

# **Job loss and the erosion of the political centre: Evidence from Germany**

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## Abstract

This paper investigates the link between involuntary job loss and political preferences using German panel data. Using company closures as a source of exogenous displacement, I first show that job loss leads to similar adverse labor market outcomes as those found in other countries. I then show that, following job loss, men become less likely to identify with political parties and mainstream parties in particular, while women become less interested in politics. Effects are stronger for individuals who see job creation and protection as a state responsibility, but do not vary with the routine-intensity or offshorability of the former job.

Keywords: Job loss, displacement, party identification, political preferences

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## 1. Introduction

Recent years have seen a deterioration of the support for mainstream parties and the rise of fringe parties in many Western countries. In the UK, the UK independence party has increased its vote share from 0.3% of the national vote in the 1997 general election to 12.6% of the national vote in 2015. At the same time, the combined vote share of the two largest mainstream parties, Labour and the Conservative Party, decreased from 73.9% of the national vote to 65.1% in 2015 (at a lower turnout of the electorate). In the US, political fringe movements within the mainstream parties, most prominently the Tea Party movement in the Republican party, became more prominent, culminating in Donald Trump becoming US president on a clear anti-establishment ticket in 2016. In Germany, the vote share of the two largest parties, the Social Democrats (SPD) and the Christian democrats (CDU/CSU) dropped from 76% in the 1998 election to the *Bundestag* to 61.8% in 2009 (before recovering to 67.2% in 2013). Looking at the four mainstream parties (including the Green party and the Free Democrats) who were part of every government since the Second World War shows a similar picture: In 1998, 88.9% of valid votes were given to these four parties. This figure dropped to 82.1% in 2005 and further to 80.4% in 2013. At the same time, fringe parties on the extreme left (*Die Linke* and its predecessor parties) and right (NPD, DVU, *Republikaner* and more recently the AfD) have increased their respective vote shares from 5.1% and 3.3% in 1998 to 8.6% and 6% in 2013.

In this paper I look at the role involuntary job loss plays for these developments. Using plant closures as a source of plausibly exogenous source of job losses and individual-level panel data from the German Socio-Economic panel, I first show that – similar to US evidence – earnings and employment opportunities of affected individuals decline in the years following their displacement. A large literature has studied the consequences of such losses on individuals' outcomes such as earnings or health (e.g., Topel, 1990, Ruhm, 1991; Jacobson, Lalonde and Sullivan, 1993; Stevens, 1997; Schoeni and Dardia, 2003; Kodrzycki, 2007; von Wachter and

Sullivan, 2009; Couch and Placzek, 2010; von Wachter, Song and Manchester, 2011, von Wachter and David, 2011; Black, Devereux and Salvanes, 2015) and often finds evidence for long-lasting and large negative effects on the affected individuals. Using the same methodology as the more recent papers, I find similar declines: Men who lose their jobs due to a plant closure initially have 7% lower earnings and a 31% lower employment probability (rising and dropping respectively to 12% and 5% after 3 years), while women initially earn 13% less and are 35% less likely to be employed (dropping to 4% for both outcomes).

I then consider how the displacement affects individuals' general political interest as well as their identification with a political party in general and with mainstream and fringe parties in particular. This analysis is complementary to two existing literatures. The first is a long and well-established literature on economic conditions and voting behavior (see, e.g., Nannestad and Paldam, 1994, and Lewis-Beck and Stegmaier, 2000, for surveys). This literature has generally arrived at the conclusion that bad economic conditions are unfavorable for the incumbent party in government. There is also evidence that parental unemployment (Siedler, 2011) or job loss fears (Geishecker and Siedler, 2012) lead to more support for far right-wing parties in Germany. The second strand of the literature is more recent and considers the effects of international trade competition. These papers typically consider the effects of imports of specific goods and exploit the fact that different local labor markets are affected differently by (national) imports of a specific good depending on their initial industry mix and more specifically whether this (or a similar) good was produced in that region. For the US, Autor, Dorn, Hanson and Majlesi (2016) find that exposure to (Chinese) import competition increased political polarization in local labor markets. Dippel, Heblich and Gold (2015) consider the effects of Chinese and Eastern European import competition in German regions and find evidence that these realized trade shocks contributed to increases with far-right party identification.

I find that involuntary job losses primarily lead to a loss of interest in politics for women and a lower affiliation with mainstream parties for men. These effects are economically large. There are no effects on the self-stated identification with either right-wing or left-wing fringe parties. I also present further evidence that these changes in political attitudes can be traced back to the job loss. First, I show that the effects are much more pronounced for individuals who, before displacement, stated that the protection and creation of jobs is a state rather than an individual responsibility. Second, I consider how people's worries are changed by displacement. The results suggest that people become more worried about their own economic situation and less worried about their job security, while more general worries about topics such as the general economic situation, immigration, peace or the environment are essentially unchanged. This basic pattern again suggests that changes in political attitudes are likely to be related to the experience of the job loss as such.

Third, I consider how effects vary with the job held prior to displacement, in particular, with its routine-task intensity and its offshorability. Labor market conditions, in particular for workers engaged in routine tasks and trade-exposed occupations have changed considerably over recent years. Increases in the automation of work and the increased use of computers have contributed to a polarization of labor markets – leading to a disappearance of middle-income jobs and increase in the number of workers employed in either “good” or “bad” jobs (see, e.g., Autor, Levy and Murnane, 2003; Autor, Katz, Kearney, 2006 and Autor, Dorn and Hanson, 2015, for the US; Goos and Manning, 2007, for the UK; Goos, Manning, Salomons, 2009, 2014, for a range of OECD countries; Spitz-Oener, 2006, and Dustmann, Ludsteck and Schoenberg, 2009, for Germany). Recent evidence also suggests that workers, at least in the US, faced considerable adjustments costs to increases in international trade, leading to wage and employment losses for workers and local labour markets (see, e.g., Autor, Dorn and Hanson, 2013; Autor, Dorn, Hanson and Song, 2014; Autor, Dorn and Hanson, 2015 and

Acemoglu, Autor, Dorn, Hanson and Price, 2016). There is also evidence that workers primarily change between jobs with similar task content (Gathmann and Schoenberg, 2010), which suggests that potential displacement effects should be larger for workers who were engaged in jobs more affected by either automation or offshoring.

