

Kellermann, Kim Leonie

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## Trust we lost: The Treuhand experience and political behavior in the former German Democratic Republic

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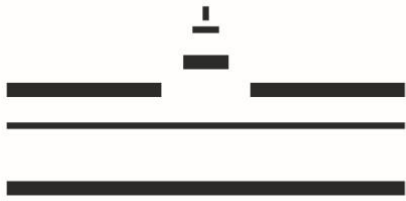
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**Trust we lost: The Treuhand experience and political  
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Kim Leonie Kellermann

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**Trust we lost:**  
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*Kim Leonie Kellermann*

**Abstract**

We study whether the experience of losing one's job due to the Treuhand activities in the early 1990s affected long-term political behavior among citizens of the former German Democratic Republic. During the German Reunification process, the Treuhand coordinated the privatization of former GDR firms at the cost of massive job losses. We exploit individual and spatial variation in Treuhand layoffs between 1990 and 1994, based on micro-level survey data from the German Socio-economic Panel and firm data from the IWH Treuhand Database to examine the effects on various behavioral outcomes in later years. Our results suggest that former GDR citizens who have experienced a Treuhand layoff are significantly more likely to prefer a radical party, are less interested in politics and tend to have less trust in others. At the aggregate level, districts with relatively more layoffs exhibit higher radical left vote shares in federal elections. Investigating the underlying mechanisms, we find that the effects of Treuhand job losses are relatively stronger for respondents who stayed in East Germany after Reunification. Furthermore, it seems to be nostalgia and disappointment with the transition process which drive the effects, rather than financial grievances.

**JEL-Codes:** D72, E24, L33

**Keywords:** GDR, trust agency, political behavior, unemployment, radical voting

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University of Münster  
CIW – Center for Interdisciplinary Economics  
Scharnhorststrasse 100  
D-48151 Münster

phone: +49-251/83-25329 (Office)  
e-Mail: [clementine.kessler@uni-muenster.de](mailto:clementine.kessler@uni-muenster.de)  
Internet: [www.wiwi.uni-muenster.de/ciw](http://www.wiwi.uni-muenster.de/ciw)

*Helmut, take us by the hand, show us  
the way to economic wonderland!*

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Banner at a Christian-democrat  
campaign rally in the GDR in March  
1990 (Deutschlandfunk Kultur [2014](#)).

## 1 Introduction

When the Berlin Wall fell on November 9, 1989, the majority of citizens of the former German Democratic Republic (GDR) had exuberant expectations regarding the political, economic and social transformation of the country. These hopes were fueled by prominent politicians, such as then-West German chancellor Helmut Kohl, who promised to turn the GDR into “flourishing landscapes” within “three, four, five years” (Sinn [2002](#)). On July 1, 1990 the *Treuhandanstalt* (*Trust Agency*) started its difficult task to privatize about 12,000 East German companies with the declared aims of making the GDR economy fit for the free market and preserving as many jobs as possible. By 1994, when the Treuhand terminated its operations, many of the high hopes lay shattered. The Treuhand had only been able to sell the mostly uncompetitive GDR firms at a deficit of 200 million German Mark (100-130 million €). Instead of flourishing landscapes, 2.5 to 3 million jobs had been lost on the way, out of a total workforce of 8.5 million East Germans (Böick [2018](#); zu Eulenburg et al. [2003](#)).

More than 30 years after the end of the GDR, the *Treuhand experience* is a well-remembered trauma for the affected East Germans. Economists and experts generally emphasize the extraordinary achievement of quickly transforming a run-down socialist system into a market economy – with a performance level of currently 70 to 80 percent relative to its West German counterpart (Federal Ministry for Economic Affairs and Energy (ed.) [2020](#)). East German perception, however, is often different. Wages are lower, unemployment is higher and East Germans often bemoan the fast transition towards capitalism which deprived many of them of their jobs, financial security and life orientation. Political differences between East and West have continuously grown in the past few years. This is most vividly reflected in the much stronger support for the far left *Die Linke* and the right-wing populist *Alternative für Deutschland* (AfD) in East Germany (see appendix figure [A.2](#)). In addition to resentments against immigrants, the AfD has

recently attempted to ignite discontent with the then-responsible parties by reviving the ‘unfair and exploitative’ Treuhand experience. Specifically, the party instruments these events to appeal to the *stolen work life achievement* of their East German stronghold (Deutschlandfunk Kultur 2019; Tagesspiegel 2019).

Do these attempts fall on fertile soil? Did the Treuhand experience influence political behavior among those affected? In this paper, we provide innovative evidence regarding political behavior of former GDR citizens who lost their jobs due to layoffs and closures associated with Treuhand activities. We combine micro data on political behavior from the German Socio-economic Panel (GSOEP) and official election outcomes at the county level with the Treuhand Database from the Halle Institute for Economic Research (IWH). This unique dataset provides detailed information on GDR firms’ characteristics, employees and development during the Treuhand period (Giebler & Wyrwich 2018), based on the Treuhand file archive which has recently been opened in 2018 (German Federal Archives 2019).

We use two approaches to capture whether an East German individual has been affected by a Treuhand job loss. First, we use an indicator of self-reported job loss due to closure or layoff during the entire Treuhand period, which we take from the GSOEP. Since unemployment was not an issue in the former GDR, we assume that any job loss shortly after the fall of the Berlin Wall is due to the economic transformation towards a market economy. Second, we calculate the probability of Treuhand job loss at the district level. Here, we use the IWH Treuhand Database in order to retrace how many jobs have been affected by closures at different locations. We hand-process the available data to calculate mean yearly job losses at the level of today’s administrative districts, relative to the district population at the time. Using this indicator, we complement our individual-level analysis with an investigation at the district level, studying aggregate voting behavior.

The two resulting, time-invariant indicators are used in a treatment-like design, where we estimate their impact on behavioral outcomes in later years, restricting the investigation period to the years 1995 to 2018 for the individual analysis and to the years 1994 to 2017 for the aggregate analysis. To determine the effects of Treuhand job loss, we follow different regression approaches, depending on the level of analysis and the dependent variables chosen. At the individual level, we employ random-effects (RE) probit and ordered probit regressions to determine the effects on radical party preferences, political interest and general trust. We include year and federal state-fixed effects (FE) and

robust standard errors to account for unobserved heterogeneity at the respective levels. In the aggregate analysis, we estimate random-effects least-squares (RELS) models with vote shares for far-end parties and voter turnout as the dependent variables.

