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The Impact of Economic Assets on Party Choice in Australia*

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Abstract

While there is general agreement that economic voting matters, there is less agreement on how to measure it. This paper examines the most recent conceptualization of economic voting: the ownership of economic assets, or "patrimonial" voting. Using the 2016 Australian Election Study survey, we show that property ownership and, especially, share ownership were significant influences on party choice. By contrast, ownership of an investment property or a personal superannuation fund had no significant effect on the vote. We explain this finding through the specific policies that the parties advanced in the 2016 campaign. While Labor parted ways from the Coalition by proposing radical changes to the tax treatment of investment properties but with no retrospectivity, the parties had similar positions on the tax treatment of superannuation. The findings emphasize how party policies can shape the electoral significance of asset ownership.

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Ever since surveys began to examine electoral behaviour in the 1950s, there has been little disagreement among scholars about the key importance of the economy in shaping party choice. Yet there is considerable debate about the mechanisms involved, and about how and in what ways the economy influences the vote. Over the past half century, research has progressed from examining the objective economic positions of voters, to the role of macroeconomic trends, to voters' subjective evaluations of the economy. More recently, economic voting research has returned to the individual voter and, more specifically, to the assets that she owns. "Patrimonial voting," as this has been called, has been shown to influence the voter's decision across a variety of political and cultural settings (Nadeau, Foucault and Lewis-Beck 2010; 2011; Lewis-Beck and Nadeau 2011; Lewis-Beck, Nadeau and Foucault 2013).

In this paper, we extend the burgeoning literature on patrimonial voting in three important ways. First, by examining ownership and the vote in Australia, we consider the role of patrimony in a new context.[1] Australia has seen a huge growth in asset ownership in the past two decades. At the same time, extant research suggests that patrimonial voting may be weaker in residual or "laggard" welfare states like Australia (Stubager, Lewis-Beck and Nadeau 2013).[2] Second, we include a diverse range of assets which vary between low and high risk, and therefore attract very different responses from voters. And third, we emphasize the importance of party strategies toward the treatment of different types of assets. Instead of assuming that the policy positions of the parties are static, with owners favoring parties on the right, we show that the shifting policy positions of the parties towards assets shapes the choices that voters make.

The 2016 election in Australia is an ideal case study to examine the importance of economic assets in shaping party choice. Australia's level of share and home ownership is

high by international standards, and there is considerable investment by voters in property and in private superannuation, the latter motivated as much by wealth creation as by insurance for old age. As a consequence, successive governments on the right and left alike have taken a special interest in the tax treatment of these assets, thereby heightening their potential electoral importance. Moreover, in 2016 asset ownership was centre-stage in the election campaign, with both the major parties proposing radical changes to their tax treatment. The parties' strategies pertaining to the benefits (and costs) of ownership, we argue, are key to understanding just how much assets matter.

We proceed as follows. The first section examines the previous literature on economic voting in general and on patrimonial voting in particular. The second section outlines the distribution of asset ownership across the population and describes the policies of the major parties in the 2016 election towards the assets under examination—home and investment property ownership, shares of stock, and superannuation. Following an overview of the data and measurement in the third section, the fourth section outlines the results of the analyses. Finally, the conclusion places the findings in the context of research on asset ownership, arguing that a crucial variable, which has so far been overlooked, is party strategy.

Economic Voting and Asset Ownership

Early research on the link between the economy and the vote focused on the individual voter, notably in *The American Voter* (Campbell *et al.* 1960). Researchers then turned to macroeconomic trends; this concluded that if the political and business cycles converged, an incumbent government could expect to be re-elected (Tufte 1978). Later research underlined the importance of economic attitudes, with subjective evaluations rather than objective experiences being identified as the main drivers behind the vote (Fiorina 1981). Subsequent work popularized the 'reward-punishment' model to explain economic voting. Since voters largely agree on economic goals—such as prosperity and wage growth—the economy

becomes a valence issue and competition takes place around which party is best able to deliver (Clarke *et al.* 2011).

Over the past decade, scholarly thinking about how the economy affects the vote has come full circle, with a renewed emphasis on the objective economic position of the voter. In a series of articles, Nadeau, Foucault and Lewis-Beck (2010; 2011; see also Lewis-Beck and Nadeau 2011; Lewis-Beck, Nadeau and Foucault 2013) emphasize the importance of property ownership in shaping the vote—what they call "patrimonial voting." They argue that a full assessment of the electoral consequences of the economy requires the analyst to consider three aspects of the voter's world view and experience: valence, or which party she believes will most effectively manage the economy; her position on economic policy, such as support for collectivism or private enterprise; and patrimony, or the amount of property ownership she holds. They argue that only when these three conditions are taken into account can we gain a picture of the "compleat" economic voter (Lewis-Beck, Nadeau and Foucault 2013).