I indeed find that employment probabilities post-displacement are substantially lower for both men and women who were engaged in more routine-task-intensive occupations prior to job loss. Conditional on employment, wages do not appear to change very much. Labor market outcomes do not appear to vary with measures of the offshorability of jobs, which is similar to recent evidence by Goos, Manning, Salomons (2014) that offshorability does not appear to matter much once routine-task intensity is controlled for. In terms of political outcomes, the evidence suggests that political interest declines more strongly for men who used to work in a routine-intensive job, while political party identification drops more strongly for corresponding women.

Finally, I find that – at least for men – both the economic effects of displacement and the changes in party identification occur for the same skill groups, namely non-university educated workers. Employment losses occur for all three skill groups and both men and women, but are much more severe for lower skill groups. Wage losses can essentially only be found for low-skilled and to a smaller extent medium-skilled men. Political reactions, most prominently the loss in (mainstream) party identification are also only found for these two groups, further reinforcing that the political reactions are indeed tied to the labor market effects of job loss.

The remainder of this paper is organized as follows: Section 2 gives brief overview of the political system in Germany and its political parties. Section 3 describes the data and estimation strategy. Results follow in section 4, section 5 concludes.

## **2 Background information on the political system and parties in Germany**

Germany operates a federal system with major elections being held at the level of the states/*Laender* (*Landtagswahlen*) and the federal/*Bund* level (*Bundestagswahlen*). In addition, there are elections on the local government/county level (*Kommunahlwahlen*) as well as elections to the European Parliament. While the system of local government elections differs by states, all other elections are principally based on proportional representation, where the proportion of seats a party receives in the respective parliament (*Bundes-* or *Landtag*) is a direct function of their vote share in the respective election. There are two important exceptions from this rule: Firstly, parties will need to reach at least 5% of valid votes to receive seats in parliament or win seats in three constituencies (*Direktmandate*). Secondly, every politician who has been directly elected in a constituency (*Wahlkreis*) has his or her seat in parliament guaranteed regardless of the vote share won by his party. In the case of the *Bundestag* there are 299 directly elected members with at least 299 additional members being allocated according to the overall vote shares of the parties. The number of non-directly elected members is adjusted (the *Ueberhangmandate*) so that the overall number of seats reflects the vote shares of the respective parties. Relative to pure majority voting systems as, for example, used in the UK, the German system provides a higher incentive for people to support smaller parties that are more closely aligned with their personal preferences as such votes are not “lost” provided the party reaches at least 5% of the vote share overall or can win a constituency.

In terms of parties, there are three mainstream parties that have been around at least since the late 1940s. These are the *Sozialdemokratische Partei Deutschlands* (SPD), the German mainstream center-left party that can trace its origins to the late 19<sup>th</sup> century, the *Christlich Demokratische Union Deutschlands* (CDU) with its Bavarian sister party the *Christlich-Soziale Union in Bayern* (CSU), both of which are center-right parties founded after the end of World War II and the *Freie Demokratische Partei* (FDP), which is a classical (economically) liberal party also founded in the late 1940s. The remaining mainstream party, *Bündnis 90/Die Grünen*,

was created in 1993 through a merger of the West German Green Party (founded in 1980) and the East German *Bündnis 90*, which was founded during the East German revolution of 1989/90. *Bündnis 90/Die Grünen* is a social-liberal party with a strong environmental tradition. Various coalitions of these four parties have formed every Federal and most state governments of the post-war period.

The main party on the left fringe of the German party system with any relevant vote share is *Die Linke*, which was formed in 2007 through a merger between the *Partei des Demokratischen Sozialismus* (PDS), the successor of the former state party of the German Democratic Republic, the *Sozialistische Einheitspartei Deutschlands*, and *Arbeit und soziale Gerechtigkeit – Die Wahlalternative*, which was founded in 2005 as a protest movement against labor market reforms enacted by the then ruling coalition between SPD and the Greens.<sup>1</sup> *Die Linke* has been part of various state governments in East Germany, but some parts of it are still under surveillance by the German domestic security service, the *Verfassungsschutz*, as they are considered a threat to Germany's constitutional order.

The extreme right of the German party spectrum over the time period considered in this paper consist of the *Nationaldemokratische Partei Deutschlands* (NPD), founded in 1964, the *Deutsche Volksunion* (DVU), founded in 1971 and merged with the NPD in 2010, and *Die Republikaner* (REP), founded in 1983 as a breakaway from CDU/CSU. NPD and DVU are generally considered to be more openly extreme right than the REP, although the latter is also known for xenophobic views. All three parties had some limited electoral success in various state parliaments in some periods and at least NPD and DVU have been under surveillance by

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<sup>1</sup> There are also some other far left parties such as the *Deutsche Kommunistische Partei* (German Communist Party) or the *Maxistisch-Leninistische Partei Deutschlands* (Marxist-Leninist Party of Germany) that do not play a visible role in German politics. For the purpose of this paper, supporters of these parties are simply treated as supporting a left-wing fringe party (although this is empirically irrelevant as there is not a single supporter of any of these parties in the data).

the *Verfassungschutz* at various points in time. After the period considered in this paper, the *Alternative fuer Deutschland* (AfD) was founded as a less openly extremist and more “normal” populist and Eurosceptic party that has enjoyed fairly widespread electoral support in many state elections.

