

# **HOUSING AND POPULISM**

**BEN ANSELL, UNIVERSITY OF OXFORD**

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# HOUSING & POLITICS

Why might housing be especially important for politics?

Mass ownership of 'capital'

But also massive differences in value of housing which have been amplified by housing booms and busts

Also forces us to think about age and place, as much as about incomes.

# 1ST DIMENSION POLITICS

Our standard hobbyhorse in CPE: we expect high-income people to desire lower taxes and spending than do low-income people.

Does this work the same way for housing wealth? And how would we distinguish this from income.

Is this effect CAUSAL? Do house price changes effect behaviour? Or do house prices reflect underlying long-run economic conditions?

# ANTI-REDISTRIBUTION CYCLE

**Ansell, 2014**

**Ansell, Broz & Flaherty, 2018**

**Ansell, 2014**

Low demand  
for redistribution

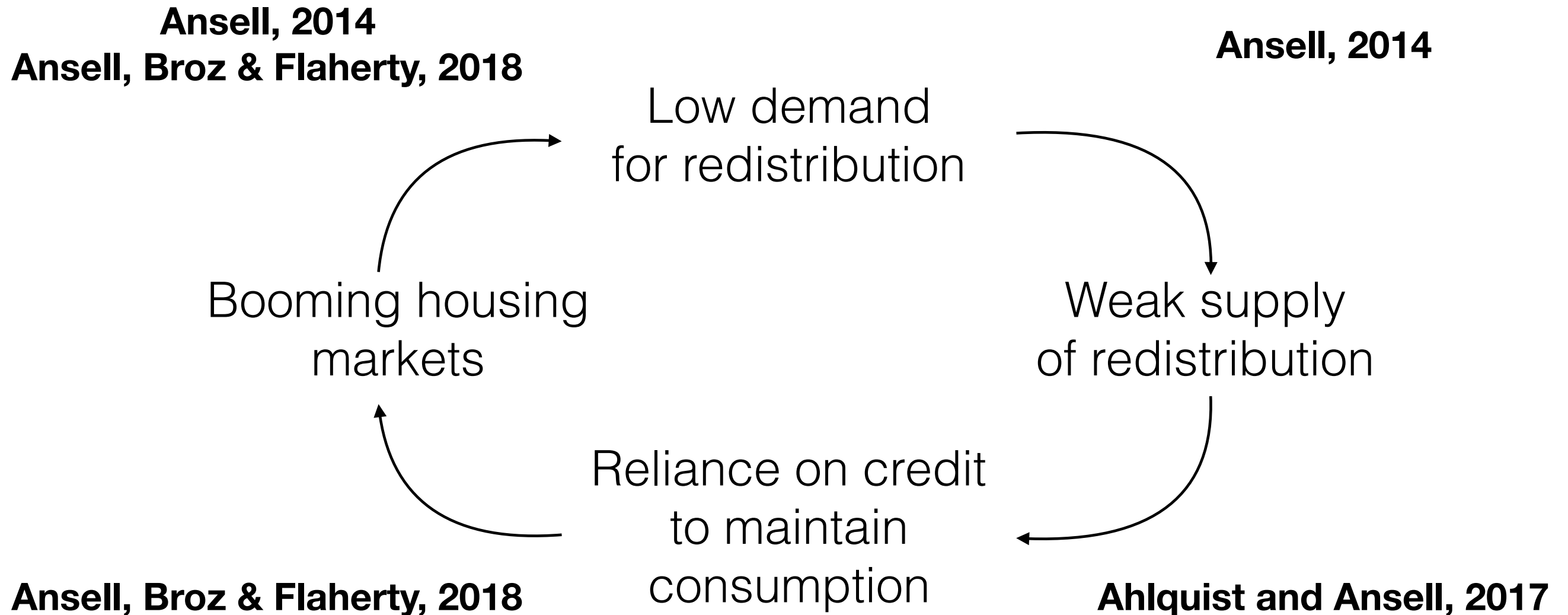
Booming housing  
markets

Weak supply  
of redistribution

Reliance on credit  
to maintain  
consumption

**Ansell, Broz & Flaherty, 2018**

**Ahlquist and Ansell, 2017**



# 2ND DIMENSION POLITICS

The recent wave of elections suggests that economic class may be a less strong predictor of voting than before.

Many authors - e.g. Cas Mudde, Robert Ford - have argued this reflects value differences that are only loosely, or not at all, determined by the economy.

It expresses itself as values defined over 'group' and 'grid' rather than 'greed' (Kitschelt & Rehm).

What is connection to wealth and housing? PLACE

# POPULISM

House prices provide a way of measuring the 'calculus of fortune' - where prospered and where resentment festers.

Long-lasting experiences shape world-views and outlooks on cosmopolitanism, diversity and globalization.

The housing boom and bust reinforced this by solidifying residential pattern - ever harder to move.

The base of populism becomes increasingly related to geography - captured by housing - as opposed to class.

# CAUSAL?

Hmmmm...

Does it make sense to think of long-run declining status of place as causal? See Rickard and Scheve for an attempt

In this case housing is better thought of as a really good proxy for the geographic 'fortune' of different places.