The patrimonial model of economic voting assumes that voters who own economic assets will have a predisposition to support a centre-right party, as the party most likely to support the deregulation of the economy and least likely to impose taxes on the asset they own. This has been shown to be the case across a range of countries including the United States (Lewis-Beck and Nadeau 2011), Britain (Lewis-Beck, Nadeau and Foucault 2013), Denmark (Stubager, Lewis-Beck, and Nadeau 2013), Portugal (Costa Lobo 2013) and Spain (Fraile and Lewis-Beck 2013). In most cases, the effect on the vote—be it direct or indirect, through ideology—is substantial and is significant net of a wide range of other potentially confounding factors, such as household income or subjective social class. The value of the asset in question has also been shown to be important. In a study of Swedish taxation records,

for example, Persson and Martinsson (2016) find that the higher the value of a risky asset, the more likely it is to influence a person's vote.

Compared to valence-based approaches, the patrimonial perspective on economic voting has several virtues. First, by taking individual economic circumstances into consideration, it brings the ordinary voter back into the equation. The patrimonial model assumes that the voter has a clear economic interest in choosing a party which will maintain the value of any of the assets she may own, or of any asset that she may have an interest in acquiring in the future. Prior to this new wave of research, a voter's asset base had been examined through personal wealth as reflected in income (Brooks and Brady 1999; Gelman, Kenworthy and Su 2010) or occasionally (and indirectly) in human capital and occupational class position. The impact of income is particularly difficult to assess, since gross and net income can vary widely, and family income varies by household size and structure and may also reflect government benefits. Similarly, human capital—especially education—is often an unreliable indicator of personal wealth, while occupational class is a highly contested concept (e.g., Evans and Tilley 2012). Asset ownership is free from these conceptual and accounting vagaries.

A second benefit of the model is that it sheds light on the diversity of economic assets that voters typically own. At its most basic level, these assets can be divided into two categories. One category is low risk assets such as bank accounts; these are relatively immune from changes in government policy and would be expected to accrue wealth slowly but with little risk. There is also little skill required in owning them. The other category covers assets that represent higher risk, such as property or share ownership, which are susceptible to both market volatility and government policy. They also require considerable skill in making investment decisions and in dealing with the regulatory complexities involved in maintaining them. Voters possessing such high-risk assets would therefore be likely to be

most influenced by a party's policy towards the treatment of them (Lewis-Beck, Nadeau and Foucault 2013).

And a third advantage is the emphasis accorded to the position-taking role of political parties. In models of economic voting, party evaluations follow from the competence they exhibit as part of the government (Alesina and Rosenthal 1995). But parties also advance specific policies which outline how they will regulate and tax the ownership of these assets. To the extent that voters can identify where the parties stand on these issues, this avoids the criticism of much of the economic voting literature that the correlation between economic perceptions and party preferences does not amount to causation (Evans and Andersen 2006). And it further helps to rescue economic voting from the criticism that voters are unable to link policymaker decisions to economic outcomes (Achen and Bartels 2016). Since a party policy should directly influence the asset's value, the asset's owner-cum-voter should have a clear understanding of the policy's implication for her personal wealth.

In what follows, we pay particular attention to the interplay between party policies, ownership, and voting behaviour. If patrimonial models are correct, then the policies espoused by the party alternatives should matter. Indeed, voters are assumed to select the party that has economic policies that will most benefit them as owners of assets. This means that voters who have significant material assets will choose a party of the right, while those who rely mainly on occupational income will select a party of the left. This prediction assumes that parties occupy unique, identifiable, and relatively stable positions along a left-right continuum, and further that these labels of "left" and "right" contain policy-relevant information. We know, however, that parties do not occupy fixed places in policy space but position themselves strategically in order to maximize their vote (Downs 1957; Adams and Somer-Topcu 2009). As a gauge of electoral success, pragmatism often prevails over principle: parties of the left can be strong supporters of voters acquiring material assets while

parties of the right can be champions of labor. Furthermore, the extent to which parties champion particular policies varies over time (Green and Jennings 2017). And changes in the relationship between social divisions and party choice may be the result of parties' changing political positions. For instance, Evans and Tilley (2012) demonstrate that the decline in class voting in Britain can be traced to the convergence of parties which in turn weakens the relationship between voters' left-right values and party choice (see also Elff 2009; Jansen, Evans and de Graaf 2013).

In principle, then, patrimonial models of economic voting advance our understanding of what motivates party choice. In addition to the voter returning to the focus of the research, the type and value of the assets in question and their potential volatility are added to the equation. This means that we can take into account the full complexity of a voter's economic life, which has hitherto been treated more simplistically in terms of short-term performance evaluations. And not least, as it is applied here, the model incorporates the policies of the major parties towards the regulation of these assets and takes into account their strategic positioning on the treatment of these assets.

Asset Ownership and Party Policies in Australia

As is the case in many developed democracies, asset ownership has increased dramatically in Australia over the course of the past half century. We survey the development of ownership of three major assets here: home and property investment ownership; share ownership; and superannuation.[3] This range of assets covers both low and high risk assets (for example, home and property investment, respectively) as well as assets which have been subject to changing levels of party policy over time (for example, superannuation). While this is not an exhaustive list of asset ownership, it does provide us with a diverse range of assets against which to test our hypotheses.

