

Do Partisans Make Riskier Financial Decisions When their Party
is in Power?

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Abstract

This article studies the effect of an electoral victory or loss on partisans' economic behaviors. Using a novel dataset of searches for cars, houses, and stock among over 50,000 searchers with known partisanship and demographics, as well as New York car registration data, we investigate the consequences of the 2016 election on partisan purchasing behavior. We find that Democrats were significantly less likely to search for cars and houses after Trump's victory, and they registered fewer new cars than did Republicans. These findings were not explained by broader changes in search patterns, nor were they the result of differential partisan concerns about their personal losses from the Republican administration's economic or healthcare policies. These findings show that partisans are likely to engage in partisan motivated reasoning about the economy following an electoral loss, with significant behavioral consequences.

Wordcount: 5457

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With the rise of political polarization (Iyengar et al., 2012), partisanship has become a more visible and salient part of Americans' lives. Partisans discriminate against outparty members in a variety of domains, including dating (Nicholson et al., 2016; Iyengar et al., 2017; Huber and Malhotra, 2017), employment (Gift and Gift, 2015; McConnell et al., 2018), and education (Iyengar and Westwood, 2015). However, the effects of partisanship on Americans' economic behaviors remain unclear (McGrath et al., 2017; Gerber and Huber, 2009). On surveys, partisans are loath to acknowledge positive economic outcomes under an outparty president (Bartels, 2002), but these differences dramatically diminish when partisans are paid for correct responses (Prior et al., 2013; Bullock et al., 2013). Do partisans change their purchasing patterns when the presidency switches parties? In this article, we examine this question and its implications for the economy.

Are partisans more likely to make large purchases and investments, such as cars, houses, or stock, after their party wins the presidency? Conversely, do "losing" partisans scale back their purchasing decisions in fear of a dimmer economic future? To answer these questions, we combine survey data with a novel dataset of individual-level searches for cars, houses, and the stock market, with their partisan affiliation and key demographics, as well as a separate dataset zip code level car registration data in 2016 and 2017. This strategy allows us to measure partisans' individual level purchasing behaviors, free of the limitations of surveys such as non-attitudes, expressive reporting, or social desirability effects.

We find that Democrats, as members of the losing party, were less likely to search for cars and houses after the 2016 election. This effect is sizable and significant - for housing, the decrease is equivalent to 42% of the seasonal change in housing searches between January and July. The majority of Republicans showed no change in their search patterns, with the exception of those who lived in the richest 10% of counties. These effects cannot be explained by income differences between Democrats and Republicans - richer Democrats were no less likely to decrease their house and car-related searches than poorer ones, despite Republican promises to cut taxes on the wealthy. We find a similar effect for car purchasing behavior - Republican zip codes had a larger increase in new car registrations in 2017 than did Democratic ones.

In general, partisans do change their economic behavior when the presidency switches parties. These changes are meaningful, but not overwhelming. While Democrats did make fewer searches for cars and houses, many Democrats still did search for and purchase these goods. However, as partisan polarization continues to increase, these effects may grow stronger and pose significant risks to the economy.

This article is structured as follows. In the next section, we present the theoretical debates that motivate this project. Next, in the third section, we discuss the data and methodology used to test the effect of partisanship on purchasing decisions. In the fourth section, we take stock of the survey data surrounding

economic perceptions in three separate elections where the presidency switched parties, and compare it with data on similar elections where there was no change in the president's party. In the fifth section, we analyze the immediate effect of the 2016 election on partisan web searches for cars, houses, and stock market. The sixth section compares searches in 2016 and 2017 to examine the longer-term effects of Trump's victory on partisan web searches and determines the relative strength of the effect for both Democrats and Republicans. In the seventh section, we look at changes in survey responses and behavior immediately following the 2016 election. The eighth section examines the effect of the election on real-world car purchasing behavior in 2016 and 2017. In the ninth section, we consider possible alternative explanations for our results, including the role of partisans' differing economic situations. Finally, we conclude by discussing the ramifications of these findings.

Theory

Partisan affective polarization has increased significantly since the 1980's (Iyengar et al., 2012). This rise has heralded a slew of consequences among partisans in the US, from their willingness to discriminate against members of the opposing party (Iyengar and Westwood, 2015) to a disinclination to co-operate with government regulations when their party is out of power (Krupenkin, 2018; Lerman et al., 2017). However, to fully understand the consequences of partisan polarization on American democracy, it is critical to understand the ways in which partisanship influences perceptions of objective facts.

The classical Michigan model of partisan identification (Converse et al., 1960) argues for the existence of a 'partisan screen', a form of motivated reasoning (Kunda, 1990) which prevents partisans from accepting information that is critical of their own party. However, more modern models (Fiorina, 1981; Green et al., 2004) argue that there is no partisan screen and that partisans are able to accurately appreciate unflattering information about their own party. This distinction has serious consequences for democratic accountability. If partisans cannot accurately incorporate new information about a party's electoral performance due to motivated reasoning, they cannot punish or reward incumbents based on their performance. In turn, this diminishes incentives for elected officials to invest in policy, and encourages them to pander to partisans.

Scholars have found ample survey support for partisan motivated reasoning effects. For example, partisans are likely to uncritically accept arguments that support their own perspective, while arguing against those that do not (Taber and Lodge, 2006). Further, providing negative information about an in-party candidate

may have no effect or may actually increase partisans' support for that candidate (Redlawsk, 2002; Nyhan and Reifler, 2010).

However, more recent literature has suggested that partisan survey differences may be the result of expressive reporting, not motivated reasoning or actual differing impact. Partisan expressive reporting occurs when survey respondents give an answer that they know to be incorrect but that makes their party look good. For example, Republicans with a college degree were significantly more likely to say that Trump's inauguration photo had more people than Obama's than were Democrats or Republicans without a college degree (Schaffner and Luks, 2018). Expressive reporting has been found in a number of domains, including economic (Prior et al., 2013; Bullock et al., 2013) and health (Krupenkin et al., 2018) attitudes. However, Berinsky (2018) has found little evidence of expressive reporting on the topic of conspiracy theories.

Partisan expressive reporting effects pose a significant threat not only to the literature on partisan motivated reasoning, but to the survey literature on partisanship more broadly. If partisans' survey responses do not represent their true beliefs, then they are an unreliable tool for the study of partisanship.

Considering the effect of partisanship on perceptions of objective facts is important to understand partisanship, but it is especially critical in how it relates to the decision to invest and to purchase durable goods. Democrats and Republicans differ on many characteristics, including race and income. Consequently, they tend to live in different types of neighborhoods (Mummolo and Nall, 2017), and in different parts of the country. If a large segment of American society experiences irrationally depressed consumption during an economically prosperous period, this is bad news for the economy. The negative impact is even greater if partisans decrease the money they spend on investments, such as real estate or education.

Partisanship is important for evaluations of the economy (Bartels, 2002), and especially prospective predictions about economic performance. These evaluations are made with fairly little information and thus must rely more heavily on partisan heuristics (Popkin, 1994)¹. This, in turn, is likely to affect their purchasing patterns, especially for durable goods such as cars and houses, as prior research has shown that consumers' prospective perceptions of the economy have an especially pronounced influence on their consumption of these goods (Mishkin et al., 1978; Dunn, 1998).

Political polarization is likely to further exaggerate the effects of partisanship on their purchasing decisions. Partisans' distrust of the opposing party can further feed motivated reasoning about economic performance.

¹Selective media exposure could also influence presidential in partisans to engage in different consumption behavior than other partisans. Republicans who consume Breitbart and Fox News may be treated to non-stop coverage of the Trump administration's economic successes, while Democrats who consume HuffPost and Daily Kos may receive the opposite message. However, selective exposure to partisan news coverage has shown at best only modest effects on political polarization (Peterson et al., 2017; Prior, 2013)

If partisans do not think that members of the opposing party make good mates (Huber and Malhotra, 2017) or employees (Gift and Gift, 2015; McConnell et al., 2018), they should be especially loath to put their economic future in the hands of an out-of-party president. Accordingly, partisans, especially members of the “losing” party, should significantly modify their economic expectations when control of the presidency switches parties.