Our results provide evidence that East Germans affected by a Treuhand job loss exhibit different political behavior than their fellow citizens who kept their jobs. Those who were laid off show a significantly higher likelihood of supporting a radical party, in particular at the far-left end of the political spectrum. In our baseline specification, the likelihood to have a far-end party preference increases by almost 2 percentage points given the exposure to Treuhand job loss. Considering the respective mean sample likelihood of 7 percent, this is a substantial increase. Moreover, the affected individuals are significantly less interested in politics and, by and large, tend to have less trust in others. At the district level, we observe a similar discouragement of political participation, in terms of stronger radical left support and a tendency towards higher abstention rates.

The results are robust to slight variations of the Treuhand job loss indicators and of the regression specifications, such as logit estimations or the inclusion of clustered standard errors at the federal-state level. In order to strengthen our argument of a causal effect of Treuhand job loss on political behavior, we conduct a falsification analysis and examine whether later periods of unemployment had a comparable impact. We do not find significant effects of other unemployment experiences on political behavior which confirms that the Treuhand experience played a special role in the life of former GDR citizens.

To provide a deeper understanding, we investigate the mechanisms behind the observed effects. Specifically, we examine whether political protest behavior occurred due to economic disadvantages. Yet, individuals with lower household incomes do not exhibit stronger effects of Treuhand job loss on political behavior. Instead the effects seem to be driven by social identity and peer-group solidarity. In areas with many Treuhand job losses, some deteriorating impacts on political behavior are even observed among those not personally affected by Treuhand-induced layoffs. Moreover, the decline in political interest is relatively stronger for individuals who stayed in East Germany after Reunification and for former GDR citizens who were happy with the GDR social system.

To the best of our knowledge, we are the first to study the effect of this early post-transition experience on political preferences and behavior. In doing so, we contribute to the study of long-term effects of living in authoritarian or socialist regimes. A notable strand of literature has been concerned with the impact of different aspects of



GDR life on behavior of former GDR citizens. The experience of having grown up in a socialist system and being exposed to the respective political propaganda has had observable effects on life satisfaction (Frijters et al. 2004), spatial mobility (Boenisch & Schneider 2013; Fuchs-Schündeln & Schündeln 2009), labor-market relevant education (Fuchs-Schündeln & Masella 2016), consumption (Bursztyn & Cantoni 2016) as well as multicultural attitudes (Hornuf et al. 2018). Moreover, in line with our findings, former GDR citizens exhibit lower levels of trust (Lichter et al. 2018) and higher preferences for redistribution (Alesina & Fuchs-Schündeln 2007).

While the mentioned studies mostly focus on how formative experiences during the socialist period still affect life afterwards, we complement the respective findings by highlighting how pre-transition and post-transition experiences interact to produce behavioral changes. Specifically, we argue that the Treuhand experience differs from a regular unemployment period. First, coming from a system where unemployment was virtually non-existing, the laid-off citizens' first encounter with a market-oriented system had a highly negative flavor with respect to their own economic situation. Second, almost all GDR citizens acted and voted in a free democracy for the very first time, which is generally found to have a significant and lasting impact on one's political preferences (Franklin & Hobolt 2011; Krosnick & Alwin 1989; Lau & Redlawsk 2008; Sears & Funk 1999; Sears & Valentino 1997). The exceptionally high expectations of a free and wealthier life in a democratic market-economy, which political agents greatly nourished, may even have boosted the effect. Finally, the trauma of former GDR citizens of not being able to make free choices may have been re-evoked as Treuhand activities were mostly carried out by West German managers. Contemporary witnesses still criticize the perception of many East Germans of again being overpowered by foreigners without any knowledge of their system's particularities (Böick 2018). Thus, it is no surprise that the Treuhand experience has influenced political behavior among the affected.

The remainder of this paper is structured as follows. In section 2.1, we explain in more detail the Treuhand's tasks, activities and organization. Furthermore, we outline the political situation in the Treuhand period and highlight the associated social conflicts. The informed reader may want to skip this part. In section 2.2, we place our paper within the context of the related literature. Our empirical strategy and data are presented in section 3. Section 4 presents the estimation results. Concluding remarks are provided in section 5.

## 2 Research framework and related literature

### 2.1 The Treuhand experience

After the fall of the Berlin Wall, politicians in both East and West Germany made every effort to realize the quick integration of the former GDR into the democratic and capitalist system of West Germany, the Federal Republic of Germany (FRG). Right before the first free elections in the GDR on March 18, 1990, the representatives installed the *Treuhandanstalt* as the manager of some 12,000 East German publicly-owned companies (*Volkseigene Betriebe*, *VEB*) (Böick 2018; zu Eulenburg et al. 2003). The main objective was to sell as many of them to investors who were willing to make the companies fit for the market-economy (Böick 2018). In June 1990, when plans for the German Reunification were finalized, the GDR administration passed the *Treuhandgesetz*, a law to statute that Treuhand activities should continue after the official dissolution of the GDR (zu Eulenburg et al. 2003).

On July 1, 1990, the Treuhand started its work as a public agency under supervision of the West German Federal Ministry of Finance. From the very beginning, the public debate was heated. The institution was rather hastily founded and suffered from insufficient equipment and staffing during the first few months (Böick 2018; zu Eulenburg et al. 2003). Given the exceptional task of privatizing a whole economy within a short period of time, by the end of 1990, then-Treuhand president Detlev Karsten Rohwedder called for help. Bigger West German firms sent managers, often younger and less experienced ones, to work for the Treuhand (zu Eulenburg et al. 2003). The staffing of a majority of positions, especially the leading ones, with West Germans quickly caused resentments among East German politicians and the people who felt that they, once again, had no say in their economic fate while their companies are sold out by unknown capitalists (Böick 2018).

On Rohwedder's watch, the Treuhand performed its task according to the motto "privatize quickly – restructure resolutely – shut down carefully"<sup>1</sup>. Of the above-mentioned 12,000 companies, many had been amalgamated in so-called *combines* (*Kombinate*), in which subcontractors and finishing manufactures operated under the same roof. These companies were broken up into the different parts of the production chain and processed

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<sup>1</sup> This motto was phrased by Rohwedder in a letter to the Treuhand staff in March 1991 (Böick 2018; zu Eulenburg et al. 2003).

independently (zu Eulenburg et al. 2003). Although the initial objective was to privatize and preserve as many companies and jobs as possible, this goal got far out of reach in the first year of the Treuhand. Technical equipment in former GDR companies was often outdated and the lack of capital had been compensated with too high labor inputs according to world market standards (Böick 2018).