House prices then provide an important piece of descriptive information to predict political preferences.

FRACTAL PHENOMENON

# BREXIT & PLACE

The Brexit vote was a bolt from the blue, even for those who were its advocates.

It exposed underlying divides across regions and demographics that cut across party lines.

David Goodhart has referred to the split as between 'Somewheres' and 'Anywheres' - highlights importance of *place*.



# DATA

I use Land Registry data on the sales price for *every* real estate transaction in England / Wales since 1996.

Use (logged) median prices at the Local Authority District (50,000-250,000 people) and ward (5-10,000).

Match to reported Remain vote at LAD. Also have subset of ward counts.

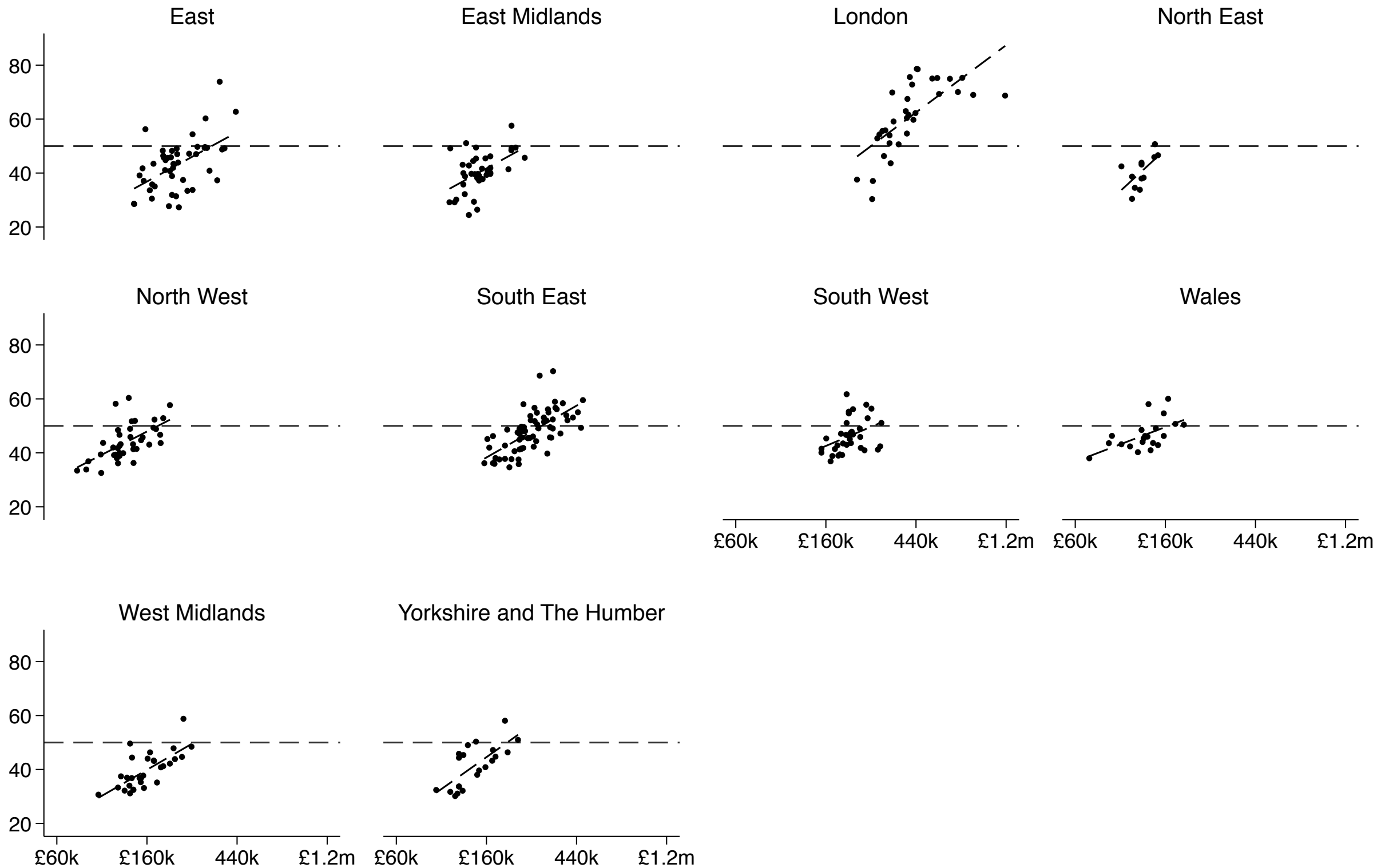
Use British Election Study data to match individuals by homeownership status to their LAD and Brexit intention.

