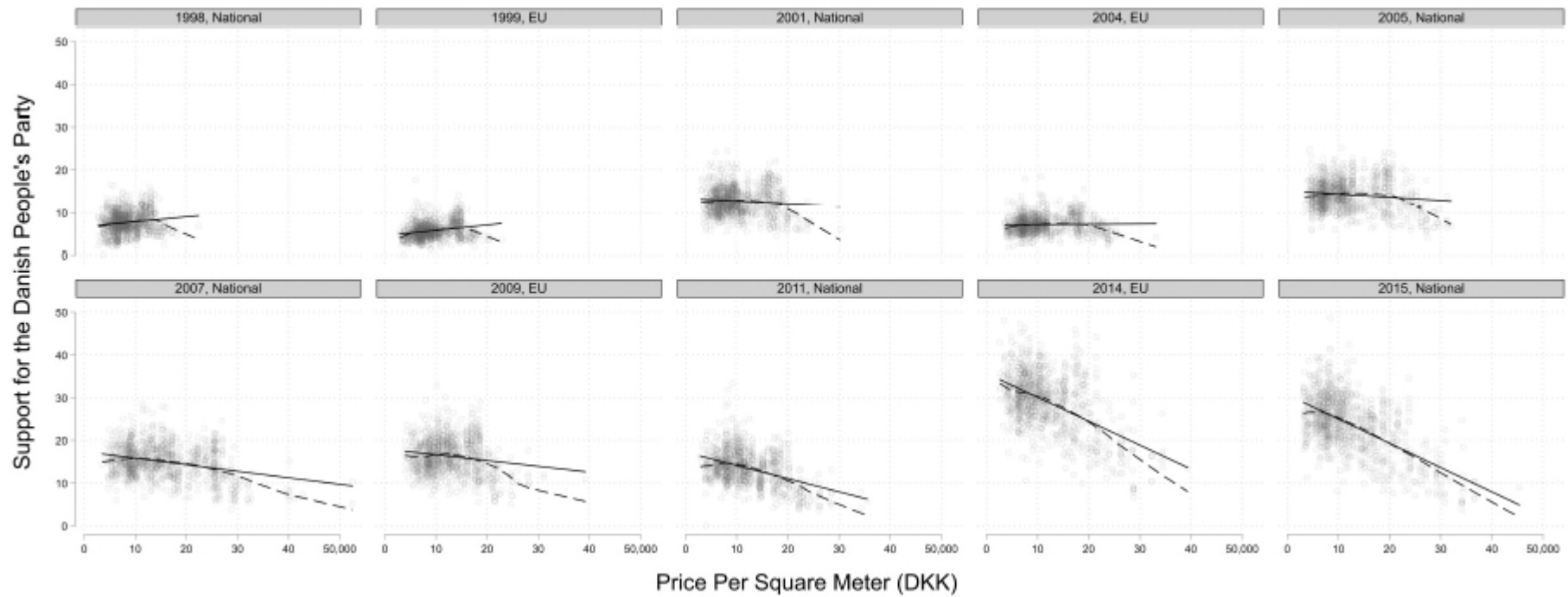


Table 1: Support for the Danish People's party: A Fixed Effects Approach

	(1)	(2)	(3)	(4)	(5)
Housing Prices (DKK 10,000)	-3.8*	-3.6*	-3.6*	-3.4*	-2.5*
	(0.4)	(0.4)	(0.4)	(0.4)	(0.2)
Log(Population Density)		-3.7*	-3.8*	-2.7	-1.6
		(1.7)	(1.6)	(1.5)	(1.1)
Single Family Homes		4.6	6.9	7.3	7.0
		(10.5)	(10.1)	(9.7)	(6.8)
Ten Family Apartments		-46.7*	-39.2	-39.5	-17.8
		(22.2)	(21.5)	(21.7)	(14.5)
Non-western Immigrants			-30.4*	-39.3*	-18.0*
			(12.4)	(12.9)	(8.5)
Unemployment Rate				40.2*	-4.2
				(14.2)	(7.6)
Median Income				-0.1	-2.6
				(5.6)	(3.2)
Low Skilled service jobs					4.5
					(3.0)
Low Skilled Manufacturing					-43.4*
					(7.7)
High Skilled and Manager					-58.7*
					(8.0)
Medium Skilled					73.0*
					(8.8)
Year FE	✓	✓	✓	✓	✓
Precinct FE	✓	✓	✓	✓	✓
Observations	11371	11301	11301	11301	11301
RMSE	2.372	2.343	2.326	2.310	2.122