In this paper, we tackle two closely related questions. First, when partisans express pessimism (or optimism) about the economy under an opposing (or same) party president, are they engaging in expressive reporting, or do their survey responses reflect sincere beliefs? Second, if partisans’ responses to surveys are sincere, are partisan differences in economic evaluations the result of their partisanship (motivated reasoning), or of their different economic situations?

It is possible that partisans have truly held different economic beliefs that are not due to motivated reasoning, but due to actual differing economic outcomes that are correlated with partisanship. Partisans may also experience different economic outcomes and pressures depending on which party is in power. For example, lower-income individuals, who are more likely to be Democrats, experience less income growth under Republican presidents than under Democratic ones (Bartels, 2016). Similarly, the Trump tax plan was more beneficial to higher-income households (who were more likely to be Republican) than lower-income households (Nunns et al., 2016).

Empirical Strategy

Using Surveys to Record Partisans’ Stated Preferences

To test partisans’ stated perceptions about the economy, we compiled 704 Gallup surveys from 1996 to 2017 to create a time series of partisans’ economic perceptions. This time series contains partisans’ answers to the question “*Right now, do you think that economic conditions in the country as a whole are getting better or getting worse?*” from July 1996 to December 2017. An answer of “getting better” was coded as 1, “getting worse” was coded as -1, and “same” was coded as 0.² This 20-year time series allows us to measure the effects of three elections that resulted in the presidency switching parties on partisans’ economic perceptions. The time series itself is valuable because it holds the question wording and survey methodology constant, allowing comparison of partisans’ post-election perceptual shifts to non-election shifts in economic beliefs.

²Nearly 10% of respondents overall volunteered “same” as the answer to this question.

Using Search Data to Study Consumption Behavior

Search data is a powerful predictor of economic activity: we use a unique, individual-level search dataset from Bing. Google Trends data has been shown to be a significantly better predictor of consumption than consumer confidence indices (Kholodilin et al., 2010). Search data has been used to accurately predict the stock market (Bordino et al., 2012), automobile sales (Choi and Varian, 2012; Kinski, 2016), and housing prices (Wu and Brynjolfsson, 2015). Beyond economics, search data has provided valuable insights into suicide (Gunn III and Lester, 2013), flu epidemics (Cook et al., 2011), and state ballot initiative roll-off rates (Reilly et al., 2012). Time and time again, search data has been shown to be strongly associated with real-world behavior, making it a valuable metric for testing our hypothesis.

Beyond its strong correlation with multiple forms of behavior, search data also has several useful properties that distinguishes it from survey data. First, unlike survey data, search data is free from non-attitudes (Converse et al., 1960). Searching is motivated behavior - a user who types “zillow” into their search engine is looking for information on real estate prices. On the other hand, an on-the-spot answer to a survey question may be the product of random top of the head considerations (Zaller et al., 1992) or mere satisficing (Kramer, 1983). Second, because there is no “audience” for a user’s search queries, search data is free from social desirability (Fisher, 1993) and expressive reporting effects. Search queries represent a user’s revealed preferences, rather than their stated preferences.

To examine search behaviors, we created a novel dataset of a daily binary record of whether or not a relevant search occurred for any included topic, along with the age, gender, and partisan identification of the searcher. We started with a random subset of respondents to the MSN homepage or MSN/new/politics page polls who provided their partisan identification along with their age and gender. For respondents who searched on Bing, we then recorded if they conducted a relevant search, by day, on the days in our study. Accordingly, a unique record includes: age, gender, partisan identification, and a 0 or 1 for any category/day in the study. The final dataset included about 52,000 unique records. We re-weighted the results by party, age, gender, and state to better represent the demographic makeup of the country. To determine whether partisans searched for houses, cars, or the stock market, we generated a list of searches using a seed term and the “related searches” function on Google Trends. Table 1 shows the topics, seed terms, and generated terms. All searches that subsumed these searches were also counted (e.g., “buy house florida”). Results were robust to the inclusion or exclusion of specific search terms.

As noted above, to account for the non-representativeness of our sample, we re-weighted our sample to more closely represent registered partisans. During the 2016 election cycle, for the same set of respondents, a

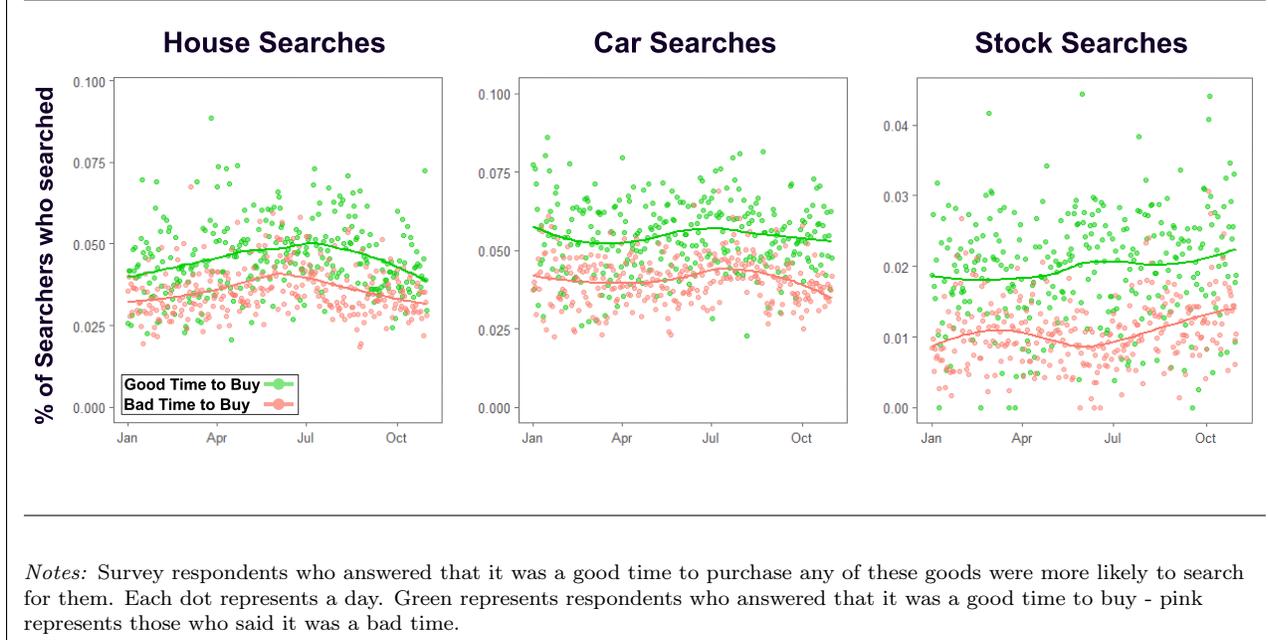
Table 1: Search Terms

Category	Seed Term	All Search Terms
House	buy house	buy house, buying house, buy home, home buying, homes, real estate, fha loan, mortgage calculator, loan calculator, home loan, zillow, realtor, trulia, realty, remax, century 21, coldwell banker, va loan, mortgage, conventional loan, nationstar, amortization, payment calculator, pmi
House	school district ratings	school district ratings, great school ratings, greatschools, redfin, schooldigger
Car	buy truck	buy truck, trucks
Car	buy car	buy car, honda, toyota, car insurance, carmax, auto-trader, progressive, auto insurance, insurance quote, geico, state farm, allstate, ford, nissan, hyundai, acura, chevy, cheap insurance, general insurance, dodge, jeep, chevrolet, blue book, bmw, kia, lexus, kbb, audi, subaru, state auto, usaa, gtr, mazda, infiniti, mercedes, camaro, gmc, the general, national general, challenger, chrysler, cherokee, wrangler, kelley blue, kelley book, nada, cars, brz, r34, g35, q50, mustang, yukon, buick, denali
Stock Market	invest in stock	invest in stock, how to invest, stock, dow, aapl, tsla, amzn, nflx, msft, finance, twtr, nasdaq, nyse, s&p, etf, vanguard, fidelity, mutual fund, index funds, lnkd, gpro, scty, intc, csc

sub-set of the full MSN poll, we ran raw voter intention through Dynamic MPR, as outlined in Konitzer et al. (2018). This produced voter intention estimates in which 46 out of 51 Electoral College elections were binarily correct, similar to the aggregation of publicly available polling data. These accurate polling results were published daily on MSN.com during the election cycle. While we do not fully reproduce the method in this paper, it demonstrates that the polling data is adequately representative and, more importantly for this paper, is an honest portrayal of sentiment or expectations conditional on the stated demographics we captured and post-stratified for 2016.