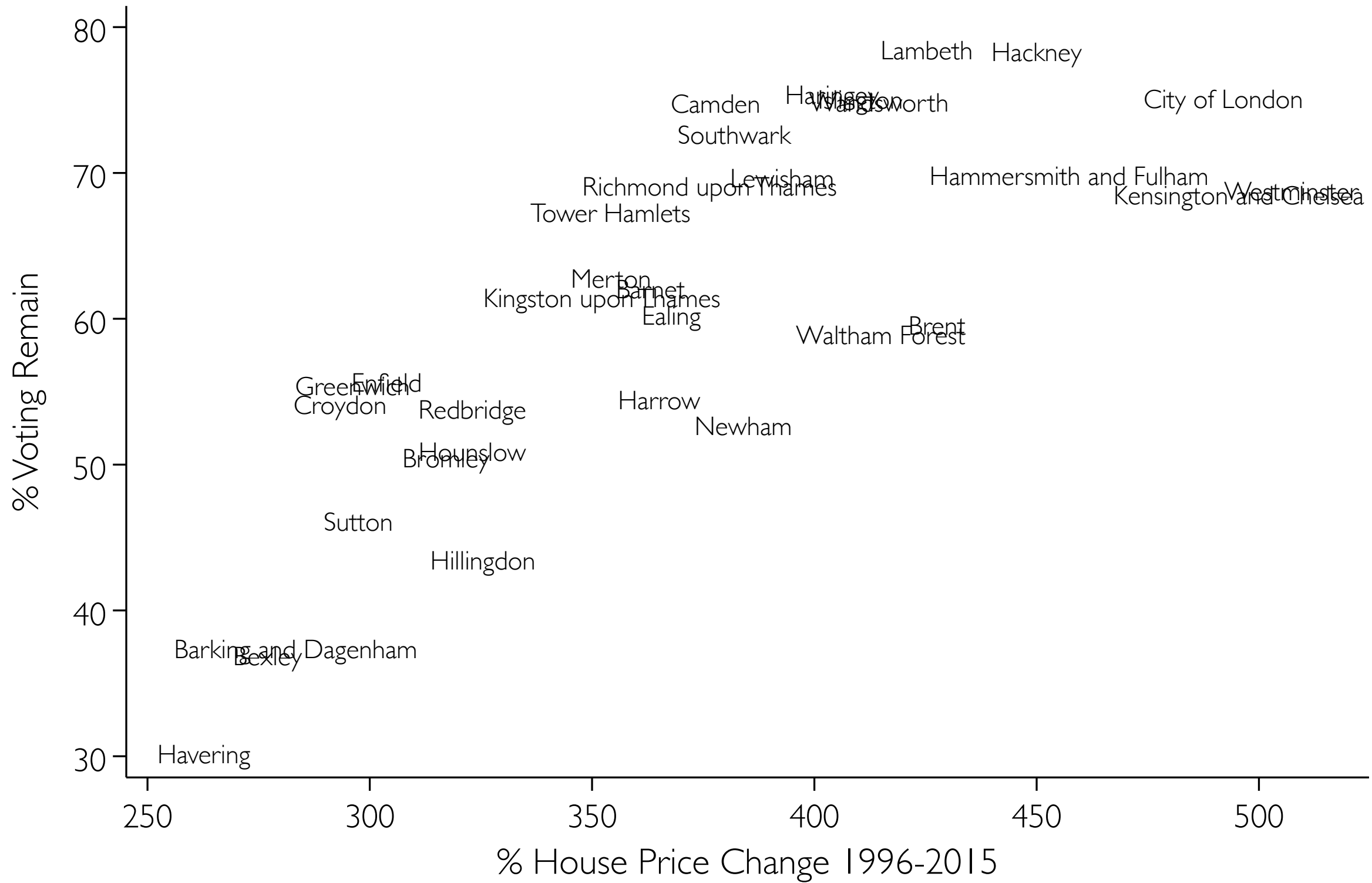
# LAD PRICE LEVEL



# LAD PRICE CHANGE

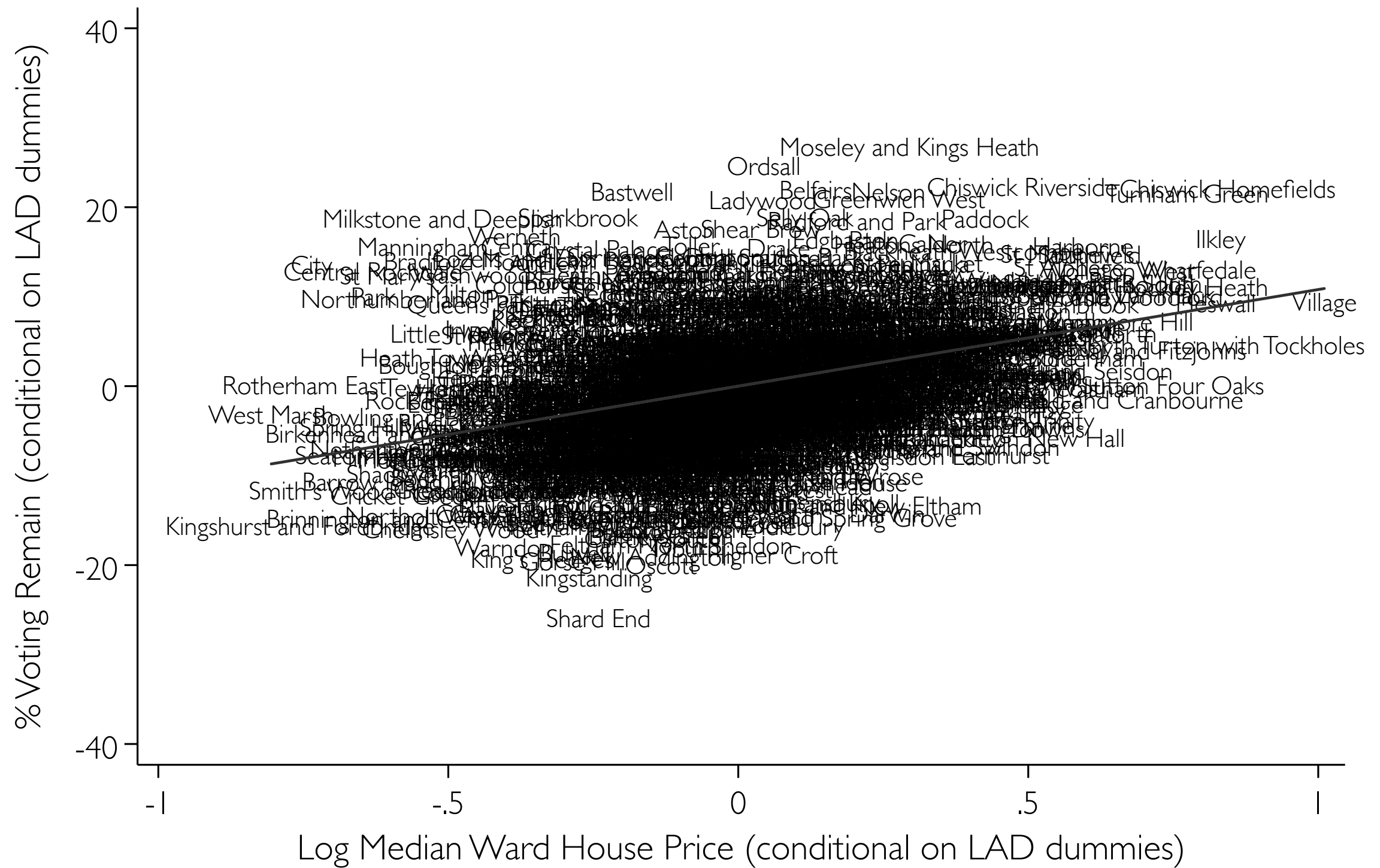




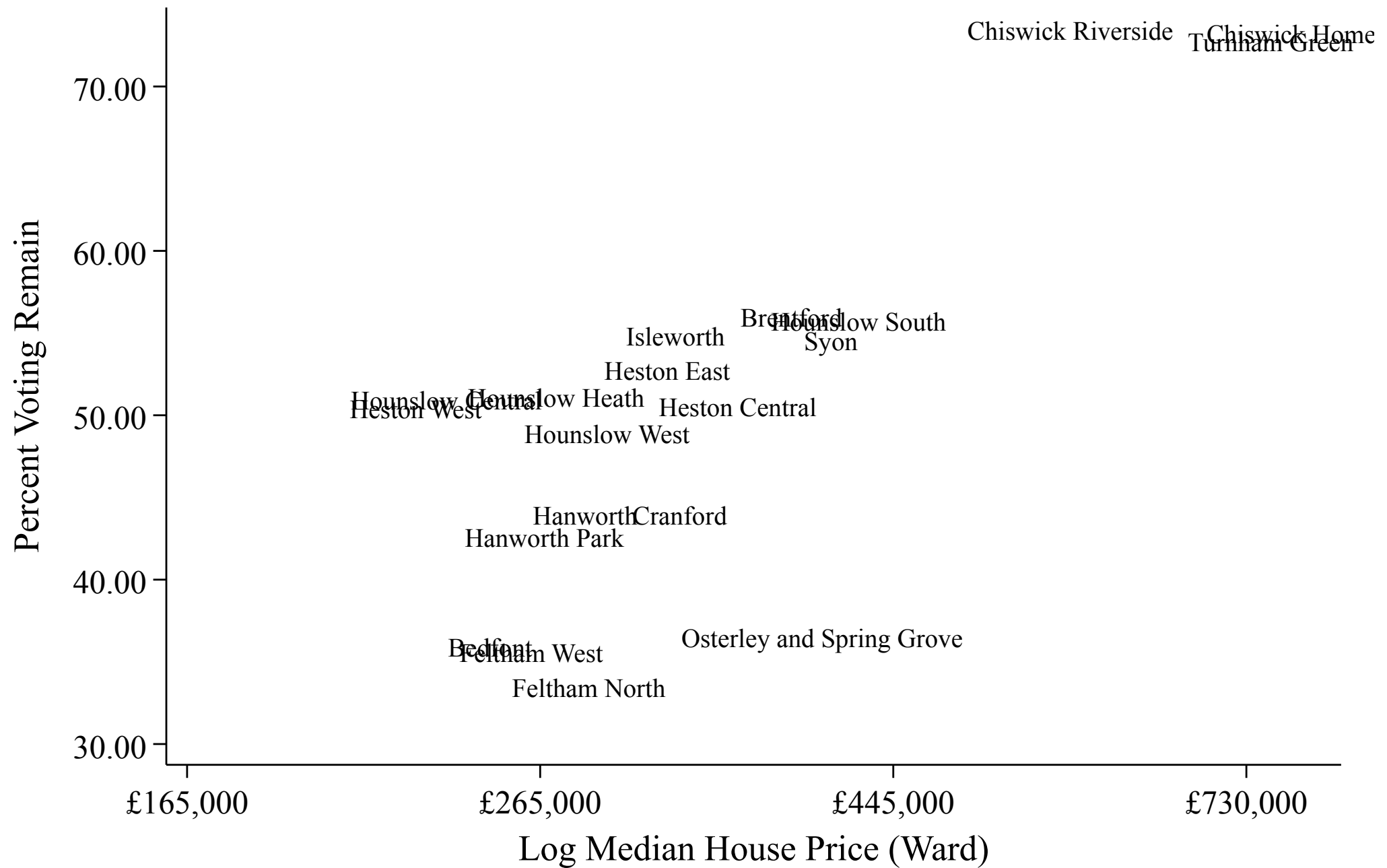


# WARD LEVEL

	(1)	(2)	(3)	(4)
Log Median Price (Ward)	15.72 (0.577)	15.72 (1.726)	9.698 (1.734)	10.80 (1.551)
Log Median Price (LAD)			7.823 (2.762)	
Observations	1109	1109	1109	1109
LADs		Cluster SEs	Cluster SEs	Fixed Effects
	(1)	(2)	(3)	(4)
Ward Price Change 1995-2016	0.091 (0.007)	0.049 (0.009)	0.022 (0.007)	0.012 (0.006)
Log Median Price (Ward)		9.196 (1.786)	8.049 (1.736)	9.846 (1.656)
Log Median Price (LAD)			-5.080 (4.649)	
LAD Price Change 1995-2016			0.082 (0.032)	
Observations	1109	1109	1109	1109
LADs	Cluster SEs	Cluster SEs	Cluster SEs	Fixed FX