What made the Treuhand operations even more difficult was the monetary union with the FRG effective July 1, 1990 (Akerlof et al. 1991; Sinn 1995, 2002). While the East German Mark was exchanged for the West German Mark at a rate of 4 to 1 before the monetary union, the union exchange rate was deliberately set to 1 to 1 (Akerlof et al. 1991; Böick 2018). The resulting dramatic increases in East German production costs, particularly wages, made a majority of firms unprofitable. Although economists had warned politicians that the fast introduction of a new and strong currency would yield massive job losses and firm closures, the federal government pushed for the monetary union as a sign of change and intra-German integration (Akerlof et al. 1991; Böick 2018).

Just weeks after, the financial needs of the Treuhand sharply increased as more and more of its companies faced severe liquidity shortages. Right before the first federal elections in unified Germany in December 1990, the impossibility of preserving East German companies became undoubtedly clear when the prestigious photography manufacturer *Pentacon* in Dresden was shut, implying a loss of 5,700 jobs. Furthermore, the Treuhand announced the closure of 45 companies with about 50,000 employees which were deemed unsaleable (Böick 2018). The increasing unemployment in East Germany caused the relations between the Treuhand, politics and the people to deteriorate. In a 1991 report, leading experts in the Ministry of Finance feared that 80 percent of jobs in Treuhand companies may be lost if operations continued in fast and radical Rohwedder style (Böick 2018; zu Eulenburg et al. 2003).

These expectations led to the *March protests* in early 1991 which brought up to 60,000 people to the streets all over East Germany (Böick 2018). The escalation peaked on April 1, 1991, when Treuhand president Rohwedder was shot to death in his private house near Düsseldorf, West Germany. Although the left-wing extremist terror group *Red Army Fraction* claimed responsibility, the murder is unsolved to date (Böick 2018).

Upon Rohwedder's death, West German manager and new president Birgit Breuel tried to set stage for a new Treuhand era. To improve the institution's image, she endeavored

to present the Treuhand as a service-oriented, modern firm, which would be committed to the social market economy (Böick 2018; zu Eulenburg et al. 2003). However, her leadership was overshadowed by continuing public protests and the detection of several cases of fraud (Böick 2018).

A very prominent example are the protests against the sale of a potash mine in Bischofferode, Thuringia in 1993, which employed about 1,000 people from the surrounding areas. To save their jobs, the workers occupied the mine, held a 81-day hunger strike, which attracted worldwide media attention, and gained access to the Reichstag in Berlin, demanding insight into the papers documenting the sales negotiations with the West German *Kali & Salz AG (Potash & Salt Corporation)*. All their efforts were yet meaningless: the Bischofferode mine was sold to the Kali & Salz AG and was closed shortly afterwards. In this case, as with several other prestigious GDR companies, the Treuhand was accused of having approved below-value sales of presumably profitable firms. The new owners later liquidated the East German firms to remove a potentially successful competitor or to exploit valuable land or estate (Böick 2018).

The Treuhand ceased operations on December 31, 1994, having processed about 70 percent of GDR companies at a deficit of roughly 200 million Mark (zu Eulenburg et al. 2003). The remaining tasks regarding transformation of the East German economy were transferred to the new *Federal Institute for Special Tasks Arising from Unification*, which combined the work of several institutions which had been active during and after Reunification. The final Treuhand report stated that about 1.5 million of the initially 4 million jobs in Treuhand companies still existed (zu Eulenburg et al. 2003). Yet, it is unclear how many more employees were laid off after sales to new investors were finalized. Treuhand insiders estimated the share of lost jobs, even in successfully privatized firms, 70-80 percent (Böick 2018). Unemployment in East Germany rose from nearly 0 at the fall of the Berlin Wall to 15.7 percent in 1994 (see figure A.1).

Given the combination of macro- and microeconomic shocks, disappointed hopes, and, perceivedly, West Germans selling off their existences, nostalgia and resentments against the new system flourished among many East Germans. Right after reunification, it was mainly the left-wing PDS, successor party of the ruling GDR party SED, that strongly criticized the Christian democrat-led federal government for their transition management and the lack of political intervention to secure jobs (Böick 2018). The PDS later merged with other left-wing movements to form the far-left *Die Linke (The Left)* (Coffé & Plassa 2010). Although the party and its populist appeal are viewed critically, it usually receives

strong electoral support in East Germany. In the last federal election in 2017, *Die Linke* won 17.8 percent of valid votes in the East compared to 7.4 percent in the West.<sup>2</sup> Just recently, 30 years after the end of the GDR, *Die Linke* top politicians emphasized the importance of the “traumatic experience” in media reports and demanded a politically-led reappraisal of events in the early 1990s (Deutschlandfunk Kultur 2019).

Likewise, in a sharper tone, the Treuhand experience has also been picked up by the far-right. In the course of the rise of right-wing populism across Europe, the AfD quickly established a major stronghold in East Germany. The party addresses potential voters with a mixture of economic populism and anti-immigrant sentiment (Arzheimer 2015). In several speeches, radical right party member Björn Höcke has referred to the Treuhand as being responsible for economic hardships among East Germans today as well as for political misrepresentation (Deutschlandfunk Kultur 2019; Tagesspiegel 2019). Explicitly addressing the East German identity and recalling negative emotions, the Treuhand experience has been politicized here to increase discontent with elitist leaders. In the last federal election, the AfD obtained a vote share of 21.8 percent in East Germany.<sup>2</sup>

We argue that the Treuhand experience had significant and potentially long-lasting consequences for political behavior of affected GDR citizens. We hereby build on arguments from the related literature which we present in the following.

## 2.2 Related literature

Previous research has shed light on the long-term impact of living in a socialist economy on various behavioral aspects. One focus lies on the economic dimension.<sup>3</sup> GDR citizens growing up under socialist and authoritarian rule are observed to be at a higher risk of unemployment after the regime change (Fuchs-Schündeln & Masella 2016). Apart from the macroeconomic developments affecting the whole region, the authors find that this also has to do with the unequal access to higher education in the GDR. Usually, university attendance or admission to vocational training programs were determined by

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<sup>2</sup> Vote shares are taken from the webpage of the German Federal Returning Officer who is in charge of election organization and results, <https://www.bundeswahlleiter.de/>.