Australia has one of the highest levels of home ownership in the world, with two in every three adults owning their own home. In total, home equity makes up about half of total household wealth (Marks, Headey and Wooden 2005, Table 1). During the late 1990s and early 2000s this proportion declined, as other sources of wealth have become more important (Finlay 2012, 23).[4] Both the Liberals on the centre-right and Labor on the centre-left have strongly supported the principle of home ownership. However, policies towards the taxation of properties other than the family home have been much more contentious. In 1985 the Labor government introduced a capital gains tax which applied to all assets except the family home. In order to make the new tax more palatable to the public, the government introduced the concept of "negative gearing." This allows an investor to claim a tax deduction for borrowing money to acquire an income-generating investment, usually a property (Fane and Richardson 2005).[5] Property investors represented 8.3 percent of the population in 2012, up from 6.7 percent in 2000 (Grudnoff 2015, Figure 5).

From low levels in the 1970s and 1980s, share ownership rose considerably during the 1990s. This growth was driven initially by the large scale privatization of public banking and telecommunication assets. Within the OECD, Australia had one of the largest privatization programs between 1990 and 1997; in terms of value, it was second only to the UK, and as a percentage of GDP second only to New Zealand (Reserve Bank of Australia 1997, Graph 2). Total share ownership increased from 14 percent of the population in 1991, the first year for which data are available, to 54 percent in 1999. Thereafter, the level of share ownership remained at just over half of the population, gradually declining from the mid-2000s onwards. In 2014, just over one in three of the population owned shares.[6]

The third asset examined here, superannuation, now ranks second in terms of total household wealth (Cobb-Clark and Hildebrand 2009). Between 2002 and 2010 the proportion of households with superannuation holdings rose from 76 percent to 82 percent. The growth

in superannuation has also been driven by the deregulation of the industry and the ability, starting in 1999, to self-manage one's own superannuation investments. The self-managed superannuation industry has grown rapidly following this change: in 2001 there were just under 100,000 funds; by 2015 there were 550,000 funds, covering more than one million individuals. The popularity of these funds reflects not just a desire to ensure sufficient funds in retirement, but also to diversify assets into areas which enjoy a favourable tax regime.

To what extent does ownership of any of these assets shape vote choice? Patrimonial models of the economic vote predict that owners of assets throw their support behind parties on the centre-right, leaving the left to appeal to those who earn income through the sale of their labor. The extent to which this prediction is borne out, however, should depend on whether the parties offer such a clarity with respect to the treatment of property, shares, and the like. Australia is noteworthy in that while the two major parties generally compete along tax-spend lines, the Liberal and Labor parties alike have encouraged the ownership of assets. Importantly, however, the parties have frequently differed on how these assets should be taxed and regulated. These differences were most apparent in the 2016 election.

Historically, public policies towards home ownership has been the least contentious of the assets, and while it was encouraged during the long period of Liberal government between 1950 and 1972, Labor has also strongly supported the principle. This consensus has meant that the type of housing tenure enjoyed by an individual has had relatively little effect on voting behaviour since both parties could be expected to follow similar policies if elected to office. This stands in contrast to other countries such as Britain or France, where home owners have been actively courted by the centre-right, and low income renters by the centre-left (Donoghue, Tranter and White 2003; McAllister 2011, 163-167; Nadeau, Foucault and Lewis-Beck 2010).

In the 2016 election, however, housing affordability emerged as an issue during the campaign. Labor proposed to make housing more affordable for first-time homeowners by limiting the tax deductibility of investment properties. The proposal included an exemption for newly built properties so as not to adversely affect the performance of the building industry. This, Labor argued, would limit the unsustainable growth of "negative gearing" and increase the pool of property available for owner occupiers. The Liberal response was to commit to no change to "negative gearing"; the prime minister, Malcolm Turnbull, argued that Labor's proposal would "take a sledgehammer to the housing market" and "punish mum and dad investors."[7] In effect, the parties' differing policies on the ownership of investment property was the first time that a major policy difference on housing had emerged in an Australian election. It also elevated the ownership of an investment property into the high-risk category for the first time.

On share ownership, the Liberal and Labor parties have been in broad agreement about its desirability. The major privatization policies of the late 1980s and early 1990s occurred under a Labor government, with the explicit aim of increasing the numbers of individual shareholders. This policy mirrored that of the British Conservative government in the 1980s, which aimed to create a property-owning democracy (Studlar, McAllister and Ascui 1990). Both parties therefore had a commitment to share ownership, and proposed no changes to tax policy on shares in the 2016 election.

In contrast to shares, both parties proposed radical changes to the tax treatment of superannuation in the 2016 election. This was in response to a view that much of the growth in investment in self-funded superannuation was driven by wealth creation, not a concern for ensuring a financially secure old age. Among other changes, the Liberals proposed to tax superannuation above a certain lifetime limit. The changes were highly controversial among many Liberal voters, since they were retrospective and contradicted successive public

commitments to maintain the status quo. Many Liberal members refused to contribute funds to the party's election campaign, forcing Turnbull to personally donate $A1.75 million to the party to help fund the campaign.[8] Labor largely endorsed the new superannuation arrangements while pressing for greater simplicity in their implementation and opposing retrospectivity.