# HOUNSLOW



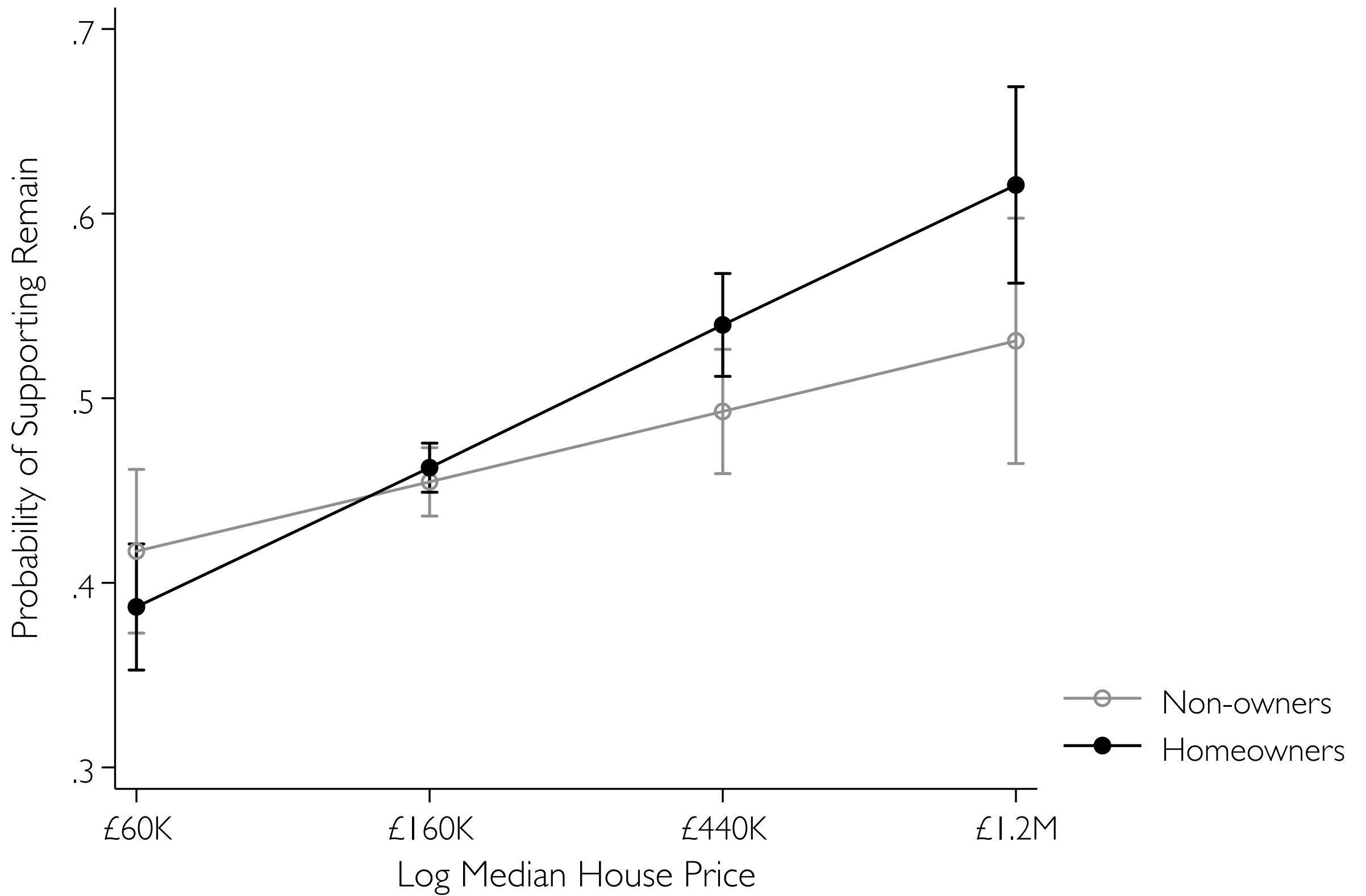


# BRITISH ELECTION STUDY

I examine the panel completed just before the Referendum, which asked voting intention.  
Accurate sample - 51% support for Leave.

Data on housing tenure. Interact home-ownership with (log) LAD house price level.

Examine both Remain support and immigration attitudes.



# BES

In sum, living in high house price areas correlated with Remain support, *especially* for homeowners.