<sup>3</sup> We here focus on individual economic and social behavior. In our context, we disregard the strand of literature, mostly from the early post-Reunification period, which has been concerned with the macroeconomic development of former East Germany. See, among others Akerlof et al. (1991), Biewen (2001), and Sinn (1995, 2002).

political compliance, not by academic aptitude. Therefore, a substantial share of former GDR citizens lacks market-relevant professional education today.

What is more, former GDR citizens are also, on average, less mobile across regions, what may hamper efficient labor allocation. This observation is traced back to the fact that GDR citizens were centrally provided with living spaces and jobs. Due to a lack of housing, moving to another city was uncommon and politically undesired. Furthermore, the state usually assigned citizens to jobs close to their place of residence, making relocations for the sake of work basically unnecessary (Boenisch & Schneider 2013; Fuchs-Schündeln & Schündeln 2009). With our own analysis in mind, from these results we can draw a conclusion with regard to political behavior of GDR citizens. Individuals with a different background may have reacted to unemployment by investing in further education or by searching for jobs outside their current area of residence. GDR citizens, instead, may to a greater extent rely on state interventions or blame the state for a lack of jobs.

This supposition is indeed supported by some findings of studies dealing with political and social attitudes of former GDR citizens. Alesina & Fuchs-Schündeln (2007) study the attitudes of East Germans towards the welfare state and redistribution. In general, former GDR citizens more strongly believe that life courses are determined by external forces or sheer luck and not by their own decisions and efforts. Consequently, East Germans are more likely to hold preferences in favor of strong redistribution and state responsibility when it comes to the provision of social security. Unsurprisingly, these preferences are particularly pronounced among those having spent most of their lives under socialist rule. Extreme platforms promising to strengthen the position of common workers and to remove dangers of further job loss, such as international competition, may therefore appeal to a relatively larger electorate in East Germany.

Picking up the last argument, the GDR past may also have contributed to the relatively strong support for *nationalist* movements in East Germany. The socialist regime internationally isolated its citizens, especially from capitalist systems, not only with respect to international travel but also to goods, media and at-home contact to immigrants (Hornuf et al. 2018). Former GDR citizens are thus less used to an internationally diverse environment. Although some studies have found that anti-immigrant sentiment has been prevalent in the region for centuries (Cantoni et al. 2019; Voigtländer & Voth 2012), Hornuf et al. (2018) observe such attitudes to decline when individuals are exposed to

foreign cultures. The authors study xenophobia among former GDR citizens with varying access to West German television where international content, movies, ads etc. were a standard program component. Interestingly, the authors find stronger anti-immigrant sentiment in areas with no access to Western TV where people were less accustomed to seeing foreign culture on the screen.

Relating more strongly to a psychological dimension, Lichter et al. (2018) investigate the long-term consequences of the ubiquitous surveillance system built up by the *Stasi*, the GDR state security. Up to 1 percent of the population in the GDR consisted of unofficial Stasi spies who reported politically undesired behavior of citizens to the state. Lichter et al. (2018) find that the permanent threat of being watched and accused of wrongdoing has led to generally lower individual trust in others and in political institutions. The Treuhand experience may thus have further contributed to a respective lack. What is more, with respect to economic performance, former GDR citizens from districts with a higher spying density are more likely unemployed and have lower incomes, even years after Reunification. Frijters et al. (2004) observe such disadvantages to cause lower life satisfaction among East Germans, in particular in the early post-Reunification period.

A point worth mentioning is the recent criticism by S. O. Becker et al. (2020) with regard to using the German division as a *natural experiment*. The authors provide numerous examples of pre-division differences between East and West Germans, among which are political preferences or economic behavior. Therefore, the authors argue, it is questionable whether post-division differences between individuals in the two Germanies can causally be attributed to the exposure to different political and socio-cultural regimes. Some of the results from the previous literature may therefore seem less convincing. However, in our setting, we do not compare behaviors across the former intra-German border but contrast the behaviors of different East German individuals. Therefore, the criticism of S. O. Becker et al. (2020) does not apply to our analysis.

While the above-mentioned studies argue that *having lived* in the GDR as such had an impact on political and general behavior, the interaction between the socialist past and the Treuhand experience during the transition period may have further affected political preferences. In that sense, two more strands of literature relate to our analysis. First, the relation of unemployment or economic grievances and electoral protest has extensively been studied, mostly under the heading of *economic voting* (Kinder & Kiewiet 1979; Lewis-Beck 1986; Lewis-Beck & Nadeau 2011; Lewis-Beck & Paldam 2000). The

respective literature widely agrees on the fact that economic conditions provoke an electoral reaction among voters in terms of either rewarding or punishing political agents. Interestingly, the electoral punishment effect is larger if the incumbent government can clearly be made responsible for an economic downturn (Anderson 2000; Powell & Whitten 1993). This may, in principle, apply to our case where unemployment and economic grievances were perceived as being caused by the Treuhand as a public administrative unit.

In our empirical analysis, we exploit another controversy from the economic voting literature, which is the debate about whether voters are *egotropic* or *sociotropic*. In case of egotropic voting (or *pocketbook voting*), individuals base their electoral choice on their own economic situation. In case of sociotropic voting, individuals may punish the incumbent for a generally bad economic situation although they may be unaffected themselves in terms of unemployment or income loss. Most related empirical studies find evidence in favor of sociotropic voting (see among others Gomez & Wilson 2001; Kinder & Kiewiet 1979; Lewis-Beck 1986; Lewis-Beck & Nadeau 2011). Recent research on populist parties in Europe, both at the left and at the right end of the political spectrum, has found respective average support to be higher in areas with higher unemployment, lower average incomes or other forms of economic deprivation (Barone et al. 2016; Emmenegger et al. 2015; Funke et al. 2016; Georgiadou et al. 2018; Hobolt 2016; Jansen et al. 2013). Looking at the relationship between unemployment and turnout, however, empirical research has found mobilizing (Burden & Wichowsky 2014) or demobilizing effects (Brady et al. 1995; Rosenstone 1982; Solt 2008) or both (Martins & Veiga 2012). We will use this ambiguity for a mechanism test in our own analysis to find out whether changes in political behavior after the Treuhand experience are caused by individual or collective dismay.