The 2016 election therefore stood apart from previous contests in that it marked the first time that the major parties offered different views about the treatment of voters' economic assets. The "negative gearing" of property assets was a clear source of conflict, with Labor proposing changes that would greatly limit the future ability of voters to claim tax deductions for a property investment. The Liberals proposed radical changes to the long-established superannuation system, by placing retrospective caps on the amount that could be deposited to generate a tax-free pension. Both sets of these assets—property and shares—represented a long-term commitment to wealth creation, and both are relatively illiquid. And not least, they were owned by very substantial proportions of the electorate who might be expected to vote in accordance with their economic interests.

More generally, the evolution of party position-taking strategies on the issue of ownership generates a unique set of expectations with respect to voter choice. Harkening back to Marx, patrimonial models assume that elections serve to play out the class struggle. Parties on the left strive to curry favor among those individuals whose chief asset is their own labor; parties on the right advance policies aligned with the interests of the owners to prevent their wealth from expropriation through taxation. In Australia, however, this characterization is a far cry from reality. When it comes to the preservation of asset-based wealth, the policies of Labor on the left and the Liberals on the right have differed only at the margin. The divergence of policy proposals in 2016 therefore represents a break from the past. What does

this imply for how voters decide? We now turn to this question, with a particular focus on property and share ownership.

Data and Measurement

Data. The data come from the 2016 Australian Election Study (AES) survey, which is a national survey conducted immediately after each federal election. The survey used two separate samples. The first sample was based on the electoral roll, and a random probability sample was drawn representing voters from all states and territories nationwide. The response rate for the electoral roll sample was 28.4 percent. The second sample was based on the geo-coded national address file (G-NAF) and is a random probability sample of 13 million addresses; the response rate was 18.6 percent. For both samples, respondents were given the option of completing the questionnaire in hard copy and mailing it back, or completing the survey online, using a unique login provided in the introductory letter (see Cameron and McAllister, 2016).

Measurement. The respondent's assets cover the three categories discussed above: home and property investment ownership; share ownership; and owning a self-managed superannuation fund. They are based on the questions: "Do you own outright, or are you buying or renting the dwelling in which you now live?"; "Do you own any investment properties?"; "Do you own shares in any company listed on the Australian Stock Exchange?"; "Do you have a self-managed superannuation fund?" All variables are scored one for yes and zero for no, and in the case of home ownership and shares, we distinguish between the detailed categories. Age and gender are included in the models as social background control variables.[9]

Economic status is measured by tertiary education, working in a non-manual occupation, being a government employee or self-employed, and by family income. Government employment and self-employment are included since we would expect employment type to be important for superannuation, with government employees relying on the state for their

pension, while the self-employed should rely on managing their own superannuation. Finally, we include a trio of broader attitude measures. Political ideology is measured using a standard left-right self-placement measure ranging from 0 (left) to 10 (right). Economic attitudes are measured by views of economic policy, and by the importance given in the election to economic management. The economic policy question is: "If the government had a choice between reducing taxes or spending more on social services, which do you think it should do?" The economic management question is: "When you were deciding about how to vote, how important was each of these issues to you personally? … management of the economy." The Supplementary Information File provides detailed information on these measures.

Results

As the overview of asset ownership presented earlier demonstrated, home and share ownership are widely dispersed across the population, with investment properties and superannuation funds somewhat less so. This finding is reinforced for 2016 in Table 1, which shows the distribution of assets across the electorate. Home ownership closely mirrors the official statistics, at around one in three of all voters; this is divided equally between those who own their homes and those who have a mortgage. Share ownership is close to the official figures, with just under one in three owning shares. The bulk of these share owners, 23 percent, own five companies or less, while around eight percent are more sophisticated share investors, holding shares in more than five companies.

The remaining two assets, an investment property and a self-managed superannuation fund, count fewer owners. In both cases, just over one in five voters say that they own such an asset. The proportion of voters who own investment properties equates closely to the proportion of privately rented properties; Table 1 shows the proportion of voters who live in such properties to be 18 percent.[10] The government statistics on superannuation funds suggest that in 2015 around 555,000 funds were in existence covering just over a million individuals,

which equates to about seven percent of the electorate.[11] Our estimate in Table 1 is considerably more than this figure. One source of error may be that some respondents interpreted the question as meaning general, rather than self-managed, superannuation. Another potential source of error is that a fund owned by one person may contribute to the household income of a couple or a family, although the other family members are not technically owners of the asset.

Table 1: The Distribution of Assets

Housing		Shares		Investment property		Superannuation fund	
Own, outright	33	None	69	Yes	21	Yes	21
Own, mortgage	34	1 company	12	No	79	No	79
Rent, private	18	2-5 companies	11				
Rent, public	2	6-10 companies	4	Total	100	Total	100
Other	13	>10 companies	4	(N)	(2,665)	(N)	(2,652)
Total	100	Total	100				
(N)	(2,650)	(N)	(2,647)				

See text for question wordings.