To ensure that our search measures accurately represent partisans' perceptions of economic expectations, we used a survey of 8,200 MSN users to show that house, car, and stock searches were correlated with perceptions of the economy. We asked respondents: "Do you think now is a good time to buy a new car/buy a new house/invest in the stock market?". Figure 1 shows searches by survey respondents from January 2017 through October 2017 (the survey was conducted in November 2017). Respondents who answered that now was a good time to buy a car/house/stocks were much more likely to search for these terms, which shows that our search terms do indeed reflect people's interest in purchasing these goods.

Figure 1: Searches for Cars, Houses, and Stocks by Economic Expectations



Using Car Registration Data to Measure Purchasing Behavior

To test the effects of partisanship on actual purchase behavior, we examined DMV vehicle registration records for January through October of 2016 and 2017. These files contained information on all 11 million vehicles registered by the 19.75 million residents of New York State³. New York State requires vehicle owners to register their vehicle every 12 months, or upon transfer of ownership (such as when selling a used car). Therefore, any increase in the number of vehicle registrations is due to either the purchase of a car or a vehicle owner moving to New York State. We use increases in the number of vehicle registrations as a proxy for new car purchases.

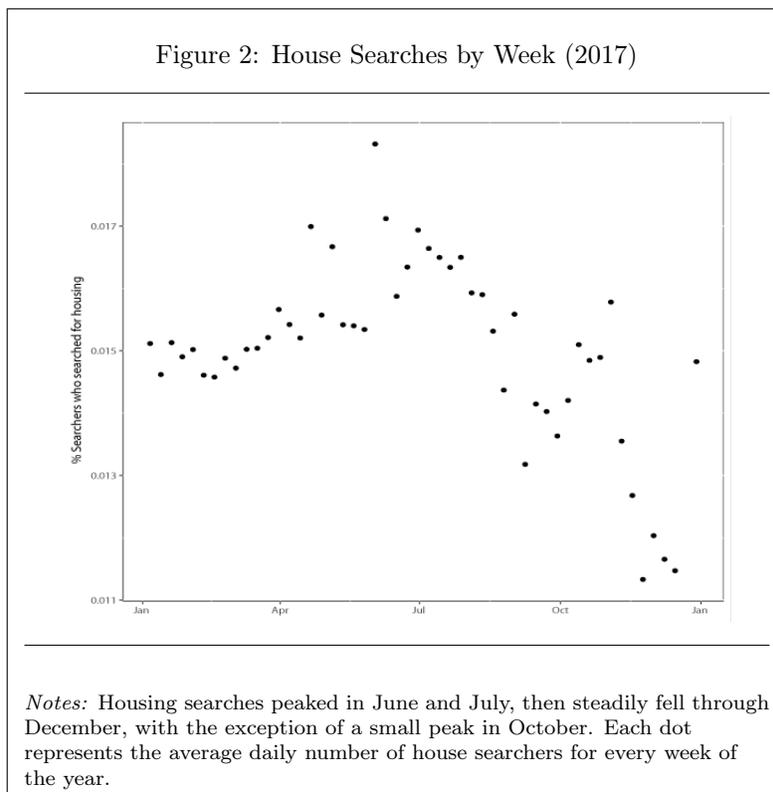
Since individual-level partisanship data was not available, we instead compared the 2008 ZIP-code-level presidential vote to vehicle registration data aggregated to the ZIP-code level.⁴ To analyze this data, we used a binomial logit model where the number of car registrations per day per ZIP code was counted as the number of successes, and the ZIP code population minus the number of daily registrations was considered the number of failures.⁵

³New York is the only state that makes these records publicly available online

⁴We thank the authors of Mummolo and Nall (2017) for generously sharing their ZIP code voting and demographic data. We used 2008 data due to availability. If anything, this would add noise versus 2016 data and downwardly bias our results.

⁵Unfortunately, we are unable to accurately match searchers to zip codes, so we cannot link searches to car registrations

Estimation Strategy: Controlling for Seasonality Effects



We estimate equations of the form

$$Y_i = \beta_0 + \beta_1 Dem_i + \beta_2 Year\ 2017_i + \beta_3 Dem_i \times Year\ 2017_i + \beta X_i + State\ FE + Seasonality\ FE + \epsilon_i$$

where Dem_i is an indicator variable for Democratic partisanship (0 if Republican), and $Year\ 2017_i$ is the post-election indicator (0 if 2016). Thus, the quantities of interest are β_2 , which represents the post-election effect for Republicans, and $\beta_2 + \beta_3$, the post-election effect for Democrats. X_i represents the vector of the individual level (age, gender) and county/zip level (income, education, race, population density) covariates⁶. We also include state-level fixed effects to account for geographic variation in search and purchasing behavior.

To understand the effects of the Trump presidency on purchasing behavior, we compared house/car/stock searches and car registrations on the same day in 2016 and 2017. Housing (Ngai and Tenreyro, 2014; Rosenthal, 2006; Mille et al., 2013), automobile (Tian et al., 2012), and stock (Gultekin and Gultekin, 1983; Ritter, 1988) markets exhibit strong seasonality effects. Each of these three markets has "hot" and "cool" periods. These patterns also manifest in searches - Figure 2 shows the weekly percentage of all Bing searchers

⁶County level covariates come from the 2016 ACS

who searched for house related terms. Our regression specified three types of time fixed effects - month of the year (seasonality), day of the week (people search for different things on weekends than weekdays), and week of the month (people may search differently after payday). Due to 2016 search data availability, we looked at results from February 15 to July 31.

To look at short-term post election effects, we compared the gap in cars, house, and stock searches between Democrats and Republicans between October 2016 and March 2017. Democrats and Republicans should be similarly affected by seasonality, so an increase in the gap means that at members of least one of the parties are changing their search behaviors.