Finally, our paper relates to studies, mostly from political science, which examine the behavior of first-time voters. When the GDR regime ended, most East Germans had not only been living under socialist, authoritarian rule for 40 years, but the GDR had been preceded by the Nazi regime, which was in power between 1933 and 1945. Any GDR citizen aged 66 or younger in 1989 had never experienced any form of democracy in their entire life. During the transition period in the early 1990s, the former GDR was hence a country of first-time voters. Research has identified an individual's first election to be crucial for subsequent political behavior. Citizens who take part in the first one or two elections they are allowed to vote in are more likely to develop a voting habit



(Krosnick & Alwin 1989; Lau & Redlawsk 2008). Experiences and decisions made in the first elections likely stick for the rest of one’s life (Franklin & Hobolt 2011; Sears & Funk 1999; Sears & Valentino 1997). In that sense, first-time voters also pay more attention to pre-election events and media coverage and more strongly base their vote choice on such news (Bhatti et al. 2012; Ohme et al. 2017; Zeglovits & Aichholzer 2014).

There is a number of empirical studies showing that negative political events around the first election have an equally negative effect on political trust and involvement. To mention just two examples, Dinas (2013) studies voting behavior of Americans under the age of 30 after the Watergate scandal broke in the early 1970s. Younger voters were indeed more likely than older voters to react to the scandal in terms of electorally punishing then-President Nixon. Aassve et al. (2018) find a persistently different voting behavior among young Italians who voted for the first time in elections held in the early 1990s when a major corruption scandal was detected. The respective voters show less trust in politics than slightly younger or older age groups and are more likely to support a populist movement in later life. Transferring this line of argumentation to our setting, the highly negative early-democracy experience of many GDR citizens may have paved the way for generally higher dissatisfaction with politics.

To sum up, we expect the Treuhand experience to have an effect on political behavior (i) because unemployment was a previously unknown experience to former GDR citizens, (ii) because the affected individuals attributed the role of an economic provider to the state and (iii) because the Treuhand operated during the time of initial formation of political opinion in a democracy. We will put this supposition to a test in the following.

## 3 Empirical approach

### 3.1 Data

For the different levels of analysis, we combine data from various sources. For the individual-level analysis, we rely on micro-level data from the German Socio-economic Panel (GSOEP), which has frequently been used in previous related studies (Alesina & Fuchs-Schündeln 2007; Boenisch & Schneider 2013; Frijters et al. 2004; Fuchs-Schündeln & Schündeln 2005; Lichter et al. 2018). The GSOEP provides several measures of individual political behavior, such as preferences for specific parties, political interest or general trust. We use these variables, with minor modifications, as our outcome

variables of interest. Furthermore, we take a number of control variables from the GSOEP, which are generally deemed relevant for political behavior, namely sex, age, age squared, secondary education level, an indicator of current unemployment, gross labor income, life satisfaction and marital status. We also have information on the federal state and administrative district an individual is living in.

At the aggregate level, we examine vote shares for far-end parties and voter turnout in the 77 East German administrative districts (as of January 1, 2018) as our dependent variables. Vote shares and turnout rates in German federal elections for the period 1994 to 2017 are official figures from the Federal Returning Officer. Unfortunately, exact vote shares for the smaller radical right-wing parties *Republikaner*, NPD and *Die Rechte* at the current district level are not distributed. Therefore, we limit our analysis to the vote shares for the radical left *Die Linke* (formerly: PDS) and the radical right AfD. It is particularly interesting to look at the election results for these two parties at the ends of the political spectrum, which both currently hold seats in the German Bundestag and are both prominent Treuhand critics. To control for various district features, we include several socio-demographics (share of females, share of youth between 18 and 24 years old, share of foreigners, share of inhabitants with a high school degree (*Abitur*)). Also, we include the unemployment rate in order to control for macro-economic performance.<sup>4</sup> All of these covariates have been obtained from the Federal Statistical Office and the INKAR database.

Note that, at both levels of analysis, we have panel data. The GSOEP started to survey East German respondents in 1990 and the latest data version covers the period until 2018. At the aggregate level, we have a quadrennial panel (related to the federal election cycle)<sup>5</sup> of today's districts since 1994. The administrative districts in Germany have been restructured and merged multiple times since Reunification so that districts in the 1990s are quite different from districts today. However, the statistical sources we consulted distribute historic data that has been rearranged to match today's territorial status.

Our main explanatory variable is exposure to Treuhand-induced job loss. Unfortunately, no survey or official statistics directly provide us with specific information on whether individuals lost their jobs due to Treuhand activities. Therefore, we follow two approaches

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<sup>4</sup> We can replace the unemployment rate as an economic indicator by the mean household income, the district GDP or the share of industry workers. However, we prefer the unemployment rate because the number of available observation is highest.

<sup>5</sup> During the three decades we are examining, there is just one occurrence of an early election in 2005 (instead of 2006). Consequently, the election cycle from 2002 to 2005 is only three years long.

to measure Treuhand job loss. First, at the individual level, we use the GSOEP data to calculate a Treuhand dummy which equals 1 if a then-East German resident reported to have lost their job due to layoff or firm closure between July 1990 and December 1994. Since all state-owned companies passed over into Treuhand ownership after 1989 and unemployment was a neglectable issue in the GDR, we argue that any job loss in the early post-socialist period is likely due to Treuhand procedures.

We construct three versions of this variable where we (i) only include respondents in East Germany who have indicated to be unemployed due to layoff or firm closure *at the time of the survey interview* between July 1990 and December 1994, (ii) only include respondents in East Germany who have experienced *any period of unemployment* due to layoff or firm closure during the time of Treuhand operations and (iii) include respondents in East Germany for whom either (i) or (ii) is true. Since this variable is based on individual-level survey data, we call it the *individual Treuhand job loss indicator*. We use version (iii) as our main indicator and (i) and (ii) as alternative indicators 1 and 2, respectively.

Second, we calculate the likelihood of Treuhand-related unemployment based on aggregate job losses at the district level. To this end, we exploit the information in the Treuhand Database from the IWH Institute for Economic Research in Halle. This dataset contains rich and detailed information about 60 to 70 percent of companies processed by the Treuhand. It provides information on the sector a company operated in, turnover, firm size, location and outcome of Treuhand procedures, i. e. whether and when a company was privatized or closed. Importantly, it also includes data on the number of employees in a firm between 1990 and the point in time when the firm was closed or sold (Giebler & Wyrwich 2018).