Source 2016 Australian Election Study

To what extent is there overlap between the ownership of assets? The median voter owned one asset, while just under one in four voters did not own any of the four assets. At the other end of the scale, around four percent of the population said that they owned all four assets, with a further 13 percent saying that they owned three out of the four. By any standard, then, assets ownership is widely distributed across the electorate and in principle the majority of voters should be sensitive to how governments regulate and tax these assets. We would expect that owning multiple assets, particularly those with a high incurrence of risk, would heighten voters' interest in and concern for government policy.

Asset owners are consistently more likely to be older than the rest of the electorate, as Table 2 demonstrates. This is particularly the case for homeownership, where the average owner is six years older than the electorate as a whole. They are also more likely to be better educated, to work in non-manual occupations, and to be self-employed. Indeed, one in four

super fund owners are self-employed, compared to just 15 percent for the electorate at large. This reflects their relative lack of access to employer superannuation, since they work on their own account.

Table 2: Social Background and Economic Status of Asset Owners

	Home owner	Share owner	Property	Super fund	(Total)
Social background					
Gender (percent male)	49	55*	56*	47	(49)
Age (mean years)	54.6*	53.6*	50.9*	50.6*	(48.6)
Economic status					
Tertiary education	39*	46*	48*	41	(37)
Non-manual worker	72*	77*	76*	69	(68)
Self-employed	18*	19*	24*	26*	(15)
Government employee	27*	25	22	22	(23)
Family income (mean $'000s)	94*	108*	123*	94*	(87)
	(1,768)	(834)	(551)	(550)	(2,711)

* statistically significant from those not owning the asset at $p < .01$, two-tailed.

See the the supplementary information file for questions and scoring. Figures reflect percentages unless otherwise noted in parentheses. The number of observations varies for individual items due to missing values.

Source 2016 Australian Election Study.

Following expectations from the model of patrimonial voting, our hypothesis is that the ownership of assets will, net of other things, lead to a greater probability of voting for the Liberal-National Coalition. To make these estimates, we specify a multinomial logistic regression with vote as the dependent variable. Vote is scored as Liberal-National, Labor, Green, and Other, with Labor as the excluded category.[12] The independent variables are grouped into four categories: social background, asset ownership, economic status and economic attitudes.

Model estimates are presented in Table 3. We note firstly that social background variables have little influence on party choice, though older respondents are more likely to support Labor relative to the Greens. Political and economic attitudes, on the other hand, have a strong influence on the vote. Not surprisingly, respondents who identify on the "right"

in terms of ideology, prefer tax reductions to spending increases, and place high importance on economic management are all more likely to vote Liberal-National and less likely to support Labor. With respect to our main interest, the model estimates suggest that asset ownership also matters in shaping vote choice, net of these other factors. The most important effects are share ownership, and owning shares increases the likelihood of voting Liberal-National over Labor. This is the case for those owning shares in anywhere from two to five companies to those investing in shares in more than ten companies. Model estimates also indicate that home ownership has a non-neglible but modest influence on party choice.

The estimates in Table 3 also suggest that owning an investment property had no electoral consequences in the election. This is perhaps surprising, given that Labor policy was to abolish the tax advantages for property investment, except for new properties. The answer may lie in their commitment to apply the policy only to new investors; those who had entered into such arrangements prior to mid-2017 would be unaffected by an incoming Labor government.[13] Nor is having a superannuation fund electorally significant. This is a consequence of the lack of difference between the two major parties on the issue. In the 2016 AES, 28 percent favoured Liberal-National policy on superannuation, while 25 percent preferred Labor's policy; the remainder saw no difference or did not know. The negatively signed and close to statistically significant coefficient (p = .10) on owning a superannuation fund in voting for the Greens, relative to Labor, reflects the former's policy to substantially increase the tax on superannuation funds for those earning above $100,000,[14] which neither major party supported.

Table 3: Economic Assets and Party Choice

	Liberal-National		Green		Other	
	Est	(SE)	Est	(SE)	Est	(SE)
Social background						
Gender	.26	(.16)	-.07	(.21)	.30	(.20)
Age	.07	(.07)	-.30**	(.10)	-.01	(.08)
Asset ownership						
(Renting)						
Home owner, bought	.38	(.26)	-.22	(.32)	-.10	(.33)
Home owner, mortgage	.32	(.25)	-.65*	(.27)	.11	(.30)
Other housing	1.01**	(.38)	-.30	(.38)	.48	(.42)
(No shares)						
Yes, one company	-.15	(.22)	.09	(.31)	.16	(.27)
Yes, 2-5 companies	.42*	(.22)	.42	(.32)	.26	(.30)
Yes, 6-10 companies	.96*	(.33)	.54	(.56)	.56	(.47)
Yes, >10 companies	1.33**	(.43)	1.16	(.62)	.28	(.57)
Investment property	-.12	(.18)	-.19	(.28)	-.06	(.23)
Superannuation fund	-.28	(.20)	-.48	(.29)	-.20	(.27)
Economic status						
Tertiary education	-.07	(.18)	.34	(.23)	-.01	(.20)
Non-manual worker	.54**	(.17)	.33	(.24)	.18	(.23)
Self-employed	.29	(.20)	.30	(.30)	.40	(.26)
Government employee	-.28	(.17)	-.22	(.23)	-.24	(.24)
Family income	.01	(.02)	-.01	(.02)	-.01	(.02)
Political & economic attitudes						
Left-right ideology	.49**	(.05)	-.17**	(.06)	.35**	(.06)
Tax vs social spending	.26**	(.06)	-.30**	(.09)	.16	(.09)
Economic management important	.74**	(.15)	-.69**	(.16)	-.10	(.17)
Constant	-6.29**		2.91**		-2.54**	
Pseudo R-squared			.19			
Log likelihood			-2069.43			
(N)			(1.896)			