### 3. Estimation and data

The analysis follows a fairly standard empirical approach used, *inter alia*, by von Wachter, Song and Manchester (2011) and von Wachter and David (2012), which has been used as a benchmark to test the validity of other approaches by, for example, Black, Devereux and Salvanes (2015). The outcome of interest is essentially modelled as

$$y_{it} = \alpha_i + \delta_t + \tau_1 * displaced_t + \tau_2 * displaced_{t-1} + \tau_3 * displaced_{t-2} + \tau_4 * displaced_{t \leq t-3} + \varepsilon_{it} \quad (1)$$

where  $y_{it}$  is the outcome for individual  $i$  at time  $t$ ,  $\alpha_i$  and  $\delta_t$  are person and time fixed effects and the coefficients of interest are  $\tau_1$  to  $\tau_4$  which give the effects of a displacement due to a company closure in the respective year and after 1, 2 and 3 and more years.

The separate identification of the effects of interest,  $\tau$ , and the time effects,  $\delta$ , come from the inclusion of non-displaced workers, who essentially provide the counterfactual outcome for the displaced, and the fact that not every worker is displaced in the same year. The central assumption underlying this approach is that – conditional on the fixed effects – workers affected by a company closure are similar to those remaining in employment. This assumption would likely hold if a company closure was a completely random shock to both workers and managers. A potential problem, however, is that both workers and managers might be aware of the economic problems of a company before it actually closes. This knowledge in turn can lead to two effects. Managers might try to get rid of the least productive workers in the run-up to the (imminent, but maybe still uncertain) closure, while at the same time employees might try to leave the “sinking ship”. Schwerdt (2011), for example, finds that in Austria selective turnover of workers begins two quarters before the actual closure. In the context of this paper,



in which I use annual survey data where workers are asked directly about the reason for their displacement, there are two mitigating factors for this selection problem. Firstly, the annual frequency of the data makes it more likely that workers' eventual pre-closure turnover is captured in the same year as the actual closure. Secondly, given that workers are asked directly for the reason of their displacement<sup>2</sup>, it seems likely that at least some of them would reply with "company closure" even if they resigned in the run-up to the closure or were dismissed by management because of the closure. Both of these factors should minimize eventual errors relative to the more commonly used administrative data where plant closures are essentially identified by observing mass movements of workers from a specific firm at a specific point in time.

The data used in this paper comes from the German Socio-Economic Panel, a long-running household panel (see Wagner et al. 2007 for a general overview). Further information on the sampling design as well as additional information on the overall structure of the SOEP can be found in Haisken-DeNew and Frick (2005).

I focus on the time period 2001 to 2013 during which all variables of interest are available. Following the usual approach in the literature I restrict the sample to workers in stable employment (in this case with at least three years of tenure) and drop very young workers (below 30 years of age) as individual fixed effects might not capture the permanent component of their labor market prospects very well (e.g., von Wachter and Bender, 2006). I also drop individuals working as legislators and senior officials (ISCO 11), as teaching professionals and teaching associate professionals (ISCO 23 and 33); as skilled agricultural and fishery workers (ISCO 61) and as agricultural, fishery and related laborers (ISCO 92). The former two groups

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<sup>2</sup> The exact question is "How was this job terminated?" (which is asked as a follow-up question to whether the respondent changed jobs). Company closures are identified by the reply "Because your place of work or office has closed". Other alternatives include "My resignation", "Dismissal", "Mutual agreement" etc.

are often lifetime civil servants (*Beamte*) in Germany and cannot lose their jobs, while the latter two groups are essentially agricultural workers whose labor markets work very differently from manufacturing and service sector employees. Applying these restrictions leaves me with 54,353 observations from 8,889 men and 43,510 observations from 7,465 women. Table 1 presents descriptive statistics for the estimation sample, individual variables are explained in the following paragraphs. Figure 1 additionally plots the number of job losses due to company closure in my sample against time and the unemployment rate. There is a reasonable number of these displacements in each year, which also appears to move roughly in line with the overall unemployment rate.

(Table 1 and Figure 1 about here.)

In a first step, I look at the labor market effects of displacements due to company closures on the affected individuals. The logic underlying this first step is quite simple: If people's economic situation does not change as a result of being affected by a plant closure, it becomes inherently less likely that they will change their political opinion as a result of it. After establishing that individuals are indeed adversely affected, I turn to the main question of this paper: To what extent does this experience of having involuntarily lost their jobs shape people's political opinion? I then consider five main outcomes, specifically whether individuals claim that they are strongly interested in politics, whether they identify with any political party and finally whether they identify with a mainstream, far left or far right party with definitions of mainstream, far left and far right following section 2. I also use information from a question asked in the 1997 and 2002 surveys (the latter for people not displaced in 2001 or 2002) about the role of government, specifically whether individuals state that it is the state's responsibility to create and secure jobs, to look into potential effect heterogeneity.

Subsequently, I turn to a range of measures that can help to explain why people's political opinions have changed. Respondents in the SOEP are asked annually about a range of worries that they might have. Some of these, such as worries about their own economic situation or their job, could in principle be very directly affected by involuntary job loss. Others, such as worries about the general economic situation or immigration, could be indirectly affected, if, for example, respondents believe that their job was lost due to economic policies pursued by the government or because of foreign competition. I also consider a group of worries that are unlikely to be affected by the experience of job loss, such as worries about the environment or peace.

Finally, I consider implications from the recent literature on technological change and offshorability. A body of evidence (Autor, Levy and Murnane, 2003; Autor, Katz, Kearney, 2008 and Autor, Dorn and Hanson, 2015, for the US; Goos and Manning, 2007, for the UK; Goos, Manning, Salomons, 2009, 2014, for a range of OECD countries; Spitz-Oener, 2006, and Dustmann, Ludsteck and Schoenberg, 2009, for Germany) has documented that workers engaged in routine-task intensive work face potential substitution by technology. In addition, another strand of the literature has documented labor market pressure arising from international trade and offshoring (see, e.g., Autor, Dorn and Hanson, 2013; Autor, Dorn, Hanson and Song, 2014; Autor, Dorn and Hanson, 2015 and Acemoglu, Autor, Dorn, Hanson and Price, 2016). As workers move mainly between jobs with similar task content (Gathmann and Schoenberg, 2010) this suggests that workers who were engaged in either routine-task intensive or in jobs that are more easily offshorable should suffer worse displacement effects and might consequently change their political opinions more strongly than other workers.

