WILLIAM BENEDICT MCCARTNEY

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EMPLOYMENT

Purdue University, Krannert School of Management
     Assistant Professor of Finance   2018 –

EDUCATION

Duke University, Fuqua School of Business – Durham, North Carolina   2012 – 2018
     Ph.D., Business Administration - Finance
     "Local Social Forces and Household Finance: Evidence from Real Estate"
     Advisers: Manju Puri, Manuel Adelino, Aaron Chatterji, John Graham, David Robinson

Purdue University – West Lafayette, Indiana   2008 – 2012
     B.S. in Actuarial Science, *Phi Beta Kappa*

RESEARCH INTERESTS

Household Finance, Real Estate, Corporate Finance

WORKING PAPERS

Household Financial Distress and Voter Participation

How does household finance affect the political process? In this paper, I focus on one particular channel of influence and ask if financially distressed homeowners are more or less likely to participate in elections. To address this question, I merge deeds records with voter rolls to create a novel panel dataset, and then use a difference-in-differences design that compares initially highly leveraged homeowners to their equity rich neighbors and exploits variation in house price declines during the recession. I find that, for highly leveraged homeowners, a ten percent decline in local house prices decreases voter participation by two percentage points. Furthermore, the effects of financial distress are particularly severe for homeowners that live more than one mile from their polling place, consistent with a resource constraints channel. Back of the envelope calculations suggest that mortgage distress can explain approximately 500,000 abstentions in the 2012 general election.

'I'll Have What She's Having': Identifying Social Influence in Household Mortgage Decisions
with Avni Shah

We investigate whether households' mortgage choices are influenced by social interactions. We build a database using household mortgage data and precisely geolocated real estate data and ask if households are especially affected by their hyperlocal peers (i.e., neighbors who live on the same census block) over and above their neighborhood peers (i.e., neighbors living on the same or

adjacent census blocks). We find that households are 1.5% (9.8%) more likely to choose an adjustable rate mortgage (refinance) if the share of their block-peers with an adjustable rate mortgage (who have recently refinanced) increases by ten percentage points. Consistent with a social interactions mechanism, people new to their census block (i.e., purchase loans) show no effects from social influence while those who have had time to socially interact with their neighbors (i.e., refinance loans) do. Furthermore, households who move to a new neighborhood and later refinance their loan, movers, become more socially influenced over time. Finally, non-occupant owners' decisions about their second and third properties are never influenced by the households that live around the property but are influenced by the neighbors at their primary residence. We complement these empirical strategies in the lab by experimentally assigning peers and peer decisions in a variety of ways to demonstrate the robustness of these findings.

Financial Condition and Product Quality: The Case of Nonprofit Hospitals
w*ith Manuel Adelino and Katharina Lewellen*

Financial constraints can cause firms to reduce product quality when quality is difficult to observe. We test this hypothesis in the context of hospitals. Using heart attacks and child deliveries, we ask whether hospitals shift towards more profitable treatment options after a financial shock—the 2008 financial crisis—and whether the shock worsens patient outcomes. The crisis caused an unprecedented drop in hospital investments, yet we find no overall effects on treatment choices and weak effects on patient outcomes. The results are similar for for-profits and nonprofits, and somewhat stronger for hospitals with more tightly integrated physicians.

WORK IN PROGRESS

'Sort Selling': Local Politics and Homebuying

Political identity has increased in salience and importance in recent decades and people affiliated with one political party are increasingly hostile towards members of the opposite party. How do these trends affect household finance? I create a novel dataset that matches registered voters and their political affiliations to their mortgage decisions. I find that households in the political minority on their census block are 20% more likely to move away than their in-the-majority neighbors. And, when moving, sell their homes for an average of 4%, or $8,000, less. Furthermore, they largely move locally to blocks where their political views are more common. To confirm the causal nature of the relationship, I compare households on the block that got new next-door neighbors in the opposite party to other households on the block who did not get new next-door neighbors, and to other households on the block who got new next-door neighbors in the same party. My results help explain the increasing polarization of the electorate and, by demonstrating that households pay a large cost to live near co-partisans, provide new evidence on how households make important financial decisions.

PRESENTATIONS

[†]: Discussant, *: Scheduled

2018   Rice University (Jones), Syracuse University (Whitman), College of William & Mary (Mason), Baruch College (Newman), Federal Reserve Board, Federal Reserve Bank of Philadelphia,

Purdue University (Krannert), Indiana University (Kelley), NYU Conference on Household Finance*

2017   AFA PhD Poster Session, CFIC[†], University of Toronto Urban Economics Reading Group, IBHF Symposium PhD Presentation, Fuqua Finance Brownbag (2x), FMA Doctoral Consortium, Auburn University (Harbert), Duke Political Science Graduate Student Colloquium, Atlanta Fed / Georgia State University Real Estate Finance Conference

2016   Fuqua Finance Brownbag (2x), CFPB Research Conference

2014   Fuqua Finance Brownbag

HONORS & AWARDS

2012 – 2017   James B. Duke Fellowship, Duke University
2008 – 2012   Purdue University Trustee Scholar, Purdue University
2012   Mu Sigma Rho, Purdue University
2011   Outstanding Junior in Statistics, Purdue University
2010   Phi Beta Kappa, Purdue University
2009   Outstanding Freshman in Statistics, Purdue University