** significant at $p \leq .01$, * $p \leq .05$, both two-tailed.

Estimates are parameter estimates and standard errors from a multinomial logistic regression predicting vote. Estimates are weighted on the basis of the enrolled Australian adult population. Labor is the excluded category. See text and supplementary information file for details of variables and coding.

Source 2016 Australian Election Study.

It is difficult, however, to directly interpret the results from the multinomial logit estimates in Table 3. Accordingly, Table 4 reports the results in terms of changes in predicted probabilities. Each cell reports the change in the probability that a given voter will select the party listed at the top as produced by a shift from not possessing to possessing the given ownership characteristic.[15] In this fashion, Table 4 displays how the change in ownership shifts vote probabilities away from certain parties and toward others.

The results in Table 4 show that homeownership has a modest but significant influence on which party voters support. Relative to renters, the baseline category, homeowners are more likely to vote for the Coalition (7 percent more likely, for those who own their homes outright) and less likely to support the Greens (6 percent less likely among those with mortgages). Green support is also shaped by the rental market as renters are five percent more likely to support the party than are home owners. This may reflect, in part, the young, inner city support that the Greens rely on, where renting is more frequent. In contrast, voter support for Labor, the centre-left standard-bearer, is virtually unaffected by homeownership. This non-effect reflects, we presume, the long-standing similarity between the two major parties on the goal of creating the opportunity to own a home.

While homeownership does little to separate supporters of the two main parties, share ownership does. Investors are increasingly more likely to vote Liberal or National, and less likely to vote Labor, as their portfolio expands in terms of companies. Owning shares, and particularly owning larger numbers of separate holdings, benefits the Liberal-National Coalition as we would expect. This reflects the relative skill required to manage a sizeable share portfolio, as well as the risk involved from changes in government policy. This result aligns with Persson and Martinsson's (2016) conclusion that the value of one's assets may have larger political consequences than ownership of the asset itself. Finally, it is important to emphasize what did not shape the voters' decision in 2016. As both Tables 3 and 4

demonstrate, neither investment property ownership nor superannuation fund ownership registered any significant effect on party choice.

Table 4: Asset Ownership and Party Choice, Change in Predicted Probabilities

	Lib-Nat	Labor	Green	Other
Home ownership				
Home owner, bought	+.07*	-.01	-.02	-.04
Home owner, buying	+.06	-.00	-.06**	+.00
Renting	-.06	+.01	+.05**	-.00
Other housing	+.14*	-.10	-.05	+.01
Share ownership				
No shares	-.04	-.00	+.01	+.03
Shares in one company	-.04	+.00	+.01	+.03
Shares in 2-5 companies	+.05	-.07	+.02	+.00
Shares in 6-10 companies	+.12*	-.14*	+.02	+.00
Shares in >10 companies	+.20**	-.19**	+.06	-.07
Investment property	-.01	+.02	-.01	+.00
Superannuation fund	-.03	+.06	-.03	-.00