To investigate this possibility, I interact the displacement dummies with two measures of routine-task intensity and offshorability taken from Goos, Manning and Salomons (2014). Both measures are based on the occupation the displaced worker worked in directly before

displacement. The measure of routine-task intensity is based on a measure developed by Autor and Dorn (2013) and Autor, Dorn and Hanson (2015), mapped into the European occupation classification ISCO by Goos, Manning and Salomons (2014) and normalized to have zero mean and a standard deviation of one. Again following Goos, Manning and Salomon (2014) the measure of offshorability comes from Blinder and Krueger (2013) who collected data on various measures of offshorability as part of the Princeton Data Improvement Initiative. The measure used here is Blinder's and Krueger's preferred measure, which is based on professional coders' assessments of how easily a given occupation can be offshored. The data used here again comes from Goos, Manning and Salomons (2014) who mapped the Blinder/Krueger measure into ISCO codes and is also normalized to have zero mean and unit standard deviation. For both measures higher values indicate a higher routine-task intensity/offshorability.

Finally, I estimate equation (1) separately by education levels. I group individuals into three groups. The first, the low-skilled, includes people with up to 10.5 years of education. This group corresponds to people who either completed the lowest level of secondary schooling (*Hauptschule*) and vocational training (giving them  $9 + 1.5$  years of schooling<sup>3</sup>) or the medium tier of secondary schooling (*Realschule*) without any further education. Medium-skilled are workers with between 11 and 15.5 years of education. This group essentially comprises workers who completed either the medium or top tier of secondary education (*Gymnasium*) and some post-school education, primarily vocational training, below university level. The final group, the high-skilled, are formed by everyone with at least 16 years of education, which essentially corresponds to university-educated workers.

## 4 Results

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<sup>3</sup> German vocational typically lasts for three years, but is split up into 50% formal education in a vocational school and 50% work experience in a company. By convention, the former is usually included in years of education and the latter in measures of work experience.

Table 2 displays results for labor market outcomes following a job loss due to a company closure. Both men and women experience a sharp drop in employment probabilities in the magnitude of 30 percentage points in the year of the displacement, which drops to around 4 percentage points three years later. For wages, we see somewhat different results for men and women: Women experience an initial drop in wages by roughly 13%, which quickly drops in subsequent years to a statistically insignificant 4% drop after three years. For men, the initial wage decline is somewhat smaller at 7%, remains comparatively similar in years 1 and 2 post displacement and then effectively grows to 11% after three years. This patterns suggests that, while men and women appear to be equally good at finding work again, men suffer worse long term effects in terms of the earnings prospects in these jobs. The results are somewhat smaller than some estimates for the US, but are certainly sizeable enough not to a priori rule out an effect on people's political preferences.

(Table 2 about here.)

Table 3 presents evidence on the main question of this paper. Overall the results suggest that men initially lose identification with parties overall as well as mainstream parties in particular directly after their displacement due to a plant closure. This then recovers in years 1 and 2 before dropping again after three years. Interestingly the magnitude observed for these two outcomes – drops by between 5 and 7 percentage points - are relatively similar to the drops in employment observed in table 2. For women, displacement seems to affect political interest two years and more after displacement, but not much else. Interestingly, there appears to be no increase on fringe party identification in either group. Instead displaced men appear to retain their interest in politics, but lose party identification, while women predominantly appear to lose interest in politics altogether

(Table 3 about here.)

Table 4 investigates an important source of heterogeneity, namely whether individuals' beliefs about the responsibilities of the state matter. The underlying idea is quite simple: If someone essentially believes that the state has a responsibility to provide and secure work for its citizens, it seems more likely that such an individual would blame the state for an eventual job loss and subsequently might become disaffected. Someone with strong free market beliefs on the other hand is probably less likely to blame the state in such a case. Table 4 suggests that this indeed the case, at least for men. Essentially all the longer-term drops observed in Table 3 appear to be due to people who believe that the state should provide and protect jobs. For this group, general and mainstream party identification drop by more than 10 percentage points. For women, the results are less clear with most effects observed in Table 3 in fact disappearing.

(Table 4 about here.)

Table 5 presents evidence on the impact of displacement on various self-stated worries. Overall the evidence here is very similar for both men and women: Displacement is immediately followed by sharp increase in the proportion of people stating that they are worried about their own economic situation, which essentially shrinks to zero after 1 year. Surprisingly, there is also a sharp and persistent drop in the fraction of people who are worried about their own job. While the ultimate reasons for this effect is unclear, potential explanations would be individuals excepting job loss as a fact of life after experiencing it or individuals moving into worse jobs making them less concerned about job security as they have less to lose. Effect on other worries are generally small and show no consistent pattern that would point towards any real effects. In particular, neither men nor women appear to become more concerned about the general economic situation or start blaming immigrants.

(Table 5 about here.)

(Tables 6 and 7 about here.)

Tables 6 and 7 replicate Tables 2 and 3, but with interactions for the routine-task intensity and the offshorability of the displaced workers' former jobs.<sup>4</sup> In terms of employment the results suggest that male workers who used to work in more routine-task intensive occupations find it harder to find employment after their displacement. This finding is consistent with evidence that workers primarily move between jobs with similar task requirements (Gathmann and Schoenberg, 2010) and the disappearance of routine-task intensive jobs due to automation. Changes to wages as well as labor market outcomes for women appear to be unaffected by the routine-task intensity of the previous job. Offshorability also does not appear to matter much, which is consistent with findings by Goos, Manning and Salomons (2014) that offshorability does not matter for wage inequality once routine-task intensity is accounted for. In terms of political outcomes, Table 7 suggests that political reactions to displacement – with the possible exception of political interest for men and party identification for women – do not vary with the characteristics of the previous job.