To fit our purpose, we process the data as follows. Since we have the exact location of a firm, i. e. city or town, we are able to manually assign the administrative district, as of today's district structure. We replace missing information on either firm status or employee figures whenever possible. For instance, for some firms, we have information that they still existed in 1991 but only have employee figures from 1990. In these cases, we replaced the number of employees in 1991 by the number in the year before. If, for one firm, the IWH Treuhand Database provides more than one employee figure in one year – since different archives were used for data collection – we keep the highest figure. In other cases, we are lacking information on whether a firm *survived* a year, as labeled by the authors of the dataset. However, we have information that the same firm *exited*

the market in the sense that it was closed. We can thus conclude that the firm did not survive the year on the market and replace the missing information on survival.

After filling the gaps, we calculate total job losses. For the years 1992 to 1994, the job loss in one firm is determined as the number of employees times the market exit dummy. If the latter equals 1 and the firm was closed, the job loss accounts for the entire workforce. For 1990 and 1991, the IWH Treuhand Database does not provide the market exit variable. Therefore, we take the difference between employees in 1990 and 1991, or in 1991 and 1992, respectively, as the job loss. If a firm is listed in 1990 (1991) but not listed in 1991 (1992), we take this as a sign of market exit and treat all jobs as lost.

Next, we aggregate firm job losses at the district level. Subsequently, we calculate the ratio of district job losses to district population<sup>6</sup> at the end of the respective year. Population figures have been obtained from the State Statistical Offices in the states of Brandenburg, Berlin (East and West), Mecklenburg-Hither Pomerania, Saxony, Saxony-Anhalt and Thuringia. The resulting variable is a ratio ranging between 0 and a theoretical maximum of 1, which we can interpret as the yearly probability of losing one's job due to Treuhand activities in the respective district. We average the district ratios over the five-year period of Treuhand operations to get the mean district probability of Treuhand job loss. As the variable relates to the district, we call it the *spatial Treuhand job loss indicator*.

Please note that both the individual and the spatial Treuhand job loss indicator do not vary over time. We thus have a kind of treatment design, similar to other related studies (Hornuf et al. 2018; Lichter et al. 2018; Stegmann 2019).<sup>7</sup> The individual indicator equals 1 if an individual fulfills the above-described conditions at any point in time during the Treuhand period. This value is then assigned to all years after 1994, as long as the individual is part of the GSOEP. To limit simultaneity issues, we estimate the effect on individual political behavior only for outcome variables in 1995 to 2018. We follow a similar strategy for the spatial indicator. As mentioned above, we calculate the

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<sup>6</sup> Strictly speaking, this approach determines the probability of Treuhand job loss as if all individuals in a district, including children and the elderly, would be part of the workforce. Since we do not have data on the district working population, we nevertheless deem this procedure the most accurate we can follow and, in particular, more accurate than using total job losses as a explanatory variable. However, we must implicitly assume that differences in age distributions across districts are negligible.

<sup>7</sup> Yet, since we do not observe the treated and untreated individuals in the pre-Treuhand period, we are unable to follow a difference-in-difference approach to estimate the effects of Treuhand job loss.

mean job loss probability between 1990 and 1994 for each district and use the respective values to determine the effect on vote shares and turnout in later federal elections. Since the federal election in 1994 took place in mid-October, we include it in our analysis to extend our database. We argue that, although the election technically was held shortly before the Treuhand was closed on December 31, 1994, most Treuhand operations had already been executed.

Table 1: Summary statistics: Individual level

Variable	Obs	Mean	Std. Dev.	Min	Max
<i>Dependent variables:</i>					
Radical party preference	76,631	0.071	0.257	0	1
Radical right party preference	76,631	0.01	0.099	0	1
Political interest	81,064	2.249	0.778	1	4
General trust	8,192	2.546	0.629	1	4
<i>Explanatory variables:</i>					
Indiv. Treuhand job loss indicator (main)	105,396	0.156	0.363	0	1
Indiv. Treuhand job loss indicator (alt. 1)	105,396	0.114	0.318	0	1
Indiv. Treuhand job loss indicator (alt. 2)	105,691	0.131	0.337	0	1
<i>Covariates:</i>					
East Germany (n/y)	96,581	0.946	0.226	0	1
Unemployed at time of survey (n/y)	76,376	1.891	0.312	1	2
Sex	96,581	1.515	0.5	1	2
Age	96,547	41.569	20.717	0	101
Age <sup>2</sup>	96,547	2157.145	1806.442	0	10,201
Marital status	81,162	0.62	0.485	0	1
Life satisfaction	80,923	6.406	1.793	0	10
Secondary education level	80,130	2.169	1.251	1	7
Monthly indiv. gross labor income	47,239	1,634.961	1,246.518	0	40,903

*Notes:* *Radical party preference:* 1 if individual reported to have a party preference for *Die Linke* (radical left) or *AfD*, *NPD*, *Die Rechte*, *Republikaner* (radical/extreme right), 0 if individual reported to have a party preference for any other party or no preference. *Radical right party preference:* 1 if individual reported to have a party preference for *AfD*, *NPD*, *Die Rechte*, *Republikaner*, 0 if individual reported to have a party preference for any other party or no preference. *Political interest* is a four-point scale response to the question “How strongly are you interested in politics?” (not at all, not so much, rather strongly, very strongly). *General trust* is a four-point scale response to the question “How strongly do you agree with the following statement: ‘In general, people can be trusted.’?” (strongly disagree, disagree, agree, strongly agree). *Individual Treuhand job loss indicator (main)* equals 1 if individual reports to (i) be unemployed due to closure or layoff when interviewed between July 1990 and Dec 1994 or (ii) have experienced unemployment during that period and 0 if not. Sample is restricted to respondents who have lived in East Germany between July 1990 and Dec 1994. *Individual Treuhand job loss indicator (alt. 1)* equals 1 if (i), *Individual Treuhand job loss indicator (alt. 2)* equals 1 if (ii). *Spatial Treuhand job loss indicator* equals the average ratio of Treuhand job losses in an individuals district of living relative to the district population between 1990 and 1994. *Sex:* 1=male, 2=female. *Marital status:* 0=single, divorced, separated, 1=married/solid relationship and living with partner. *Life satisfaction* is rated on a 0-to-10 scale from low to high. *Secondary education level:* 1=did not go to secondary school, 2=left school without degree, 3=still in school, 4=other degree, 5=lower secondary degree, 6=medium secondary degree, 7=upper-medium secondary degree. Income in €.