Standard errors in parentheses

\*  $p < 0.05$

Table 2: Support for the Danish People's party: A First Difference Approach

	(1)	(2)	(3)	(4)	(5)
Housing Prices (DKK 10,000)	-1.5*	-1.5*	-1.5*	-1.4*	-1.3*
	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Log(Population Density)		-0.7	-0.6	-1.0	-2.1
		(1.5)	(1.6)	(1.5)	(1.3)
Single Family Homes		-13.4	-13.3	-14.1	-8.7
		(9.5)	(9.7)	(9.4)	(8.4)
Ten Family Apartments		-45.9*	-47.3*	-49.3*	-43.3*
		(18.2)	(18.1)	(17.6)	(16.9)
Non-western Immigrants			26.9	36.9*	41.0*
			(16.8)	(16.3)	(16.2)
Unemployment Rate				-24.1*	-18.8*
				(8.4)	(8.1)
Median Income				-4.7*	-5.7*
				(2.1)	(2.2)
Low Skilled Service					10.7*
					(2.8)
Low Skilled Manufacturing					18.3*
					(7.5)
High Skilled and Manager					5.5
					(9.7)
Medium Skilled					5.6
					(10.3)
Year FE	✓	✓	✓	✓	✓
Precinct Trend FE	✓	✓	✓	✓	✓
Observations	9878	9808	9808	9808	9808
RMSE	2.455	2.450	2.448	2.445	2.440

Standard errors in parentheses

\*  $p < 0.05$

# Denmark

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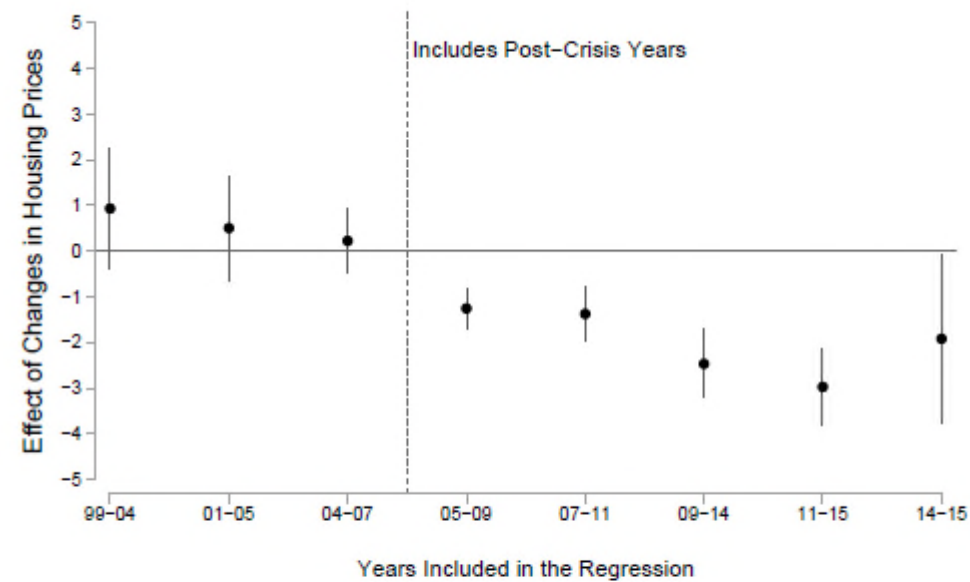


Figure 3: Is there a change in the effect of housing prices over time? Unstandardized effects with 95 pct. confidence intervals. Each time period includes three elections. All effects estimated using the first-difference approach with a full set of controls.