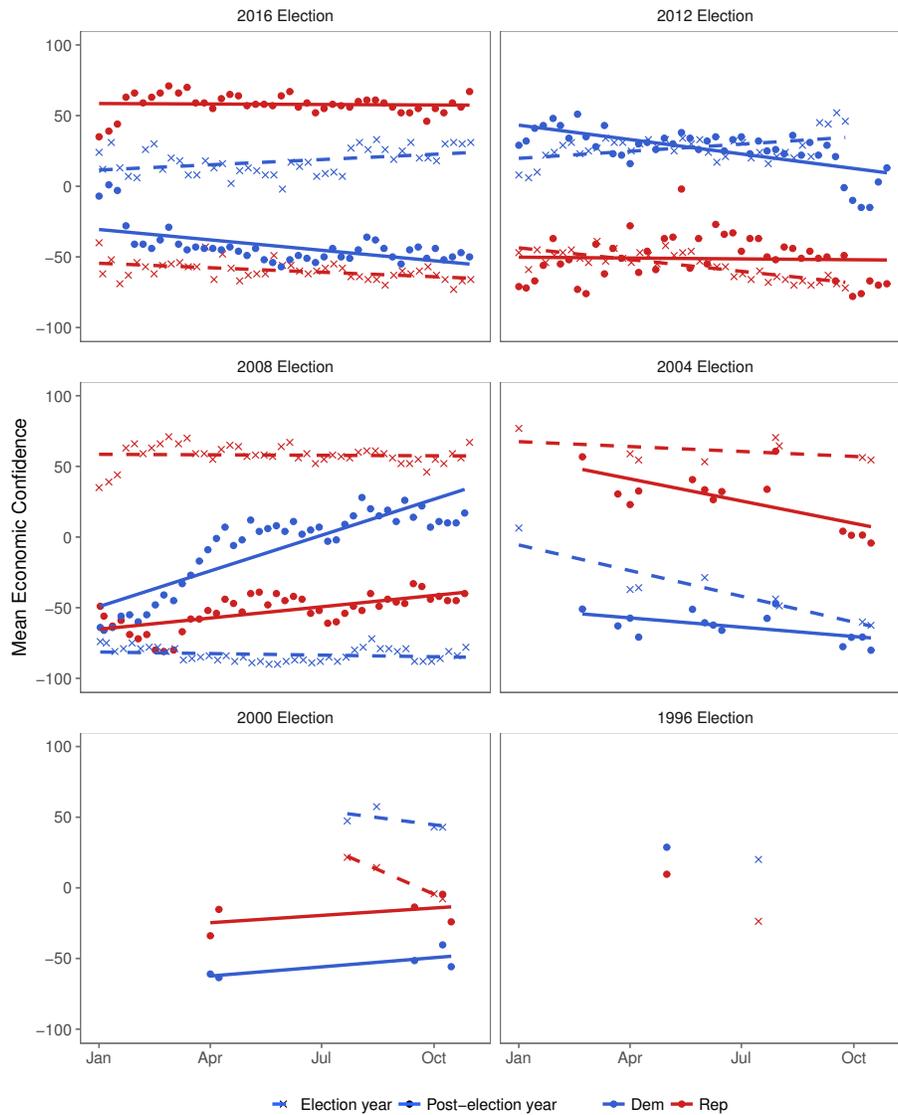
Survey Evidence Shows Significant Changes in Reported Economic Perceptions

Figure 3 plots the changes in reported economic confidence among partisans before and after 6 presidential elections. On average, partisans whose party lost the presidency reported a -85 point decrease in their economic confidence. Similarly, partisans whose party won the presidency reported a +85 point increase. On the other hand, partisans whose party failed to beat an incumbent reported a +2 increase, while partisans whose incumbent won re-election reported a -9 decrease.

In all three cases, partisans whose party lost the presidency were extremely pessimistic about the economy, regardless of the actual economic conditions. In 2009, the US was in the depths of recession, while in 2017, the economy was doing well. However, Democrats' economic confidence in 2017 was comparable to Republicans' in 2009, and comparable to Democrats' in 2001. Regardless of how the economy is actually doing, the losing party reports very low confidence. This low confidence continues throughout the outparty president's term - Republicans had similarly dim views of the economy in 2009 and in 2016.

On the other hand, winning partisans levels of confidence more accurately reflect the state of the economy. In both 2001 and 2009, when the US was experiencing a recession, the winning party was relatively neutral on the state of the economy, while in 2017, Republicans were very positive.

Figure 3: Is the Economy Getting Better or Worse? Gallup (1996-2017)

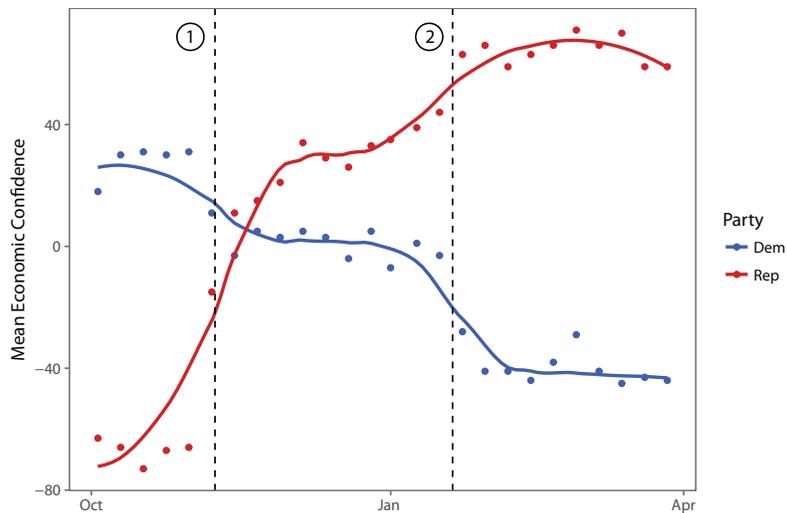


Notes: Partisans' economic confidence changes significantly after an election where the presidency switches parties, but does not appreciably shift after an incumbent is re-elected. Each dot represents one survey (x-axis is survey start date). The dashed line represents partisans' reported economic confidence during the presidential election year, and the solid line represents their confidence in the year immediately following the election. Lines are OLS fit. X-axis goes from January 1 to Nov 1.

Results: Partisans' Search Gaps Grew After the 2016 Election

Figure 4 shows that both Democrats and Republicans experienced a gradual shift in their economic expectations over the months after the 2016 election, starting from election day and levelling off around February

Figure 4: Is the Economy Getting Better or Getting Worse? Gallup (2016-2017)



Notes: Both Democrats and Republicans experienced a gradual change in their stated economic perceptions after Trump was elected. The dashed line labelled 1 is election day (2016-11-08). The dashed line labelled 2 is inauguration day (2017-01-20). Each dot represents one survey (x-axis is survey start date).

2017. Furthermore, while Republicans had their greatest rise immediately after election day (although it accounted for only about a third of their overall shift), Democrats had their biggest drop after the inauguration. Figure 5 shows that the partisan gap in house, car, and stock searches increased significantly from December 2016 through January 2017. This finding is consistent with the survey evidence - most partisans changed their search patterns in the months between the election and the inauguration, not immediately after the election.

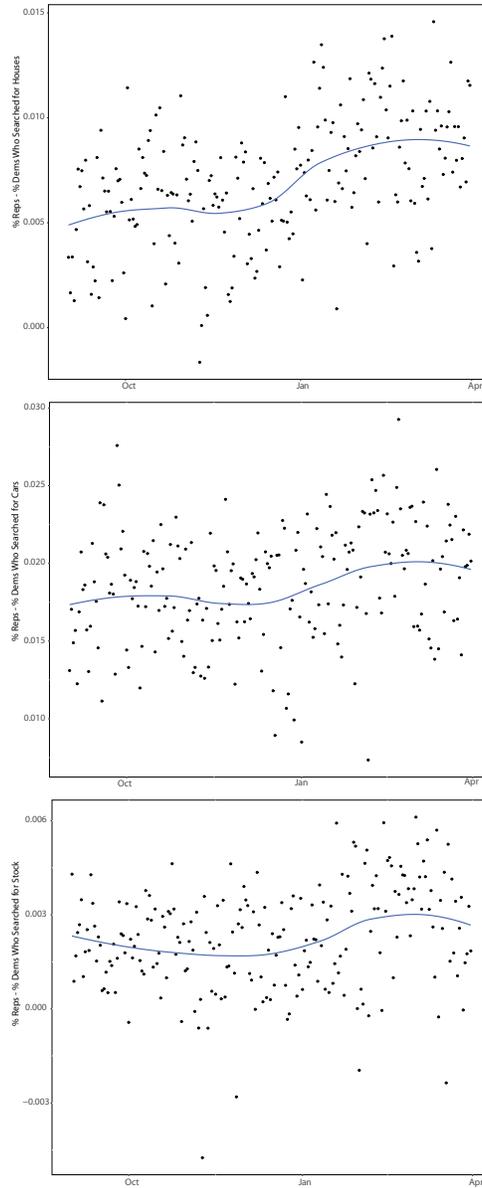
Why did searches change more after the inauguration than after election day? There are several possible explanations. First, fewer people were searching for cars and houses in the later months of the year, and the market starts to heat up again in January. This means that partisans may have shifted their expectations after election day, but their change in behavior only registered after the inauguration.