Table 1 displays summary statistics for the sample used in the individual-level analysis. We investigate three main dependent variables at the individual level, *radical party*

*preference, political interest* and *general trust*. The former two are part of every yearly survey so that the number of observations is conveniently high. *General trust* is only part of the 2003, 2008, 2013 and 2018 surveys which explains the significantly lower number of observations. *Radical party preference* is a binary indicator, which equals 1 if an individual reports to hold a preference for the far-left *Die Linke* or the far-right AfD, NPD, *Republikaner* or *Die Rechte* and 0 otherwise. The variables *political interest* and *general trust* both have ordered outcomes on a four-point scale, which goes from low to high. To measure political interest, survey respondents are asked how strongly they are interested in politics. They can respond by: *not at all, not so much, rather strongly* or *very strongly*. Likewise, for general trust, survey participants indicate how much they agree with the statement “In general, people can be trusted.”. Possible responses are: *strongly disagree, disagree, agree* or *strongly agree*.

Since we restrict our calculations for the individual Treuhand job loss indicators to respondents who lived in the former GDR between July 1990 and December 1994, this only applies to roughly 105,000 respondents. Looking at the main individual indicator, about 15 percent of these respondents indicated that they have experienced Treuhand-related unemployment. Appendix tables [A.1](#) and [A.2](#) provide summary statistics of the used covariates separately for individuals who experienced a Treuhand job loss and for those who did not. There are slight differences between the two groups, in particular with regard to age, education level and life satisfaction. We thus control for the whole set of listed covariates in all specifications we report in the following sections.

Table 2: Summary statistics: Aggregate level

Variable	Obs	Mean	Std. Dev.	Min	Max
Vote share <i>Die Linke</i>	539	21.329	5.346	8.8	37.4
Vote share AfD	154	13.868	8.884	3.507	35.5
Voter turnout	539	70.136	5.509	55.4	87.5
Spatial Treuhand job loss indicator	847	3.198	3.493	0.449	24.605
Share of females	462	50.875	0.584	49.675	52.658
Share of youth	462	7.728	2.003	3.704	13.633
Share of foreigners	462	2.694	2.029	0.465	17.649
Share of inhabitants with a high school degree	432	31.918	9.030	16.808	64.234
Unemployment rate	462	13.983	5.036	3.6	24.8

*Notes:* All variables are measured at the level of administrative districts as of January 1, 2018 (latest territorial structure). Vote shares and voter turnout refer to federal elections only. Vote shares refer to the *second votes* in German federal elections. *Share of youth* refers to the population share of 18 to 24-year-olds.

Table 2 presents summary statistics for the aggregate-level analysis. The spatial Treuhand job loss indicator exhibits a quite huge variance, ranging between approx. 0.5

and 25 percent. Figure A.3 presents a graphical illustration of the development of the spatial Treuhand job loss indicator over time. While the share of job losses was still quite small in 1990, most districts had losses which accounted 1 to 5 percent of the district population by 1994. Also, the south of the GDR was relatively more affected just like the bigger cities such as Berlin, Rostock, Schwerin, Leipzig and Dresden. Figure 1 displays the relation between the spatial Treuhand job loss indicator and far-end vote shares or voter turnout, respectively. The relationship between vote shares for *Die Linke* and aggregate Treuhand job loss appears to be positive (see figure 1a). The picture is less clear for the other two variables. We will further investigate these relationships and potential causalities in the following.

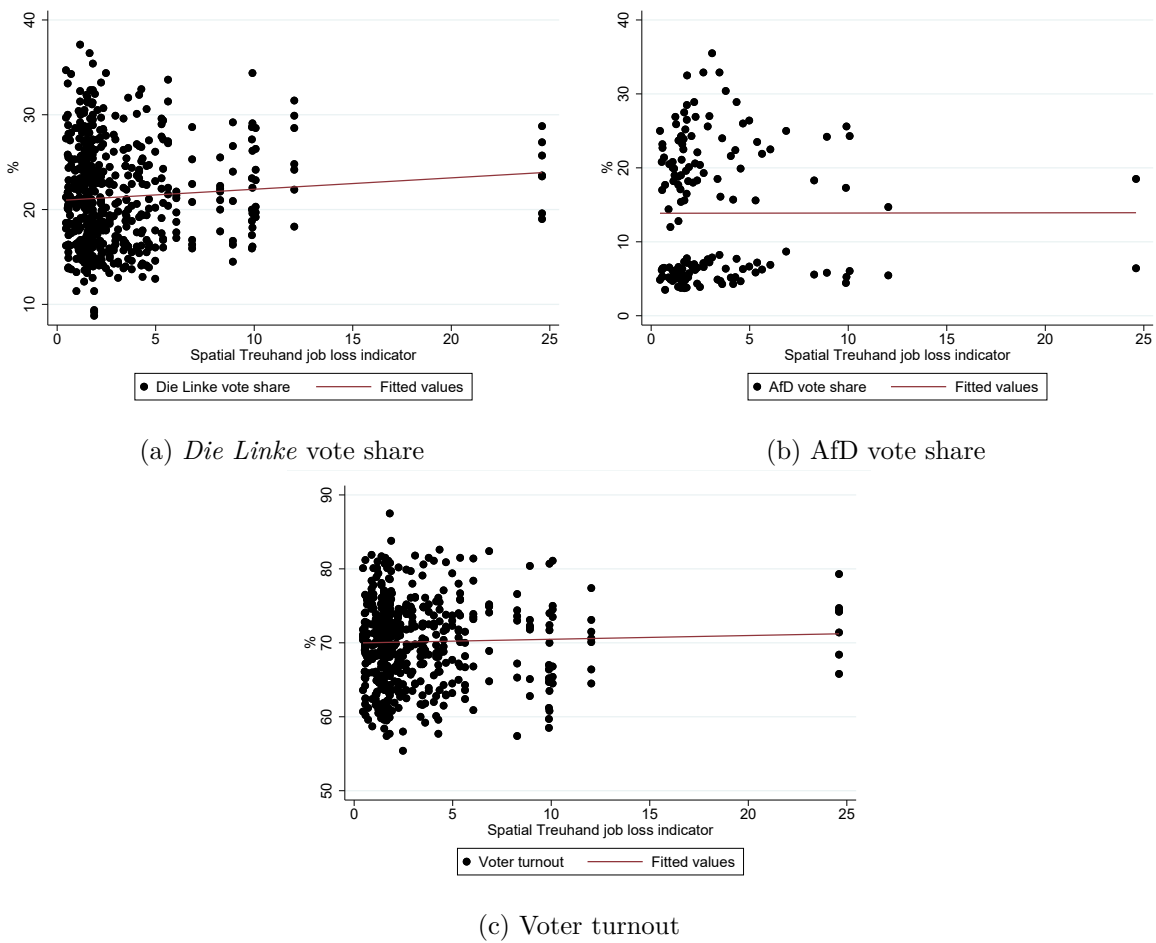


Figure 1: Spatial Treuhand job loss indicator and aggregate political behavior

*Notes:* Figures show vote shares and voter turnout out in East German districts in federal elections between 1994 and 2017. Vote shares refer to the *second vote*. Data have been obtained from the Federal Returning Officer.