Remain support highly correlated with immigration attitudes. *Place* seems to affect both.

Remain base: young, high-income, female, in high-house price areas. Pro-migration.

Leave base: old, lower-income, male, low house-price areas. Anti-migration.

# TRUMP VOTE

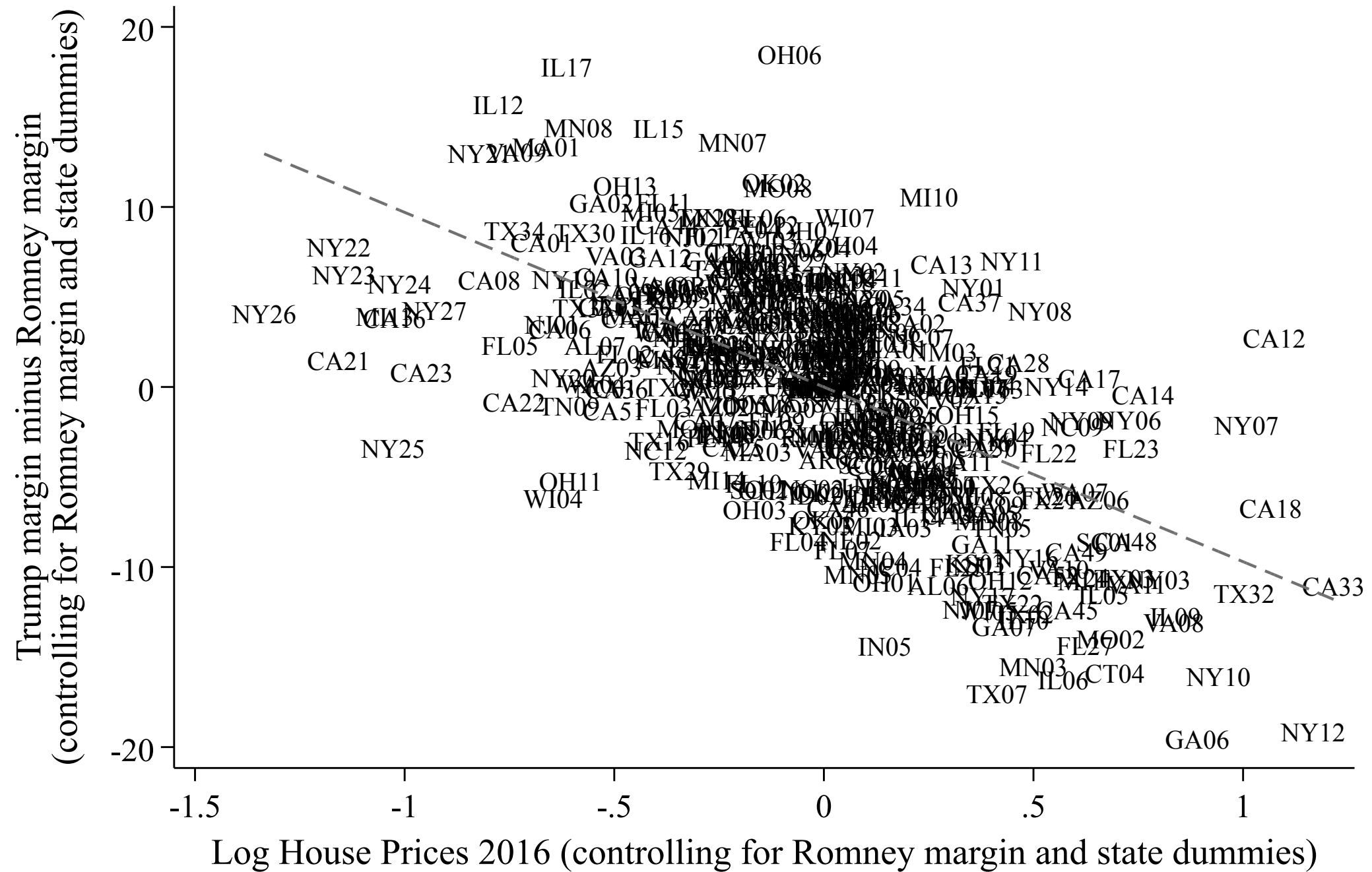
Can see similar patterns using CCES 2016 data which codes individuals by zip-code.