Second, it is likely that a non-trivial number of Democrats engaged in motivated reasoning about the validity of 2016 election result, at least in the short term. There was a significant deal of confusion and uncertainty in the aftermath of the 2016 election. This included a very public recount effort ⁷, as well as a campaign to encourage faithless electors.⁸ On surveys, a large number of Democrats claimed to support these efforts -

⁷<http://time.com/4592583/jill-stein-recount-democrats-liberals/>

⁸<https://www.economist.com/the-economist-explains/2016/12/15/how-faithless-electors-could-flip-the-vote>

Figure 5: Partisan Difference in Searches for Houses, Cars, and Stock (Oct 2016 - Apr 2017)



Notes: For houses, cars, and stock, there was a significant increase in partisan search gaps (% of Reps who searched for a topic - % Dems who searched for a topic) at the end of January 2017. Each point represents the difference in % of Reps and % of Dems who searched for a topic on a specific day.

one third of Clinton voters did not recognize Trump’s victory as legitimate⁹, and a majority of Democrats supported electors voting their conscience and “flipping” their votes in the Electoral College.¹⁰¹¹

This section shows that partisans did change their search behaviors after the 2016 election. These changes were temporally in line with changes in partisans’ survey responses to questions about their economic expectations - the partisan gap increased in December and January after the election.

Democrats Were Less Likely To Search For Cars, Houses in Longer Term

Figure 6 plots the daily weighted proportion of partisans who searched for cars, houses, and stock in 2016 and 2017. Table 2 confirms that Democrats were significantly less likely to search for cars or houses after Trump became president.

In general, Republicans were more likely to search for cars and houses. For the same period, Republicans were slightly more likely to search for houses, but the difference was not significant. Neither party showed any change in searches for stock market-related terms. The base-rate is much lower for searches for stocks, as trading is confined to a small, sophisticated group of people. Therefore, ex-post, it is unsurprising that there is no significant shift in behavior between parties.

The change in Democrats’ search patterns post-Trump is not only statistically significant but also substantively significant. Housing markets exhibit strong and well-documented seasonality effects—people are significantly more likely to buy houses in June than in January (Ngai and Tenreyro, 2014). The year-over-year decrease in housing searches among Democrats after Trump’s election is equivalent to approximately 42% of the annual seasonal decrease between June and January.

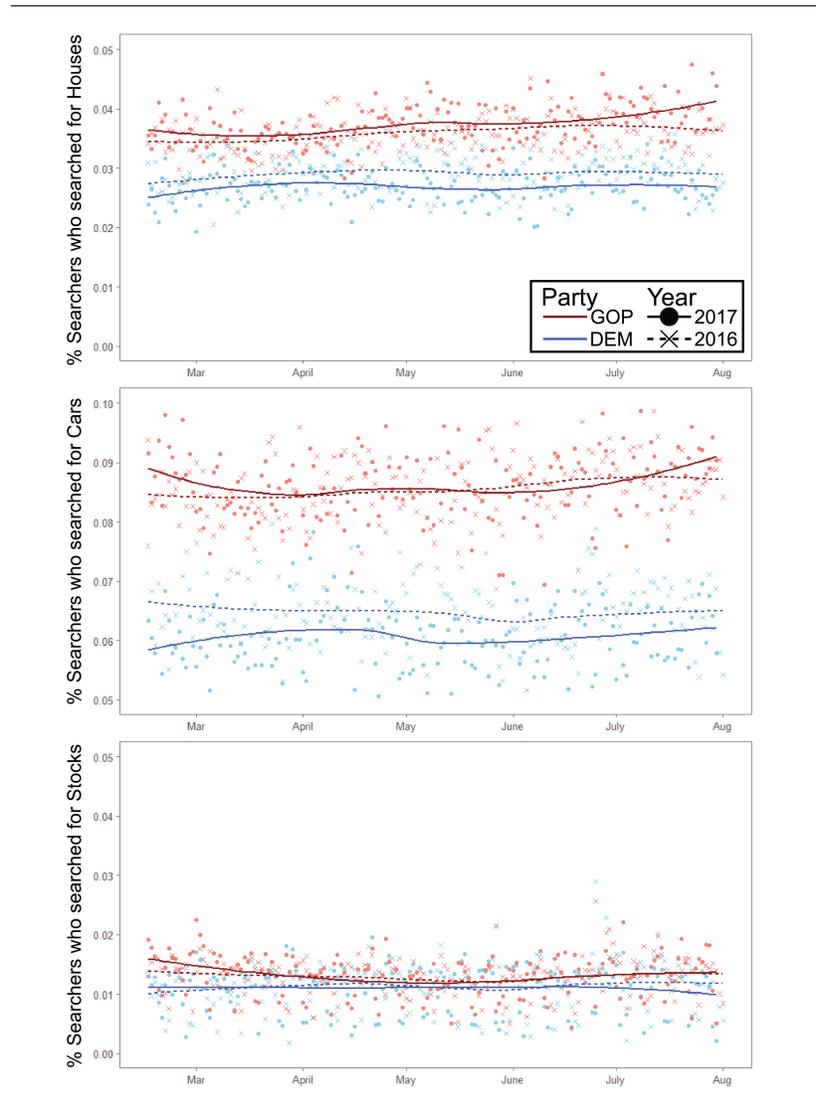
The covariate coefficients on the regression estimate in Table 2 provide an additional validation of our search measures. People who lived in wealthier counties were more likely to search for cars and houses than those in poorer counties. Similarly, people who lived in denser (urban) areas were less likely to search for cars than people who lived in areas more sparsely populated.

⁹<https://www.washingtonpost.com/news/the-fix/wp/2016/11/13/one-third-of-clinton-supporters-say-trump-election-is-not-legitimate-poll-finds/>

¹⁰For a more detailed analysis of the search patterns around uncertainty about the 2016 election result, please see appendix

¹¹<http://www.pollingreport.com/wh16.htm>

Figure 6: Partisans' Searches for Houses, Cars, and Stock (2016-2017)



Notes: Democrats made significantly fewer car and house searches in 2017 than they did in 2016. Points represent the daily proportion of partisans who searched for a subject, weighted by demographics. Unweighted graphs do not substantively differ. Lines are loess. The dashed lines represent 2016 searches, the solid lines 2017 searches. While there is little difference in Republicans' car, house, and stock searches in 2016 and 2017, Democrats made fewer searches for the first two categories.

This section has established the effect of the Trump presidency on Democrats' car, house, and stock searches. This effect is substantively significant, as it is nearly half of the seasonal change in searches between January and July.

Table 2: House, Car, and Stock Searches (2016-2017)

	<i>Dependent variable:</i>		
	House	Car	Stock Market
Year 2017	0.044 (0.038)	0.004 (0.022)	0.019 (0.084)
Democrat	-0.222** (0.059)	-0.271** (0.036)	-0.010 (0.108)
Year 2017 x Democrat	-0.132* (0.064)	-0.082* (0.038)	-0.101 (0.126)
Age 30-44	0.225 [†] (0.117)	0.168** (0.065)	-0.354 [†] (0.195)
Age 45-64	0.354** (0.105)	0.175** (0.058)	-0.079 (0.181)
Age 65+	0.296** (0.110)	0.040 (0.062)	0.391* (0.193)
Female	0.251** (0.046)	-0.223** (0.028)	-0.409** (0.095)
Log Pop Density (County)	-0.036 (0.027)	-0.049** (0.016)	0.036 (0.054)
County % black	-0.064 (0.287)	-0.032 (0.179)	-1.422** (0.531)
County % hisp	-0.280 (0.247)	-0.094 (0.144)	-0.103 (0.767)
County % College	-0.470 (0.371)	-0.303 (0.221)	-0.028 (0.891)
Log Med HH Income (County)	0.284* (0.135)	0.169 [†] (0.088)	-0.281 (0.379)
Week	X	X	X
Day of Week	X	X	X
Month	X	X	X
State Fixed Effects	X	X	X
Constant	-5.074** (0.718)	-3.418** (0.435)	-2.634 (1.636)

[†]p<0.1; *p<0.05; **p<0.01

Notes: Negative and significant coefficient on the Democrat x 2017 interaction shows that Democrats had a statistically significant post-election effect. Standard Errors clustered by user (N = 52,220). Clustering the errors by geography (county) made no substantively meaningful difference in the results.