Table 8 to 10 replicate the results for Tables 2 and 3, but separating worker by their education level. Table 8 clearly suggests that workers

## **5 Conclusion.**

This paper used plausibly exogenous job losses through company closures to look into the relationship between displacement and political attitudes, worries and labor market outcomes in Germany. Overall, the results suggest that (a) job loss due to company closures has negative effects on the employment and wages of affected workers, (b) that these negative employment effects are worse for men who worked in routine-task intensive occupations prior to displacement, (c) that there is some evidence that political attitudes change in response to job loss, specifically that men lose identification with parties in general and mainstream parties in

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<sup>4</sup> Results for the identification for extreme left and right wing parties have been dropped due to space considerations. The effects are essentially the same – namely, zero – as those found in other specifications.

particular, while women appear to lose interest in politics more generally and (d) hat these effects are considerably stronger for people who believe that the state has a role to play in the creation and preservation of jobs. Given this pattern of results, it seems indeed possible that the substantial changes to labor markets in Western developed countries over the last 40 years have contributed to a decline in mainstream party support in these countries.

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Table 1: Descriptive statistics

Variable	Men		Women	
	Mean	Std. Dev.	Mean	Std. Dev.
Believes state is responsible for the creation and protection of jobs	.353	.478	.423	.494
Routine task intensity index	-.198	.911	.107	1.07
Blinder-Krueger offshorability index	-.018	.837	-.148	.697
Strong interest in politics	.502	.50	.2741	.446
Identifies with a political party	.507	.50	.412	.492
Identifies with mainstream party	.464	.50	.379	.485
Worried about own economic situation	.185	.388	.204	.403
Worried about own job	.127	.333	.112	.315
Worried about general economic situation	.362	.481	.369	.483
Worried about immigration	.263	.440	.251	.434
Worried about the environment	.223	.416	.280	.449
Worried about peace	.293	.455	.392	.488
Worried about crime	.348	.476	.402	.490
Worried about xenophobia	.220	.414	.271	.444
Ln(monthly wage)	8.01	.614	7.29	.810
Employed	.960	.196	.942	.234
	54,353		43,510	

Table 2: Involuntary job loss, employment and earnings

	Men		Women	
	Ln(monthly wage)	Employed (1 = yes)	Ln(monthly wage)	Employed (1 = yes)
Lost job due to company closure in t	-0.070*** (0.022)	-0.312*** (0.024)	-0.127** (0.053)	-0.348*** (0.027)
Lost job due to company closure in t-1	-0.064*** (0.021)	-0.059*** (0.018)	-0.063 (0.042)	-0.046** (0.020)
Lost job due to company closure in t-2	-0.065*** (0.021)	-0.064*** (0.017)	-0.064 (0.047)	-0.070*** (0.022)
Lost job due to company closure in t-3 or earlier	-0.117*** (0.030)	-0.046*** (0.015)	-0.037 (0.050)	-0.042** (0.018)
Observations	52025	54353	40868	43510

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*\*\*/\*\*/\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.

Table 3: Involuntary job loss and political interest and identification

	Strong political interest (1= yes)	Identifies with a political party (1 = yes)	Identifies with a mainstream party (1 =yes)	Identifies with left-wing fringe party (1= yes)	Identifies with right-wing fringe party (1 = yes)
<b>Men</b>					
Lost job due to company closure in t	0.014 (0.016)	-0.058*** (0.019)	-0.067*** (0.019)	0.008 (0.006)	0.001 (0.004)
Lost job due to company closure in t-1	0.001 (0.020)	-0.012 (0.023)	-0.012 (0.024)	-0.002 (0.008)	0.004 (0.005)
Lost job due to company closure in t-2	0.012 (0.019)	-0.036 (0.025)	-0.037 (0.024)	-0.004 (0.006)	0.004 (0.007)
Lost job due to company closure in t-3 or earlier	-0.019 (0.018)	-0.049** (0.023)	-0.066*** (0.022)	0.005 (0.008)	0.003 (0.004)
Observations	54353	54353	54353	54353	54353
<b>Women</b>					
Lost job due to company closure in t	-0.004 (0.017)	0.003 (0.022)	0.004 (0.022)	-0.002 (0.008)	-0.003 (0.002)
Lost job due to company closure in t-1	-0.004 (0.023)	-0.032 (0.031)	-0.030 (0.030)	-0.008 (0.009)	0.004 (0.004)
Lost job due to company closure in t-2	-0.059** (0.023)	-0.021 (0.028)	-0.022 (0.028)	0.001 (0.009)	-0.001 (0.002)
Lost job due to company closure in t-3 or earlier	-0.046** (0.020)	-0.026 (0.026)	-0.024 (0.025)	-0.006 (0.012)	0.001 (0.001)
Observations	43510	43510	43510	43510	43510

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*\*\*/\*\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.