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# Denmark

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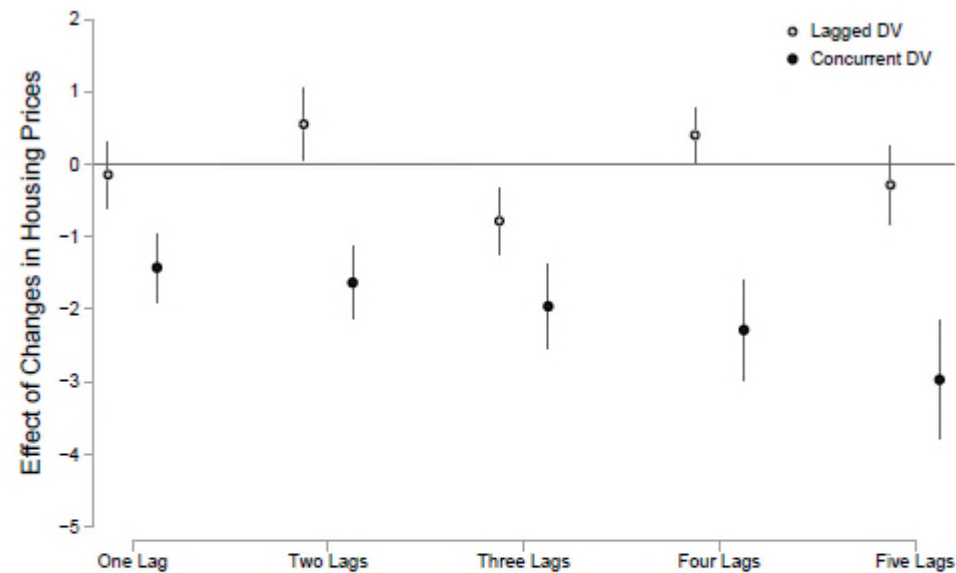


Figure 2: Do changes in housing prices predict past changes in support for the Danish People's party? Unstandardized effects with 95 pct. confidence intervals. For comparison we include the estimated effect of changes in prices on concurrent changes in support using the same sample of precinct-year observations. All effects estimated using the first-difference approach with a full set of controls.

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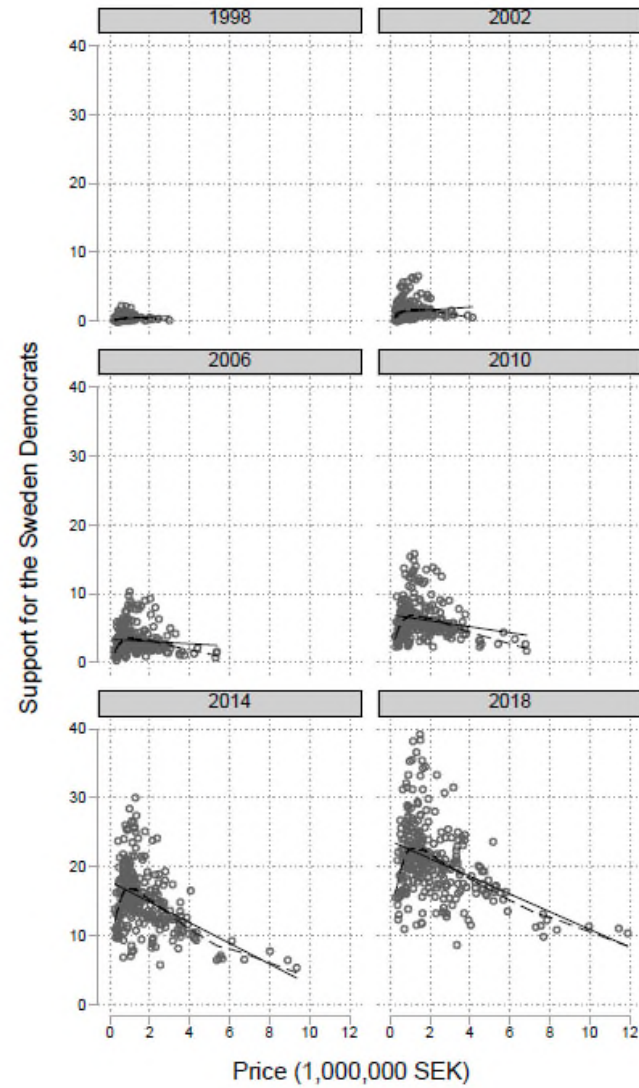
# The other Nordic countries

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- We repeat the analyses in Sweden, Norway and Finland using municipal level data.
  - Here we rely on data from the national statistics agencies.
  - The right-wing parties in the three countries have different histories, but the results are very similar to the Danish case.
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# Sweden