Winning Party Had Greater Increase in Car Registrations

The results presented thus far focus on the effect of the 2016 election on changes in house, car, and stock searches. In this section, we use car registration data from the New York State DMV to look at the effect of the election on car purchases.

New York residents who own or lease a vehicle are required to submit or renew their vehicle registration every 12 months, or upon transfer of vehicle ownership. If residents do not purchase additional cars, there will be no increase in vehicle registration from year to year, because each owner will register their car once a year. However, if a current vehicle owner purchases a new car, they will have had two car registrations in the previous 12 months—a registration for the old car and one for the new car. As a result, the number of per capita car registrations in that ZIP code will increase.

Table 3: Partisanship and Car Registrations (2016-2017)

	<i>Dependent variable:</i>
	Car Registrations
Year 2017	0.032** (0.004)
2008 % Dem Vote	-0.428** (0.121)
Year 2017 x % Dem vote	-0.015* (0.007)
Log Per Capita Income	0.415** (0.045)
Population Density	-0.00002** (0.00000)
% College	-0.472** (0.119)
% Black	0.018 (0.091)
% Hispanic	0.003 (0.087)
Week	X
Day of Week	X
Month	X
Constant	-10.857** (0.470)
<i>Note:</i>	†p<0.1; *p<0.05; **p<0.01

Notes: Negative and significant coefficient on the Democrat x 2017 interaction shows that Democrats had a statistically significant post-election effect. Standard Errors clustered by zip code (N = 1,377).

In the search data, we found that Democrats searched for car-purchase-related terms at a lower rate in 2017 than in 2016. This means that a larger proportion of Democratic households in New York State should have renewed their car registration but not made any new car purchases during that period. The percentage of Democrats who searched for cars did not drop to zero, so they should have made some new car purchases, just fewer than Republicans. Therefore, we expect that while both Democratic and Republican ZIP codes would have new car registrations, there would be significantly less growth in Democratic ZIP codes than in Republican ones.

We find that growth in car registrations was indeed lesser for Democratic ZIP codes than for Republican ones. Table 3 shows vehicle registrations in New York State. Republican ZIP codes had a larger increase in vehicle registrations in 2017 than Democratic ZIP codes, even after controlling for covariates that influence car registration, such as population density. Similarly to the search data, the vehicle registration data showed similar and expected patterns for other covariates such as household income (more cars in wealthier areas) and population density (fewer cars in cities), further validating the connection between car search data and car purchase data.

These results show that real-world car purchase patterns did change in the aftermath of the 2016 election.

Not only did Democrats perform fewer searches for cars after Trump was elected, but patterns for actual car purchases and registrations also followed the expected partisan pattern. Democratic areas purchased fewer cars per capita than Republican areas, consistent with the smaller proportion of car searches among Democrats in 2017 than in 2016.

Alternative Explanations Do Not Diminish Effect of Partisanship

How do we explain these effects? In this section, we examine possible threats to the finding that partisans are less likely to invest in durable goods because their party has lost the presidency. First, we will show that the shift in partisan searches for cars and houses was not the result of a larger shift in search patterns. Second, we will examine the effect of income on partisans' economic searches¹².

Partisans' Non-Economic Searches Did Not Change

Were Democrats also less likely to search for non-economic searches? If they were, partisan motivated reasoning would not be a viable explanation for the drop in Democrats' car and house searches. To test this, we looked at our users' searches for adult content. We chose this particular topic because it both represents a significant portion of internet traffic and because Bing automatically labels certain searches as "adult". More crucially, porn consumption does not have anything to do with partisans' economic perceptions.

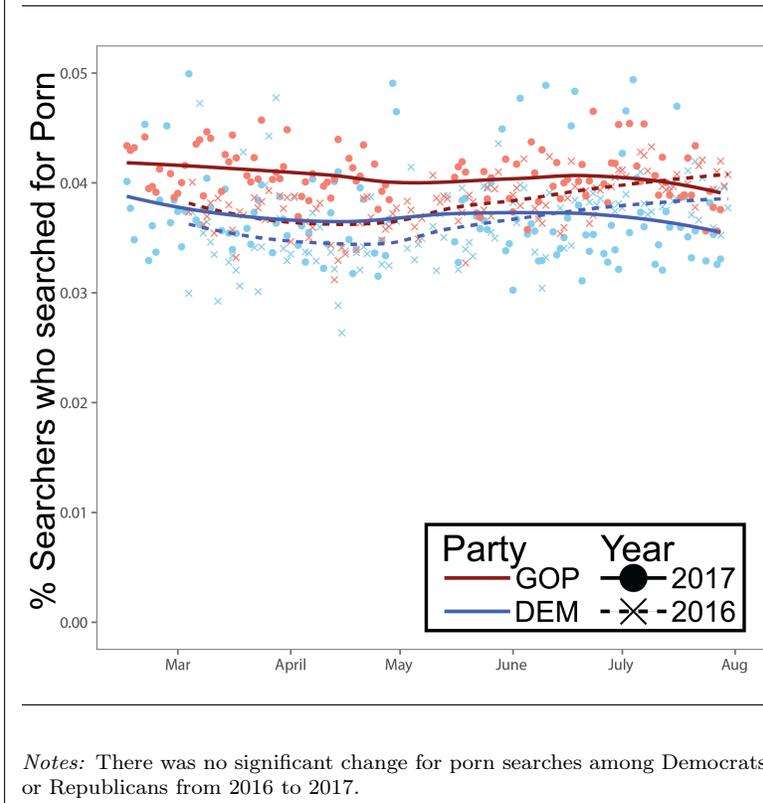
Figure 7 plots the daily weighted proportion of partisans who searched for porn in 2016 and 2017. Table 4 confirms that there was no statistically significant change in porn searching habits for Democrats or Republicans after the 2016 election. This means that Democrats' post-election drop in searches for cars and houses was not the result of a broader change in partisan post-election search patterns.

Effect Present at All Income Levels

On average, Democrats tend to be poorer than Republicans (Gelman, 2009). Republican economic policies are more likely to benefit wealthier Americans (Bartels, 2016). Was Democrats' drop in searches for houses and cars, as well as car registrations, the result of rational expectations about an incoming Republican

¹²We also tested whether congressional Republicans' Obamacare repeal efforts influenced partisan economic searches. Due to space concerns, these results were moved to the appendix

Figure 7: Partisans' Searches for Porn (2016-2017)



president's economic policies? Put another way, did Democrats expect tougher days ahead because of policies that disadvantaged them specifically, rather than their partisan motivated belief that a Republican president was mismanaging the economy?

To investigate this hypothesis, we ran two tests. First, we looked at the effect of interacting income with the 2017 year variable. If income, rather than partisanship, was the driving force behind Democrats' decrease in searches, then this interaction should render the year 2017 x Dem interaction insignificant. Table 5 shows the effect of including the interaction term on car, house, and stock searches - the interaction is not significant, nor does it reduce the significance of the post-election effect for Democrats. The first column of table 7 shows the effect of this interaction for car registrations. In this case, while the income interaction is significant, the partisan post-election effect for Democrats also remains significant.