Table 4: The role of beliefs in the responsibilities of the state

	Strong political interest (1= yes)	Identifies with a political party (1 = yes)	Identifies with a mainstream party (1 =yes)	Identifies with left-wing fringe party (1= yes)	Identifies with right-wing fringe party (1 = yes)
<b>Men</b>					
Lost job due to company closure in t	0.046** (0.021)	-0.039 (0.029)	-0.047* (0.028)	0.010 (0.008)	-0.001 (0.004)
Lost job due to company closure in t-1	0.012 (0.027)	0.020 (0.031)	0.034 (0.031)	-0.008 (0.010)	-0.002 (0.003)
Lost job due to company closure in t-2	0.018 (0.027)	0.008 (0.033)	0.002 (0.031)	-0.001 (0.008)	-0.001 (0.005)
Lost job due to company closure in t-3 or earlier	-0.014 (0.023)	0.014 (0.032)	-0.017 (0.031)	0.009 (0.011)	0.006 (0.005)
<i>Interactions with belief that state is responsible for the creation and protection of jobs</i>					
Lost job due to company closure in t	-0.070** (0.033)	-0.039 (0.037)	-0.043 (0.037)	-0.005 (0.013)	0.004 (0.008)
Lost job due to company closure in t-1	-0.025 (0.040)	-0.068 (0.045)	-0.105** (0.046)	0.016 (0.015)	0.014 (0.011)
Lost job due to company closure in t-2	-0.011 (0.038)	-0.092* (0.049)	-0.083* (0.049)	-0.007 (0.012)	0.011 (0.015)
Lost job due to company closure in t-3 or earlier	-0.011 (0.035)	-0.142*** (0.043)	-0.109** (0.042)	-0.008 (0.015)	-0.008 (0.008)
Observations	54353	54353	54353	54353	54353
<b>Women</b>					
Lost job due to company closure in t	-0.013 (0.023)	0.010 (0.032)	0.012 (0.032)	-0.001 (0.008)	-0.005 (0.004)
Lost job due to company closure in t-1	-0.024 (0.031)	-0.009 (0.041)	-0.007 (0.040)	-0.003 (0.013)	0.007 (0.007)
Lost job due to company closure in t-2	-0.054 (0.034)	-0.036 (0.038)	-0.037 (0.038)	0.001 (0.007)	-0.003 (0.003)
Lost job due to company closure in t-3 or earlier	-0.071** (0.029)	-0.016 (0.039)	-0.011 (0.038)	-0.005 (0.017)	-0.002 (0.002)
<i>Interactions with belief that state is responsible for the creation and protection of jobs</i>					
Lost job due to company closure in t	0.019 (0.034)	-0.013 (0.044)	-0.015 (0.043)	-0.001 (0.017)	0.006 (0.004)
Lost job due to company closure in t-1	0.043 (0.047)	-0.053 (0.061)	-0.053 (0.060)	-0.011 (0.019)	-0.006 (0.007)
Lost job due to company closure in t-2	-0.014 (0.047)	0.032 (0.056)	0.034 (0.056)	-0.000 (0.018)	0.004 (0.003)
Lost job due to company closure in t-3 or earlier	0.051 (0.038)	-0.020 (0.051)	-0.027 (0.050)	-0.002 (0.024)	0.004* (0.003)
Observations	43510	43510	43510	43510	43510

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*/\*\*/\*\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.

Table 5: Involuntary job loss and worries

	Worried about own economic situation (1 = yes)	Worried about own job (1 = yes)	Worried about general economic situation (1 = yes)	Worried about immigration (1 = yes)	Worried about the environment (1 = yes)	Worried about peace (1 = yes)	Worried about crime (1 = yes)	Worried about xenophobia (1 = yes)
<b>Men</b>								
Lost job due to company closure in t	0.054** *	- 0.135** *	-0.015	-0.016	-0.017	0.019	-0.029	-0.018
	(0.021)	(0.021)	(0.023)	(0.019)	(0.020)	(0.019)	(0.023)	(0.019)
Lost job due to company closure in t-1	0.017	- 0.058**	-0.015	0.023	0.010	0.001	0.030	0.017
	(0.025)	(0.027)	(0.025)	(0.024)	(0.020)	(0.025)	(0.025)	(0.021)
Lost job due to company closure in t-2	-0.019	- 0.109** *	-0.018	0.036	0.000	0.034	0.011	0.003
	(0.024)	(0.024)	(0.026)	(0.022)	(0.022)	(0.024)	(0.024)	(0.024)
Lost job due to company closure in t-3 or earlier	-0.018	- 0.141** *	-0.041*	0.022	-0.004	-0.001	-0.007	-0.023
	(0.020)	(0.019)	(0.022)	(0.021)	(0.021)	(0.019)	(0.024)	(0.019)
Observations	54353	54353	54353	54353	54353	54353	54353	54353
<b>Women</b>								
Lost job due to company closure in t	0.066** *	- 0.098** *	0.013	-0.004	-0.030	-0.010	0.001	0.054**
	(0.025)	(0.023)	(0.023)	(0.022)	(0.022)	(0.023)	(0.026)	(0.023)
Lost job due to company closure in t-1	0.015	-0.047*	-0.012	0.043	-0.037	0.052* *	-0.054*	0.029
	(0.028)	(0.025)	(0.029)	(0.028)	(0.027)	(0.025)	(0.031)	(0.028)
Lost job due to company closure in t-2	-0.020	-0.042*	0.026	-0.006	-0.011	0.028	-0.026	0.037
	(0.028)	(0.023)	(0.034)	(0.028)	(0.028)	(0.029)	(0.029)	(0.029)
Lost job due to company closure in t-3 or earlier	0.011	- 0.068** *	0.034	0.035	0.006	0.057* *	-0.031	0.048*
	(0.024)	(0.022)	(0.027)	(0.025)	(0.026)	(0.027)	(0.026)	(0.025)
Observations	43510	43510	43510	43510	43510	43510	43510	43510

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*\*\*/\*\*/\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.



Table 6: Routine-task intensity and offshorability of prior job and the earnings and employment losses of involuntary job loss

	Men		Women	
	Ln(monthly wage)	Employed (1 = yes)	Ln(monthly wage)	Employed (1 = yes)
Lost job due to company closure in t	-0.069*** (0.022)	-0.319*** (0.024)	-0.123** (0.051)	-0.325*** (0.028)
Lost job due to company closure in t-1	-0.065*** (0.021)	-0.059*** (0.019)	-0.057 (0.042)	-0.041** (0.019)
Lost job due to company closure in t-2	-0.061*** (0.020)	-0.069*** (0.018)	-0.057 (0.048)	-0.066*** (0.023)
Lost job due to company closure in t-3 or earlier	-0.116*** (0.030)	-0.052*** (0.015)	-0.029 (0.051)	-0.036* (0.018)
<i>Interactions with routine task intensity index</i>				
Lost job due to company closure in t	0.001 (0.020)	-0.066*** (0.025)	-0.012 (0.037)	-0.060** (0.026)
Lost job due to company closure in t-1	0.007 (0.014)	-0.009 (0.018)	0.013 (0.028)	-0.034* (0.020)
Lost job due to company closure in t-2	0.028* (0.015)	-0.034** (0.017)	-0.029 (0.031)	-0.017 (0.019)
Lost job due to company closure in t-3 or earlier	0.004 (0.022)	-0.029** (0.013)	-0.014 (0.028)	-0.010 (0.011)
<i>Interactions with Blinder-Krueger Offshorability index</i>				
Lost job due to company closure in t	-0.013 (0.021)	0.077*** (0.026)	0.014 (0.053)	0.040 (0.037)
Lost job due to company closure in t-1	-0.001 (0.020)	-0.003 (0.019)	0.050 (0.035)	-0.019 (0.024)
Lost job due to company closure in t-2	0.009 (0.015)	0.011 (0.019)	0.026 (0.053)	-0.009 (0.034)
Lost job due to company closure in t-3 or earlier	0.010 (0.017)	-0.008 (0.011)	0.052 (0.042)	0.016 (0.020)
Observations	52025	54353	40868	43510

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*/\*\*/\*\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.

