

# Economic Distress and Voting: Evidence from the Subprime Mortgage Crisis

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- ▶ Does it drive individuals to become more politically active?
- ▶ “...poor access to housing in America, and the lingering aftereffects of the 2008 housing crash, remains a chief motivator of anger and dissatisfaction amongst an electorate that views the economy and the mortgage market as rigged against ordinary people.” (Fox News.)

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- ▶ Ohio voter file, so we can estimate individual effects of foreclosure on turnout

# EMPIRICAL STRATEGY: DIFFERENCE-IN-DIFFERENCES

$$\begin{aligned} Dem\ Vote\ Pct_{it} = & \alpha Foreclosures_{it} + \beta Foreclosures_{it} \cdot Dem\ Inc_{it} \\ & + \gamma_i + \delta_t + \epsilon_{it}, \end{aligned}$$

- ▶ Parallel trends depends on plausible counterfactual group
- ▶ Explore state-by-year and pop-decile-by-year FEs
- ▶ Also add county linear trends in some specifications



# NO EFFECTS OF FORECLOSURES ON PRESIDENTIAL VOTE

	Dem Presidential Vote Pct (0-100)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Foreclosures Per 1,000 People	-0.39 (0.11)	-0.05 (0.11)	-0.01 (0.11)	-0.28 (0.15)	-0.21 (0.22)	0.10 (0.17)	0.34 (0.16)	0.19 (0.19)
Foreclosures $\times$ Inc Party	0.26 (0.08)	-0.06 (0.08)	-0.07 (0.07)	0.10 (0.11)	0.11 (0.14)	-0.26 (0.12)	-0.15 (0.10)	-0.06 (0.12)
N	4396	4396	4396	4396	4396	4396	4396	4396
# Counties	1324	1324	1324	1324	1324	1324	1324	1324
County Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State-Year Fixed Effects	Yes	No	Yes	No	Yes	No	Yes	No
Pop Decile-Year Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes
County Linear Trends	No	No	Yes	Yes	No	No	Yes	Yes
Population Weights	No	No	No	No	Yes	Yes	Yes	Yes

Robust standard errors clustered by county in parentheses. Inc Party is 1 for Dem, -1 for Rep. Main effect for Inc Party is absorbed by fixed effects.

# LINGERING FORECLOSURES MAY HAVE BOOSTED TRUMP

	Dem Presidential Vote Pct (0-100)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Foreclosures Per 1,000 People	-0.16 (0.07)	-0.09 (0.07)	-0.09 (0.09)	-0.23 (0.11)	-0.10 (0.11)	-0.06 (0.09)	0.10 (0.13)	0.07 (0.13)
Foreclosures $\times$ 2016	0.04 (0.21)	-0.13 (0.19)	-0.16 (0.25)	-0.20 (0.27)	-1.38 (0.39)	-1.82 (0.31)	-1.16 (0.42)	-0.85 (0.42)
N	4396	4396	4396	4396	4396	4396	4396	4396
# Counties	1324	1324	1324	1324	1324	1324	1324	1324
County Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State-Year Fixed Effects	Yes	No	Yes	No	Yes	No	Yes	No
Pop Decile-Year Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes
County Linear Trends	No	No	Yes	Yes	No	No	Yes	Yes
Population Weights	No	No	No	No	Yes	Yes	Yes	Yes

Robust standard errors clustered by county in parentheses. Inc Party is 1 for Dem, -1 for Rep. Main effect for Inc Party is absorbed by fixed effects.

# FORECLOSED INDIVIDUALS TURN OUT AT LOWER RATES

	Turn Out in General Election (Yes/No)			
	Full Voter File (1)	Registered Before 2004 (2)	Registered Before 2004 (3)	Registered Before 2004 (4)
Home Foreclosed	-0.049 (0.001)	-0.046 (0.001)	-0.010 (0.002)	-0.009 (0.002)
Foreclosed w/in 90 Days of Elec		-0.022 (0.004)		-0.010 (0.009)
Foreclosed w/in 30 Days of Elec		-0.012 (0.006)		-0.021 (0.013)
Foreclosed w/in 7 Days of Elec		-0.002 (0.009)		-0.010 (0.020)
N	56,067,655	56,067,655	20,719,377	20,719,377
Individual Fixed Effects	Yes	Yes	Yes	Yes
County-Year Fixed Effects	Yes	Yes	Yes	Yes

Robust standard errors clustered by county in parentheses. Each observation is a person-election year.

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- ▶ Home foreclosures do not seem to be a dominant factor in recent electoral results
- ▶ The links between local economic conditions and voting are more tenuous than one might expect
  - ▶ If the two parties do not manage the financial world or housing markets differently, voters might not punish incumbents in the aftermath of home foreclosures or related economic crises
  - ▶ The people who should be most angered by economic distress are also those least likely to participate in elections