The second test looks at behavior of people living in the 10% richest counties or zip codes in the US. If poorer people (not partisan Democrats) are driving the results, we should see no partisan difference in searches or registrations among the wealthiest set of geographies. However, by discarding consumers living in 90% of the country, we are significantly limiting our power, especially to test the significance of an interaction

Table 4: Pornography Searches (Placebo Test)	
	<i>Dependent variable:</i>
	Porn
Year 2017	0.048 (0.040)
Democrat	0.141 [†] (0.076)
Year 2017 x Democrat	-0.062 (0.078)
Age 30-44	-0.287 (0.194)
Age 45-64	0.263 (0.176)
Age 65+	0.393* (0.180)
Female	-1.824** (0.094)
Log Pop Density (County)	-0.021 (0.033)
County % Black	-0.637 (0.397)
County % Hispanic	-0.301 (0.301)
County % College	-0.295 (0.451)
Log Med HH Income (County)	0.091 (0.203)
State	X
Week	X
Day of Week	X
Month	X
Constant	-3.007** (0.976)
<i>Note:</i>	[†] p<0.1; *p<0.05; **p<0.01
<i>Notes:</i> As evidenced by the lack of significance on either the Year 2017 or the Democrat x Year 2017 interaction, neither Democrats nor Republicans changed their porn search habits after the election. Standard errors clustered by user.	

term. Table 6 shows the result of this test. Despite the limited power, three of the four terms of interest are statistically significant. Republicans living in the 10% richest counties were significantly more likely to search for cars and houses in 2017. Democrats in these same areas were significantly less likely to search for cars. For house searches, the coefficient on post-election effect for Democrats is not significant (likely due to lack of power), but is still negative and sizable. The second column of table 7 shows the car registrations for the richest 10% of zip codes. As with the searches, the post-election effect for Democrats is still negative and significant.

Taken together, these results suggest that partisanship, not income, is the driving force behind Democrats' drop in car searches, house searches, and car registrations. Including a year x income interaction does not change the effect of partisanship, nor does limiting the results to the richest searchers who would most likely benefit from Republican economic policy.

Table 5: Income Interactions (Search Data)

	<i>Dependent variable:</i>		
	House	Car	Stock Market
Year 2017	-0.650 (0.474)	-0.203 (0.280)	-0.503 (1.047)
Democrat	-0.215** (0.059)	-0.269** (0.036)	-0.006 (0.108)
Year 2017 x Democrat	-0.144* (0.064)	-0.086* (0.038)	-0.110 (0.125)
Log Med HH Income (County)	0.194 (0.148)	0.142 (0.097)	-0.348 (0.392)
Year 2017 x Income	0.171 (0.115)	0.051 (0.068)	0.128 (0.254)
Age 30-44	0.225 [†] (0.117)	0.168** (0.065)	-0.354 [†] (0.195)
Age 45-64	0.354** (0.105)	0.175** (0.058)	-0.079 (0.181)
Age 65+	0.296** (0.110)	0.040 (0.062)	0.392* (0.193)
Female	0.251** (0.046)	-0.223** (0.028)	-0.409** (0.095)
Log Pop Density (County)	-0.036 (0.028)	-0.049** (0.016)	0.036 (0.054)
County % Black	-0.063 (0.288)	-0.032 (0.179)	-1.420** (0.531)
County % Hispanic	-0.280 (0.247)	-0.094 (0.144)	-0.103 (0.767)
County % College	-0.472 (0.371)	-0.304 (0.221)	-0.029 (0.890)
State	X	X	X
Week	X	X	X
Day of Week	X	X	X
Month	X	X	X
Constant	-4.708** (0.765)	-3.309** (0.463)	-2.359 (1.685)

[†]p<0.1; *p<0.05; **p<0.01

Notes: Interacting income with the post election variable did not remove the significance on the Democrat post-election coefficient. Standard errors clustered by user.

Conclusion

Do partisans change their purchasing patterns when the presidency switches parties? Americans' large increase in affective partisan polarization over the past few decades as well as their increased willingness to discriminate against outpartisans suggests that their party preferences increasingly spill over into their everyday life. However, partisans' tendency to engage in expressive reporting on surveys has made it difficult to accurately measure their economic preferences. We address this issue by using web search data, a data source that is free from non-attitudes, expressive reporting, and social desirability bias.

Using this data, we show that Democrats were significantly less likely to search for cars and houses after Trump was elected. Searches for cars and houses are strongly related to purchases of these goods (Choi and

Table 6: Top 10% of Counties by Income (Search Data)

	<i>Dependent variable:</i>		
	House	Car	Stock Market
Year 2017	0.179 [†] (0.101)	0.103 [†] (0.061)	0.025 (0.235)
Democrat	-0.133 (0.177)	-0.195 [†] (0.102)	0.205 (0.259)
Year 2017 x Democrat	-0.241 (0.208)	-0.224 [†] (0.114)	-0.018 (0.307)
Age 30-44	0.584*(0.240)	0.319 [†] (0.183)	-1.086*(0.547)
Age 45-64	0.784**(0.189)	0.398*(0.165)	-0.431 (0.530)
Age 65+	0.722**(0.215)	0.312 [†] (0.177)	0.032 (0.591)
Female	0.136 (0.131)	-0.171*(0.076)	-0.725**(0.242)
Log Pop Density (County)	-0.100 (0.149)	-0.081 (0.102)	-0.214 (0.211)
County % Black	0.527 (1.139)	-0.059 (0.725)	-1.301 (2.307)
County % Hispanic	-1.962 (1.628)	-0.777 (1.138)	1.788 (3.305)
County % College	1.824 (1.795)	0.677 (1.047)	-2.117 (3.260)
Log Med HH Income (County)	-2.120*(0.959)	-0.678 (0.592)	1.510 (1.882)
State	X	X	X
Week	X	X	X
Day of Week	X	X	X
Month	X	X	X
Constant	4.422 (3.041)	-0.376 (2.014)	-11.592 [†] (6.470)

[†]p<0.1; *p<0.05; **p<0.01

Notes: Democrats living in the richest 10% of counties were still less likely to search for cars. Republicans living in the richest 10% of counties were more likely to search for cars and houses. Standard errors clustered by user.

Varian, 2012; Kinski, 2016; Wu and Brynjolfsson, 2015). Furthermore, using car registration data, we found that they are also less likely to purchase new cars relative to Republicans. These effects are non-trivial - the decrease in housing searches among Democrats is equivalent to 42% of the seasonal difference between January and July.

We also find that these effects are likely the result of partisan motivated reasoning. Democrats' decline in car and house searches was not the result of a broader shift in non-economic search patterns, as their searches for adult content did not change after the election. Furthermore, differences in income between Democrats and Republicans did not explain the partisan effect. Democrats who lived in the richest parts of the country were still less likely to search for cars and houses and register cars after the 2016 election. Finally, Democrats' drop in searches and registrations was not explained by uncertainty over the repeal of the Affordable Care Act - Democrats who lived in areas that had the largest proportion of those covered by employer-based health insurance still showed the same partisan effect.

Table 7: Income Robustness Checks (Car Registration)

	<i>Dependent variable:</i>	
	Income Interaction	Top 10 % of Zips
Year 2017	-0.009 (0.025)	0.051** (0.013)
2008 % Dem Vote	-0.429** (0.121)	-1.089** (0.372)
Year 2017 x 2008 % Dem Vote	-0.013 [†] (0.007)	-0.047* (0.022)
Log Per Capita Income	0.414** (0.045)	-0.064 (0.126)
Year 2017 x Log Per Capita Income	0.004 [†] (0.002)	
Population Density	-0.00002** (0.00000)	-0.00002** (0.00000)
% black	0.018 (0.091)	-0.882 (0.981)
% hispanic	0.003 (0.087)	-0.281 (0.586)
% College	-0.472** (0.119)	-0.132 (0.303)
Week	X	
Day of Week	X	
Month	X	
Constant	-10.836** (0.468)	-5.414** (1.339)

Note:

[†]p<0.1; *p<0.05; **p<0.01

Notes: Neither interacting income with the post-election variable nor limiting the dataset to the top 10% of zip codes removed the significance on the post election variable for Democrats. Standard errors clustered by zip.

Partisan polarization continues to rise. Politics continues to seep into our everyday lives, often in unexpected ways. Partisan differences in purchasing and investment behaviors can become a serious problem if this trend continues. If America wants a strong economy, entire segments of the country cannot opt out of socially beneficial economic behaviors because the opposing party holds the presidency.