Table 7: Routine-task intensity and offshorability of prior job and the effect of involuntary job loss on political interest and identification

		Men			Women	
	Strong political interest (1= yes)	Identifies with a political party (1 = yes)	Identifies with a mainstream party (1 =yes)	Strong political interest (1= yes)	Identifies with a political party (1 = yes)	Identifies with a mainstream party (1 =yes)
Lost job due to company closure in t	0.014 (0.017)	-0.056*** (0.019)	-0.066*** (0.019)	-0.022 (0.018)	0.003 (0.023)	0.005 (0.024)
Lost job due to company closure in t-1	-0.001 (0.020)	-0.010 (0.024)	-0.011 (0.024)	-0.003 (0.024)	-0.040 (0.031)	-0.032 (0.030)
Lost job due to company closure in t-2	0.006 (0.019)	-0.037 (0.026)	-0.038 (0.025)	-0.059** (0.025)	-0.007 (0.030)	-0.011 (0.030)
Lost job due to company closure in t-3 or earlier	-0.026 (0.018)	-0.051** (0.023)	-0.067*** (0.023)	-0.052*** (0.019)	-0.021 (0.028)	-0.016 (0.026)
<i>Interactions with routine task intensity index</i>						
Lost job due to company closure in t	-0.012 (0.018)	0.019 (0.019)	0.016 (0.020)	0.040** (0.019)	-0.001 (0.022)	-0.003 (0.021)
Lost job due to company closure in t-1	-0.026 (0.021)	0.020 (0.026)	0.010 (0.026)	-0.022 (0.023)	0.016 (0.026)	0.013 (0.026)
Lost job due to company closure in t-2	-0.040** (0.019)	-0.012 (0.028)	-0.011 (0.027)	0.005 (0.021)	-0.033 (0.024)	-0.031 (0.025)
Lost job due to company closure in t-3 or earlier	-0.037*** (0.014)	-0.010 (0.018)	-0.009 (0.018)	0.020 (0.016)	-0.031* (0.019)	-0.040** (0.018)
<i>Interactions with Blinder-Krueger Offshorability index</i>						
Lost job due to company closure in t	0.013 (0.017)	-0.040** (0.020)	-0.016 (0.019)	-0.043** (0.021)	-0.004 (0.027)	-0.000 (0.027)
Lost job due to company closure in t-1	-0.010 (0.023)	-0.012 (0.021)	-0.008 (0.022)	-0.007 (0.034)	-0.039 (0.037)	-0.005 (0.037)
Lost job due to company closure in t-2	-0.023 (0.019)	0.019 (0.029)	0.023 (0.028)	0.007 (0.028)	0.027 (0.035)	0.014 (0.033)
Lost job due to company closure in t-3 or earlier	0.008 (0.016)	0.012 (0.016)	0.011 (0.016)	-0.013 (0.022)	-0.007 (0.029)	0.009 (0.024)
Observations	54353	54353	54353	43510	43510	43510

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*/\*\*/\*\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.

Table 8: Effects of involuntary job loss by education level, Men

	Low- skilled	Medium- skilled	High- skilled
Men			
Employed (1 = yes)			
Lost job due to company closure in t	-0.427*** (0.044)	-0.267*** (0.031)	-0.238*** (0.066)
Lost job due to company closure in t-1	-0.072* (0.040)	-0.099*** (0.026)	-0.040 (0.045)
Lost job due to company closure in t-2	-0.096*** (0.036)	-0.078*** (0.025)	-0.083* (0.050)
Lost job due to company closure in t-3 or earlier	-0.098*** (0.030)	-0.042** (0.019)	-0.047 (0.044)
Observations	15435	28257	10661
Ln(monthly wage)			
Lost job due to company closure in t	-0.105*** (0.032)	-0.050 (0.033)	-0.033 (0.047)
Lost job due to company closure in t-1	-0.123*** (0.036)	-0.020 (0.028)	-0.069 (0.088)
Lost job due to company closure in t-2	-0.090*** (0.029)	-0.043 (0.030)	-0.019 (0.076)
Lost job due to company closure in t-3 or earlier	-0.204*** (0.050)	-0.079* (0.042)	-0.024 (0.092)
Observations	15435	28257	10661
Women			
Employed (1 = yes)			
Lost job due to company closure in t	-0.503*** (0.047)	-0.298*** (0.035)	-0.201*** (0.067)
Lost job due to company closure in t-1	-0.157*** (0.055)	-0.033* (0.020)	0.041 (0.027)
Lost job due to company closure in t-2	-0.146*** (0.051)	-0.074*** (0.028)	-0.101* (0.060)
Lost job due to company closure in t-3 or earlier	-0.101** (0.040)	-0.047** (0.021)	-0.030 (0.048)
Observations	11773	25792	5945
Ln(monthly wage)			
Lost job due to company closure in t	-0.183 (0.134)	-0.142** (0.065)	0.047 (0.091)
Lost job due to company closure in t-1	-0.085 (0.084)	-0.074 (0.056)	0.082 (0.082)
Lost job due to company closure in t-2	-0.091 (0.110)	-0.063 (0.059)	0.082 (0.164)
Lost job due to company closure in t-3 or earlier	-0.053 (0.098)	-0.034 (0.068)	0.108 (0.094)
Observations	10874	24380	5614

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*/\*\*/\*\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.