** significant at $p \leq .01$, * $p \leq .05$, both two-tailed.

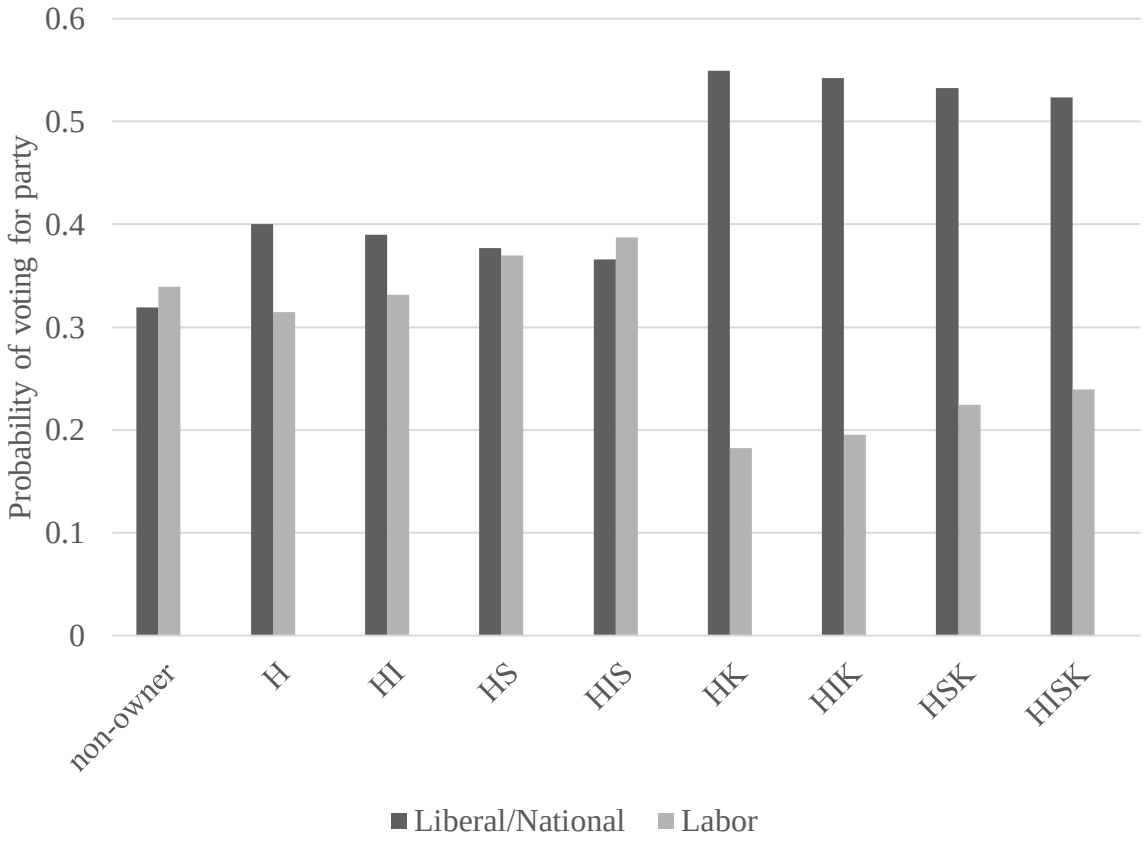
Cells report the effect of a change in ownership status from not owning to owning on the probability an individual selects the party identified in each column. The reference probability for 'renting' is 'home owner, bought' and the reference probability for all other home ownership categories is 'renting.' In all cases predicted probabilities are produced using the multinomial logit estimates reported in Table 3 and manipulating the measure of interest while holding all other covariates at their mean or modal values.

Source 2016 Australian Election Study.

By reporting the change in party support for a party produced by altering ownership status in one asset category of assets, the cells in Table 4 tell us about the effects of owning a given asset in isolation from another. But we know that owners of certain assets (say, an investment property) are more likely to possess other assets (say, shares). The AES data are uniquely designed to estimate the cumulative effect of ownership across different asset types. To do so, Figure 1 reports the predicted probabilities of voting for either the Coalition or Labor as one's asset portfolio expands.[16] From left to right, the figure indicates that non-owners are no more likely to select Liberal-National than Labor. This changes with homeownership (H), but the effect is blunted as investment property (I) and, especially

superannuation funds (S) are added to the portfolio. These differences, however, pale in comparsion to the effect produced by share ownership (K), as the remaining four pairs of vote probabilities show.

Figure 1: The Cumulative Effects of Asset Ownership on the Vote



Bars display the probability that the respondent selects the Coalition or Labor under different asset porfolios. H = owns home (bought or buying), I = owns investment property, S = has superannuation fund, K = owns shares in six or more companies. In all cases predicted probabilities produced using multinomial logit estimates from model reported in the online appendix and manipulating the measure of interest while holding all other covariates at their mean or modal values.

Source 2016 Australian Election Study.

In summary, our results show that assets mattered in shaping the vote in the 2016 election, net of a wide variety of other factors, including economic status and economic attitudes. However, the effects operated in very different ways. The reasons for these differences can be traced back to the positions taken by the parties. By adopting a superannuation policy that was very close to Labor's, the Liberals effectively undercut any partisan advantage their competitor might otherwise have enjoyed on the issue. Similarly,

while Labor's policy to restrict the tax advantages of owning an investment property should have assisted the Liberal-Nationals, Labor's decision not to make the change retrospective meant that it had no consequences for current owners. Finally, the impact of share ownership in predicting a Liberal vote outweighs all other effects in the model with the exception of economic attitudes. Unlike attitudes, however, assets cannot be considered as endogenously determined.

Conclusion

There is broad agreement that economic performance matters for a voter's decision at the ballot box, but less agreement on how to measure economic performance. A recent—and highly promising—conceptualization of the economic vote brings the voter's own assets into the equation, in the form of property ownership. Asset owners are said to support centre-right parties while those without assets support the centre-left alternative. In this "patrimonial" economic voting model, the voter takes centre-stage and becomes a key player in understanding how the economy shapes electoral outcomes (Nadeau, Foucault, and Lewis-Beck 2010).

We extend the work on patrimony and economic voting by examining a range of assets—property, shares and superannuation—all of which are widely owned by the Australian public. Our results show that by far the most important asset in shaping party choice is shares, and this occurs mainly in the form of possessing an extensive (and presumably diversified) share portfolio. This finding is consistent with that of Persson and Martinsson (2016) and further confirms their view that what matters in shaping party choice is the actual value of the assets that are owned. Thus, while distinctions between low and high risk assets are often important electorally, in the case of high risk assets such as shares, voters are most sensitive to their actual value.