Match 5 digit zip-code to Zillow 'Zestimates' of single family house prices in 2016 along with annual change since 2001.

Can see effect of 'place' at both individual level and at more aggregated Congressional District level.

But NO similar ownership 'interaction' effect to BES.

# DISTRICTS



# VOTE CHOICE

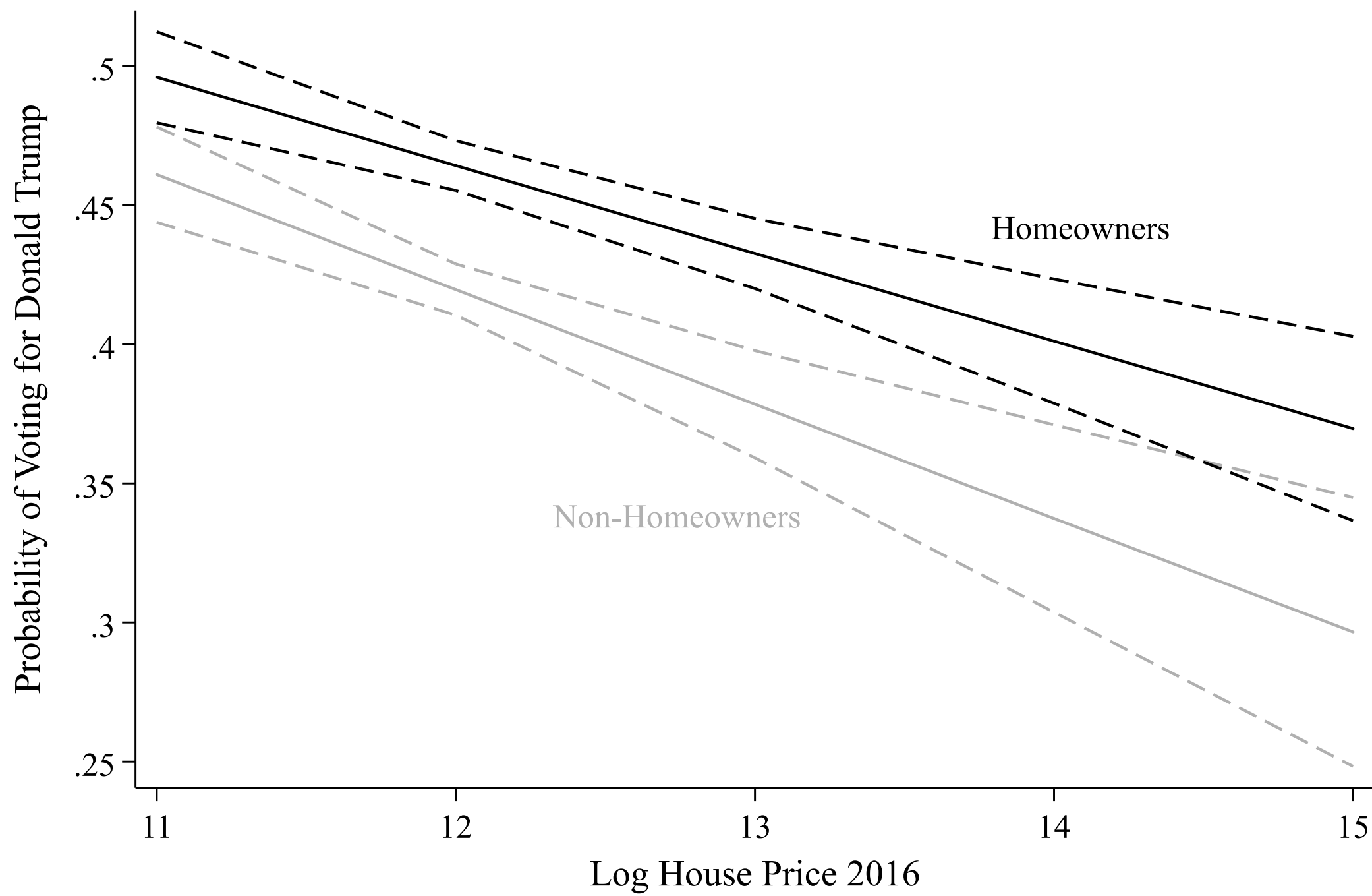
House prices: both levels (logged \$2016 average by 5 digit zip) and changes (5 yr or 15yr) have negative correlation with Trump support.

Little sign of interaction effect with homeownership across specifications.

Robust to controlling for state / FIPS dummies, employment status, gender, age, race, income, education, and even Party ID.