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Appendix: Uncertainty Searches

Why did partisan shifts in survey response and search patterns occur in January, instead of immediately after the election? There are several reasons. First, seasonality plays a very large role in determining search patterns. People are less likely to search for cars and houses over the holidays. Major holidays (Christmas, Thanksgiving, etc) also see different searches than the rest of the year (Bar-Ilan, 2004).

Second, as noted in the text, there was significant discussion around the legitimacy of the 2016 election. This debate spilled over into partisans' searches. Figure 8 shows the percentage of Democrats and Republicans who searched for the words "impeach", "recount", "protest", or "elector" in 2016.¹³ Between 1-3% of Democrats and Republicans searched for these terms in the month after the election, and the number of searches immediately dropped to zero after the electoral college voted. Given that the percentage of partisans searching for these terms was comparable to the percentage searching for houses, this uncertainty may have muddied the effect of Trump's victory in the short term.

Appendix: Healthcare Instability Does Not Reduce Effect of Partisanship

Our final test looked at events that were specific to the actions of the Trump administration in early 2017. In March through September 2017, congressional Republicans attempted several times to repeal the Affordable Care Act.¹⁴ While their efforts were ultimately unsuccessful, a majority of Americans reported worry that the repeal effort would result in the loss of health insurance coverage for many.¹⁵ Health insurance is a major expenditure for many Americans, and the repeal of the Affordable Care Act was likely to significantly increase premiums (McCarthy, 2017).

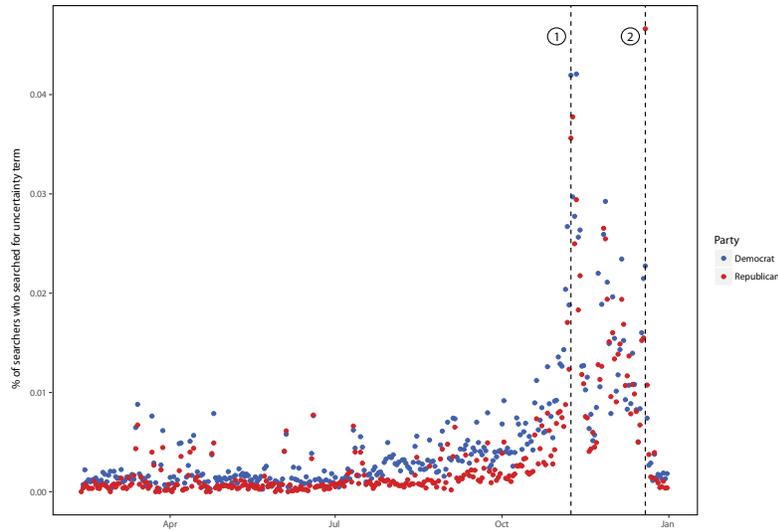
If people were worried about the effect of Affordable Care Act repeal on their own financial wellbeing during this time period, it should decrease their willingness to purchase durable goods. As such, their change in purchasing behavior would not be the result of motivated reasoning, but of rational expectations.

¹³We removed searches for the terms "electoral college map" and "electoral college results".

¹⁴<https://thehill.com/policy/healthcare/other/352587-timeline-the-gop-effort-to-repeal-and-replace-obamacare>

¹⁵<https://www.nbcnews.com/health/health-care/americans-fear-they-ll-lose-coverage-obamacare-repeal-poll-n713356>

Figure 8: Uncertainty searches by day (2016)



Notes: The dashed line labelled 1 is election day. The dashed line labelled 2 is Dec 19th, the date that the electoral college voted to elect Trump as president. Both Democrats and Republicans experienced an increase in searches for these terms. Republicans had an especially large spike in uncertainty searches on Nov 19th, the day that the Electoral College voted to elect Trump.

To examine this hypothesis, we used a similar test as in the previous section.¹⁶ Affordable Care Act repeal would have the largest impact on people without employer-based health insurance. The first test looks at the interaction between the county-level percentage of people who lack employer-based health insurance and Year 2017. Table 8 shows that this interaction is not significant and does not remove the significance of the post-election effect for Democrats.

The second test looks at searches in the 10% of counties with the smallest percentage of residents lacking health insurance. Table 9 shows that while the interaction between Democratic partisanship is no longer significant due to the loss of power inherent in dropping 90% of observations, the effect is still in the expected direction.

¹⁶Unfortunately, zip code-level health insurance data was no available, so this test was limited to the search data

Table 8: Healthcare interaction

	<i>Dependent variable:</i>		
	House	Car	Stock Market
Year 2017	-0.144 (0.188)	0.029 (0.111)	0.046 (0.407)
Democrat	-0.220** (0.059)	-0.271** (0.036)	-0.012 (0.108)
Year 2017 x Democrat	-0.136* (0.064)	-0.082* (0.038)	-0.099 (0.126)
% Employer-based insurance (County)	-0.667 (0.657)	-0.588 (0.386)	2.264 (1.472)
Year 2017 x % Employer-based insurance	0.369 (0.363)	-0.048 (0.216)	-0.053 (0.745)
Age 30-44	0.224 [†] (0.118)	0.166* (0.065)	-0.345 [†] (0.197)
Age 45-65	0.354** (0.105)	0.174** (0.057)	-0.075 (0.183)
Age 65+	0.295** (0.110)	0.039 (0.062)	0.397* (0.194)
Female	0.252** (0.046)	-0.223** (0.028)	-0.410** (0.095)
Log Population Density (County)	-0.037 (0.028)	-0.049** (0.016)	0.040 (0.054)
County % Black	-0.118 (0.286)	-0.102 (0.181)	-1.126** (0.572)
County % Hispanic	-0.350 (0.259)	-0.186 (0.155)	0.255 (0.844)
County % College	-0.335 (0.425)	-0.126 (0.252)	-0.667 (0.941)
Log Median HH Income (County)	0.358* (0.169)	0.264* (0.104)	-0.634 (0.441)
State	X	X	X
Week	X	X	X
Day of Week	X	X	X
Month	X	X	X
Constant	-5.055** (0.752)	-3.534** (0.447)	-2.272 (1.636)

[†]p<0.1; *p<0.05; **p<0.01

Notes: Interacting % employer-based healthcare with the post election variable did not remove the significance on the Democrat post-election coefficient. Standard errors clustered by user.

Table 9: Top 10% of Counties by Employer-Based healthcare Coverage

	<i>Dependent variable:</i>		
	House	Car	Stock Market
Year 2017	0.180 [†] (0.099)	0.066 (0.064)	-0.182 (0.214)
Democrat	-0.093 (0.176)	-0.023985	-0.394 (0.277)
Year 2017 x Democrat	-0.140 (0.211)	-0.131 (0.124)	0.356 (0.254)
% Employer-based insurance (County)	-3.225 (2.804)	-0.441 (1.843)	5.972 (7.009)
Age 30-44	0.889** (0.267)	0.676** (0.167)	-0.223 (0.637)
Age 45-65	0.893** (0.226)	0.481** (0.148)	-0.291 (0.630)
Age 65+	0.971** (0.249)	0.570** (0.172)	-0.105 (0.627)
Female	0.005 (0.132)	-0.231* (0.092)	-0.565* (0.236)
Log Population Density (County)	0.159 (0.139)	0.004 (0.088)	0.174 (0.226)
County % Black	1.860 (1.802)	1.231 (1.322)	5.671 (4.299)
County % Hispanic	-4.339 (2.825)	-1.938 (1.780)	-6.018 (6.414)
County % College	-1.040 (1.081)	-0.813 (0.761)	-3.309 (3.125)
Log Median HH Income (County)	0.690 (0.932)	0.671 (0.504)	1.149 (0.930)
State	X	X	X
Week	X	X	X
Day of Week	X	X	X
Month	X	X	X
Constant	-3.228 (4.079)	-5.485* (2.569)	-59.624928

[†]p<0.1; *p<0.05; **p<0.01

Notes: Democrats living in the 10% of counties with the largest percentage of employer based health insurance were still less likely to search for cars and houses, although the effect was not statistically significant. Standard errors clustered by user.