Apart from shares, we find a secondary electoral effect of assets via property ownership. The capacity of these ownership factors to drive voters toward one party and away from another owes much, we argue, to the parties' distinct position-taking strategies in the run up to the 2016 vote. Perhaps surprisingly, ownership of an investment property or a personal superannuation fund had no effect on the vote. The absence of such a finding, however, is consistent with our claim about the importance of party positions. As we discuss, in 2016 the major parties differed little in terms of the tax treatment of these assets, so neither party was able to gain an electoral advantage among owners of these assets. These conclusions are based on just one election; we will, of course, need further elections in order to test the robustness of this finding.

Our main conclusion is that parties have a crucial role to play through their policies on the treatment of assets. The patrimony model assumes that voters who have significant material assets will choose a party on the right, while those who rely mainly on labour force participation for their income will choose a party on the left. However, this assumes that parties occupy unique and relatively stable positions along a left-right continuum, and that the labels "left" and "right" contain policy-relevant information. In practice, this assumption is often not met: parties do not occupy fixed places in policy space but move strategically in order to attract votes and in response to the positioning of other parties (Downs 1957; Adams and Somer-Topcu 2009).

Our results on the ownership of personal superannuation serve as an apt example of how party policies can shape the electoral importance of asset. Personal superannuation, which is often used as a vehicle for wealth creation in Australia, should in theory be supported by the centre right. However, controversial changes in Liberal policy effectively neutralized the electoral advantages that the party would otherwise have enjoyed on the issue. In short, in ownership models of economic voting, the policies espoused by the party

alternatives matter. Future research on assets and the economic vote should extend this insight beyond the Australian case to establish its applicability more generally.

These findings come with limitations which should be addressed in future work. First and most importantly, they are based on one election with no certainty that the election is representative of a long term trend. While we see no reason to conclude that the 2016 election was an abberation, it will take more elections to confirm this. Second, while we have evaluated a range of assets, our treatment has not been comprehensive. In particular, we have not been able to include savings in the model, which were not included in the survey. While savings are low risk and not normally suspectible to changes in party policy, they do represent a substantial component of a voter's total wealth. Despite these limitations, our findings confirm those of other studies and lead us to conclude that the findings are robust.

Endnotes

[1] Australia has been featured in earlier work but only with respect to the effect of homeownership on voter choice (e.g., McAllister 1984).

[2] The characterization of Australia as a "laggard" welfare state is from Castles and Mitchell (1992).

[3] The survey did not include a measure of savings, which would have effectively completed all of the major economic assets that a person can own.

[4] The precise rate of the decline in this period is a matter of debate: Australian Bureau of Statistics data suggests a relatively small decline, but other studies suggest a larger figure (Marks, Headey and Wooden 2005: 49-50). Cobb-Clark and Hildebrand (2009) show that immigrants have generally less wealth than the native born, but proportionately more is in housing.

[5] "Negative gearing" has been mainly used to purchase investment properties, but it can also be used to purchase shares or other assets.

[6] Estimates are from http://www.asx.com.au/education/research-surveys.htm

[7] http://www.abc.net.au/news/2016-04-25/negative-gearing-government-says-parents-will-suffer-under-labor/7354438

[8] http://www.theaustralian.com.au/national-affairs/backlash-over-malcolm-turnbulls-175m-donation-to-liberal-party/news-story/5dc9e968a08ee1b3ad5e94adae496a9f

[9] Preliminary analyses included a wider range of controls, such as birthplace and urbanization, but these additions did not alter the results and have therefore been excluded from the final model in the interests of parsimony.

[10] Data can also be found in the Reserve Bank submission to the Parliamentary Inquiry into Home Ownership. See http://www.rba.gov.au/publications/submissions/housing-and-housing-finance/inquiry-into-home-ownership/proportion-investment-housing-relative-owner-occ-housing.html

[11] https://www.ato.gov.au/Super/Self-managed-super-funds/In-detail/Statistics/Quarterly-reports/Self-managed-super-fund-statistical-report---March-2015/?page=2#Tables The size of the electorate at the 2016 election was 15.8m.

[12] The "Other" category consists mainly of One Nation, the Xenophon Group, Family First and independents. Since they constituted a relatively large group of voters in the survey (18 percent) they are included in the analysis. However, because of their disparate composition, the results for this group are of little importance.

[13] "Labor is committed to improving fairness, particularly for first home buyers, and will fully grandfather and preserve the tax offsets that are currently available to existing property owners." http://www.100positivepolicies.org.au/a_national_affordable_housing_strategy

[14] "Tax breaks in our current super system are regressive and provide the biggest incentive for those earning high incomes, allowing them to pour money into their super account to minimise the tax they pay" (Australian Greens 2016: 1).

[15] Since all asset ownership variables are coded zero or one (see Table 1), the probability changes provide a common basis for comparing marginal effects. Predicted probabilities are produced using the margins command in Stata 13.

[16] These probabilities are produced from a multinomial logit model identical to that reported in Table 3 but in which home ownership is dichotomized as owner/non-owner and assets are dichotomized, drawing on Table 3 results, as own shares in 5 companies or less (scored 0) and own shares in 6 companies or more (scored 1). Estimates are reported in the Supplementary Information File. To facilitate presentation, Figure 1 does not report results for voting for Greens or other parties.

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