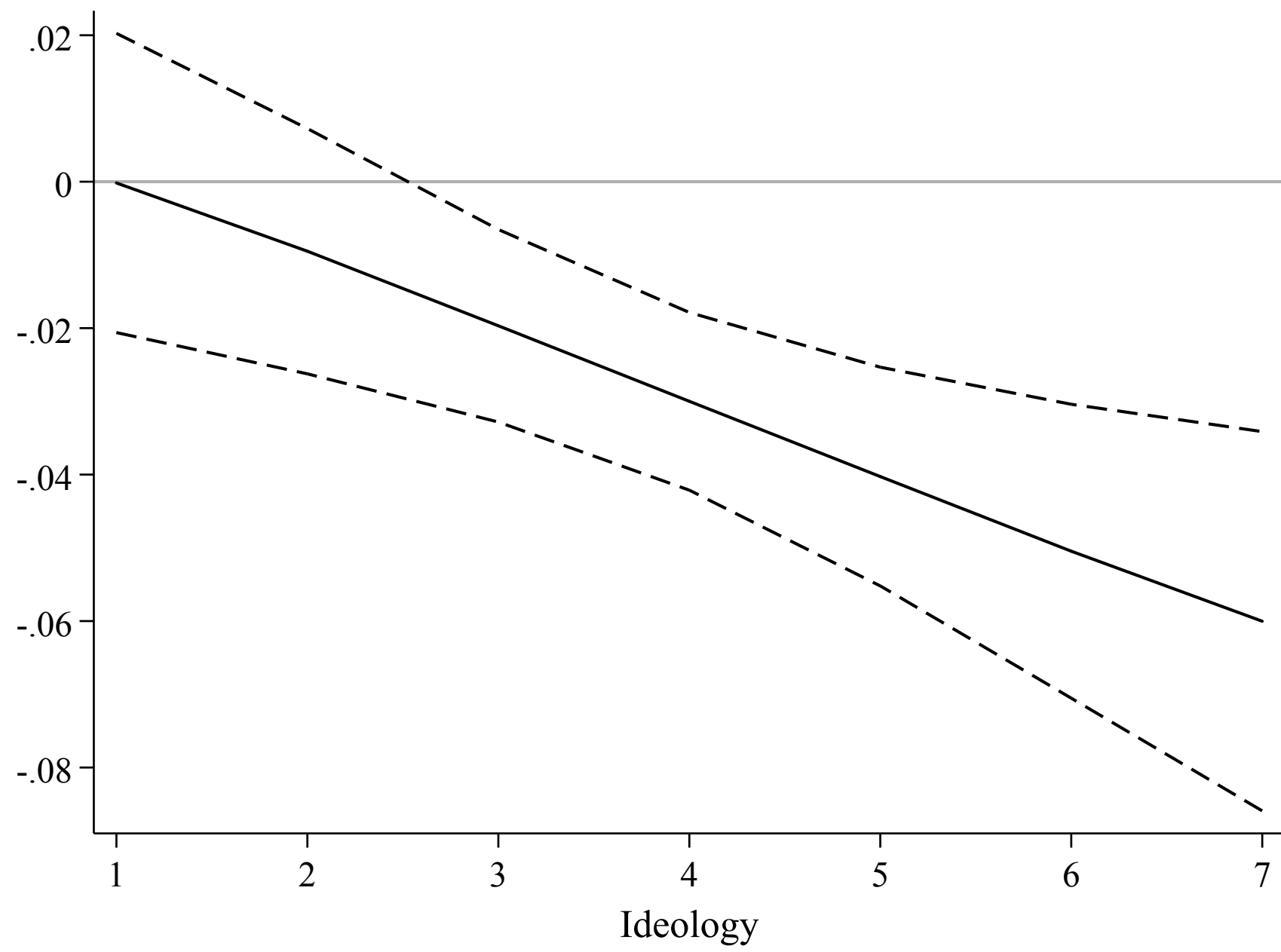
Table 1: 2016 Average House Price by 5 Digit Zip and Trump Support

	(1) All	(2) All	(3) Metros	(4) Rural	(5) State	(6) FIPS
House Price 2016	-0.27*** (0.05)	-0.33*** (0.05)	-0.30*** (0.05)	-0.79*** (0.17)	-0.25*** (0.07)	-0.11** (0.05)
Homeowner		0.45*** (0.07)	0.44*** (0.07)	0.70*** (0.21)	0.44*** (0.07)	0.38*** (0.04)
Female		-0.24*** (0.06)	-0.29*** (0.06)	0.35* (0.21)	-0.25*** (0.06)	-0.27*** (0.04)
Year of Birth		-0.02*** (0.00)	-0.02*** (0.00)	-0.03*** (0.01)	-0.02*** (0.00)	-0.02*** (0.00)
Education		-0.23*** (0.02)	-0.23*** (0.02)	-0.20*** (0.06)	-0.23*** (0.02)	-0.24*** (0.01)
Party ID		1.02*** (0.01)	1.02*** (0.01)	1.07*** (0.07)	1.02*** (0.01)	1.01*** (0.01)
Household Income		0.00* (0.00)	0.00* (0.00)	-0.00 (0.00)	0.00* (0.00)	0.00*** (0.00)
Black		-1.30*** (0.17)	-1.27*** (0.17)	-1.65*** (0.32)	-1.40*** (0.18)	-1.24*** (0.09)
Hispanic		-0.39** (0.17)	-0.36** (0.15)	-1.32 (0.81)	-0.38** (0.17)	-0.32*** (0.08)
Observations	36440	35886	33571	2282	35886	35383





Marginal Effects of Log House Price  
on Trump Support



# REDISTRIBUTION REDUX