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# Sweden

Table 3: Support for the Sweden Democrats: A Fixed Effects Approach

	(1)	(2)	(3)	(4)	(5)
Housing Prices (SEK 1,000,000)	-1.9*	-2.6*	-2.5*	-2.0*	-2.0*
	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)
Log(Population Density)		12.9*	7.4*	5.1	6.1
		(2.9)	(3.0)	(3.5)	(3.4)
One- or two-dwelling buildings (pct)		-0.0	-0.0	0.0	-0.0
		(0.0)	(0.0)	(0.0)	(0.0)
Multi-dwelling buildings (pct)		-0.0	-0.0	0.0	0.0
		(0.0)	(0.0)	(0.0)	(0.0)
Foreign-born population (pct)			0.2*	-0.0	0.1
			(0.1)	(0.1)	(0.1)
Employment rate				-0.2*	-0.2*
				(0.1)	(0.1)
Median income (SEK 1,000)				-0.1*	-0.0
				(0.0)	(0.0)
Primary school					48.3*
					(18.0)
Upper-secondary school					30.4
					(17.9)
Post-secondary education					27.5
					(17.4)
Post-graduate education					62.5*
					(26.4)
Year FE	✓	✓	✓	✓	✓
Municipality FE	✓	✓	✓	✓	✓
Observations	1737	1733	1446	1158	1141
RMSE	1.857	1.812	1.684	1.529	1.489

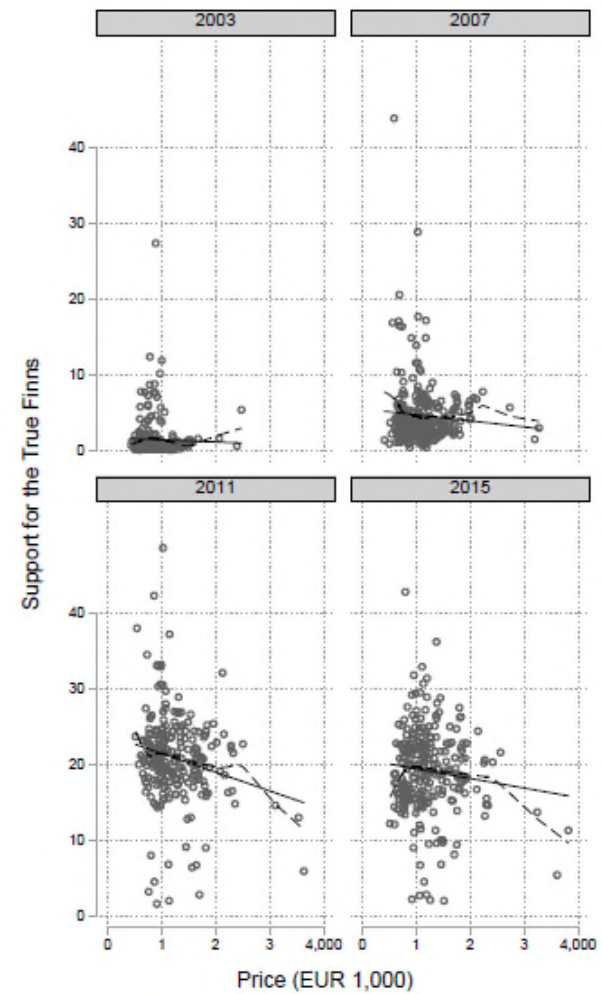
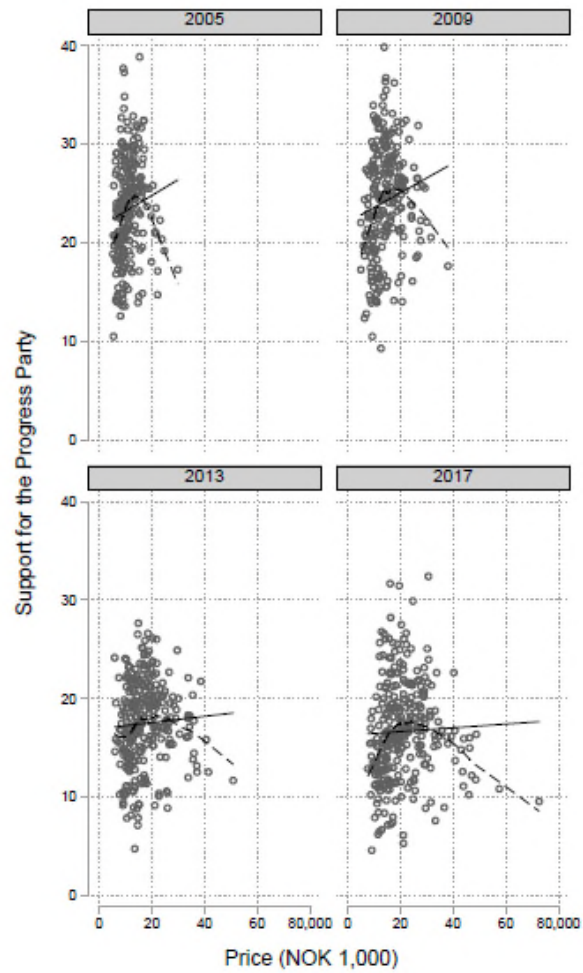
Standard errors in parentheses