Table 9: Effect of involuntary job loss on political preferences by skill-level, Men

	Low-skilled	Medium-skilled	High-skilled
Strong political interest ( 1= yes)			
Lost job due to company closure in t	0.050*	-0.012	0.024
	(0.027)	(0.022)	(0.053)
Lost job due to company closure in t-1	-0.050	0.035	-0.021
	(0.035)	(0.027)	(0.055)
Lost job due to company closure in t-2	0.007	0.002	0.002
	(0.030)	(0.031)	(0.049)
Lost job due to company closure in t-3 or earlier	-0.031	-0.024	-0.003
	(0.039)	(0.022)	(0.045)
Identifies with a political party ( 1 = yes)			
Lost job due to company closure in t	-0.090***	-0.057**	-0.028
	(0.027)	(0.028)	(0.061)
Lost job due to company closure in t-1	-0.044	0.020	0.070
	(0.049)	(0.034)	(0.067)
Lost job due to company closure in t-2	-0.064	-0.035	0.068
	(0.039)	(0.039)	(0.070)
Lost job due to company closure in t-3 or earlier	-0.085**	-0.064**	0.008
	(0.037)	(0.032)	(0.077)
Identifies with a mainstream party ( 1 =yes)			
Lost job due to company closure in t	-0.090***	-0.057**	-0.028
	(0.027)	(0.028)	(0.061)
Lost job due to company closure in t-1	-0.044	0.020	0.070
	(0.049)	(0.034)	(0.067)
Lost job due to company closure in t-2	-0.064	-0.035	0.068
	(0.039)	(0.039)	(0.070)
Lost job due to company closure in t-3 or earlier	-0.085**	-0.064**	0.008
	(0.037)	(0.032)	(0.077)
Identifies with left-wing fringe party (1= yes)			
Lost job due to company closure in t	0.022*	-0.004	0.018
	(0.012)	(0.008)	(0.018)
Lost job due to company closure in t-1	-0.009	-0.006	0.014
	(0.006)	(0.015)	(0.012)
Lost job due to company closure in t-2	-0.005	-0.001	0.002
	(0.005)	(0.012)	(0.006)
Lost job due to company closure in t-3 or earlier	-0.011	0.008	0.028
	(0.008)	(0.013)	(0.025)
Identifies with right-wing fringe party (1= yes)			
Lost job due to company closure in t	0.001	0.002	0.000
	(0.007)	(0.006)	(0.000)
Lost job due to company closure in t-1	0.016	-0.004	0.000
	(0.012)	(0.004)	(0.000)
Lost job due to company closure in t-2	0.015	0.002	0.001
	(0.015)	(0.012)	(0.000)
Lost job due to company closure in t-3 or earlier	0.006	0.004	0.001
	(0.008)	(0.005)	(0.001)
Observations	15435	28257	10661

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*/\*\*/\*\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.

Table 10: Effect of involuntary job loss on political preferences by skill level, Women

	Low-skilled	Medium-skilled	High-skilled
Strong political interest ( 1= yes)			
Lost job due to company closure in t	-0.005 (0.026)	0.001 (0.024)	0.019 (0.062)
Lost job due to company closure in t-1	0.011 (0.040)	-0.002 (0.034)	-0.007 (0.074)
Lost job due to company closure in t-2	-0.031 (0.035)	-0.071** (0.034)	0.017 (0.085)
Lost job due to company closure in t-3 or earlier	-0.031 (0.029)	-0.041 (0.030)	-0.076 (0.060)
Identifies with a political party (1 = yes)			
Lost job due to company closure in t	0.006 (0.035)	0.032 (0.032)	-0.107* (0.056)
Lost job due to company closure in t-1	0.048 (0.069)	-0.032 (0.041)	-0.141 (0.103)
Lost job due to company closure in t-2	0.012 (0.052)	0.008 (0.038)	-0.124 (0.098)
Lost job due to company closure in t-3 or earlier	0.019 (0.043)	-0.020 (0.040)	-0.129** (0.060)
Identifies with a mainstream party ( 1 =yes)			
Lost job due to company closure in t	0.014 (0.035)	0.023 (0.031)	-0.088 (0.062)
Lost job due to company closure in t-1	0.062 (0.071)	-0.027 (0.038)	-0.147 (0.101)
Lost job due to company closure in t-2	0.020 (0.053)	0.003 (0.038)	-0.173* (0.089)
Lost job due to company closure in t-3 or earlier	0.022 (0.044)	-0.017 (0.038)	-0.130* (0.075)
Identifies with left-wing fringe party (1= yes)			
Lost job due to company closure in t	-0.004 (0.003)	0.006 (0.014)	-0.017 (0.030)
Lost job due to company closure in t-1	-0.008 (0.006)	-0.007 (0.015)	0.010 (0.012)
Lost job due to company closure in t-2	-0.006 (0.004)	0.013 (0.016)	0.002 (0.008)
Lost job due to company closure in t-3 or earlier	-0.007* (0.004)	-0.006 (0.022)	0.007 (0.038)
Identifies with right-wing fringe party (1= yes)			
Lost job due to company closure in t	0.001 (0.001)	-0.005 (0.004)	-0.001 (0.001)
Lost job due to company closure in t-1	0.003 (0.002)	0.007 (0.007)	-0.001 (0.001)
Lost job due to company closure in t-2	0.003* (0.002)	-0.003 (0.003)	-0.001 (0.001)
Lost job due to company closure in t-3 or earlier	0.007* (0.004)	-0.002 (0.002)	-0.002 (0.002)
Observations	15435	28257	10661

Coefficients, standard errors adjusted for clustering on the individual level in parentheses. \*/\*\*/\*\* denote statistical significance on the 10%, 5% and 1% level respectively. All estimates include individual and year fixed effects.

Figure 1: Displacements due to plant closure per year