\*  $p < 0.05$



# Norway and Finland

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# Norway and Finland

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Table 4: Support for the Progress Party: A Fixed Effects Approach

	(1)
Housing Prices (NOK 1,000)	-0.2*
	(0.0)
Year FE	✓
Municipality FE	✓
Observations	1029
RMSE	1.611

Standard errors in parentheses

\*  $p < 0.05$

Table 5: Support for the True Finns: A Fixed Effects Approach

	(1)
Housing Prices (EUR 1,000)	-2.7
	(1.4)
Year FE	✓
Municipality FE	✓
Observations	1012
RMSE	2.682

Standard errors in parentheses

\*  $p < 0.05$

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# Conclusion: Housing matters

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- The housing market may be as important as the labor market in defining who switched to populist voting
  - The relationship between housing prices and populist voting becomes more important after the financial crisis
  - Why?
  - What can we do to convince you?
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# Other

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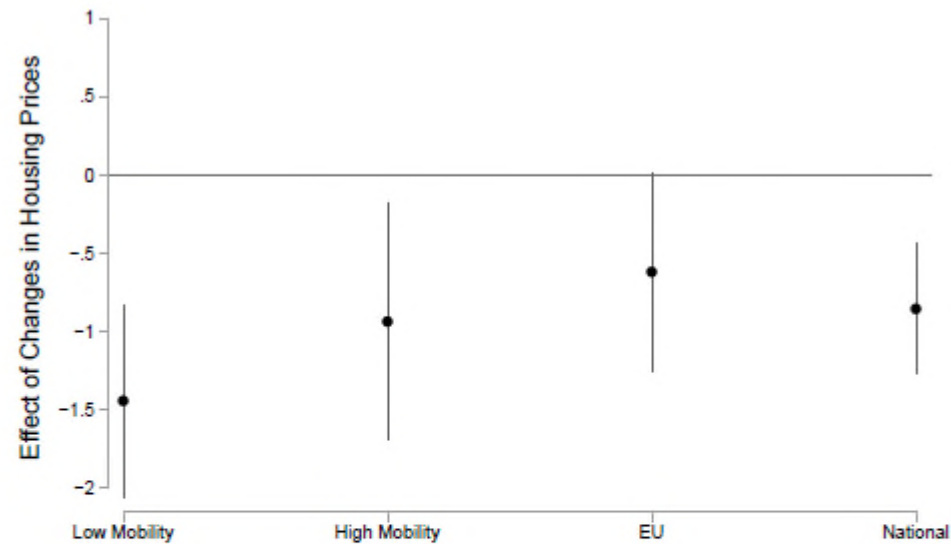


Figure 4: The effect of changes in housing prices on support for the Danish Peoples party at low and high levels of mobility and at EU and National elections. Low and high mobility correspond to the 1st and 99th percentile of mobility. The effect at low and high levels of mobility estimated by interacting mobility and prices using the first-difference approach. The effect at EU and National elections estimated by applying the first difference approach separately for EU and national elections. All models include the full set of controls.

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# Other

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Table 2: Support for the Danish People's party and local economic conditions

	(1)	(2)	(3)	(4)	(5)
	After '10	Before '10	Year by Controls	City muni	Lag DV
Price in 10000 DKK	-5.452** (0.424)	-1.097** (0.212)	-3.329** (0.242)	-3.524** (0.466)	-0.109 (0.131)
Controls	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Precinct FE	✓	✓	✓	✓	✓
Observations	1983	2222	4205	434	3110
RMSE	1.336	0.660	1.386	1.044	0.841

Standard errors in parentheses

\*  $p < 0.05$ , \*\*  $p < 0.01$

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