### 3.2 Regression approach

As displayed in table 1, all dependent variables used in the individual-level analysis are categorical ones with either two or more manifestations. We therefore rely on probit estimations to determine the effect of Treuhand job loss on the different types of political behavior. For the binary variable *radical party preference*, we estimate the following panel probit model with random individual-level intercepts in the baseline analysis

$$P(Y_{ist} = 1 | X_{ist} = x_{ist}) = \Phi(\alpha_i + \beta Treuhand_{is} + \Theta' \mathbf{C}_{ist} + \Psi' \gamma_{is} + \delta_s + \lambda_t), \quad (1)$$

where  $i$  denotes the individual respondent in the GSOEP,  $s$  denotes the individual state of residence,  $t$  denotes the survey year and  $\Phi$  denotes the standard normal cumulative distribution function.  $Treuhand_{is}$  represents the main individual Treuhand job loss indicator.  $\mathbf{C}_{ist}$  denotes a vector of time-variant control variables (age, age squared, indicator of unemployment, marital status, gross labor income, life satisfaction) and  $\gamma_{is}$  denotes a vector of time-invariant control variables (sex and, in most cases, secondary education).  $\delta_s$  denotes state FE,  $\lambda_t$  denotes year FE. We hereby control for events which affected all individuals in one federal state or all individuals at a certain point in time, regardless of their place of residence.

The other two dependent variables at the individual level, *political interest* and *general trust*, are categorical with four ordered manifestations. For these variables, we estimate a comparable RE ordered probit model

$$Y_{ist}^* = \alpha_i + \beta Treuhand_{is} + \Theta' \mathbf{C}_{ist} + \Psi' \gamma_{is} + \delta_s + \lambda_t + \epsilon_{ist}. \quad (2)$$

$Y_{ist}^*$  denotes the actual but unobservable level of individual political interest or general trust. Because  $Y_{ist}^*$  is unknown, we instead use the observable categorical self-assessment on a four-point scale. The model then estimates the log odds of one category relative to all other categories (W. E. Becker & Kennedy 1992; McCullagh 1980).  $\epsilon_{ist}$  denotes the individual error term.

As the coefficient estimates of probit models are not intuitively interpretable, we report average marginal effects (AMEs). That is, we display the change in probability of falling into the behavioral category in question if an individual experienced a Treuhand job loss compared to an individual who did not.



At the aggregate level, we have three dependent variables  $y_{jdt}$ : *Die Linke* vote share, *AfD* vote share and voter turnout. For the sake of simplicity and since we consider the aggregate-level analysis as a complement to the individual-level analysis, we rely on a simple REELS estimation:

$$y_{jst} = \mu_{js} + \sigma Treuhand_{js} + \Phi' \mathbf{c}_{jst} + \delta_s + \lambda_t + u_{jst}, \quad (3)$$

where  $j$  denotes the district under observation (as of January 1, 2018),  $s$  denotes the federal state and  $t$  denotes the election year. We here use the spatial Treuhand job loss indicator  $Treuhand_{js}$  as the explanatory variable.  $\mathbf{c}_{jst}$  denotes a vector of the above-mentioned time-varying covariates at the district level.  $\delta_s$  denotes state FE,  $\lambda_t$  denotes year FE.  $u_{jst}$  denotes the error term. Our coefficient of interest here is  $\sigma$  which captures the average effect of the spatial Treuhand job loss indicator.

## 4 Results

We present the baseline estimation results in this section, starting section 4.1 with the individual-level analysis. The results of the aggregate-level analysis are presented afterwards. In section 4.2, we present some additional in-depth results. Here, we first test the robustness of the individual-level analysis and then conduct a placebo test to investigate the particularity of the Treuhand period. Finally, we examine potential transmission mechanisms.

### 4.1 Baseline results

For the three dependent variables at the individual level, *radical party preference*, *political interest* and *general trust*, we present AMEs of the main individual Treuhand job loss indicator for RE (ordered) probit estimations as described above, with and without state FE. To complement the analysis, we also report the results from REELS estimations.

Figure 2 displays AMEs of Treuhand job loss on the probability to report a radical party preference. The effect is significantly positive in all four estimations, suggesting an increase in radical party preferences upon experience of Treuhand job loss. The observed effects indicate that holding a radical party preference is 1.8 to 2.6 percentage points

more likely for those affected by Treuhand job loss. Given a mean sample probability to have a radical party preference of roughly 7 percent, the effect corresponds to an increase of up to 37 percent.

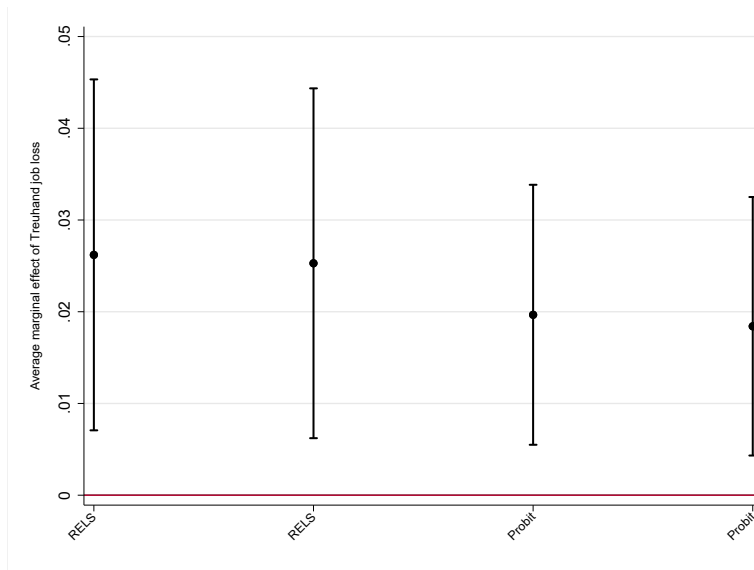
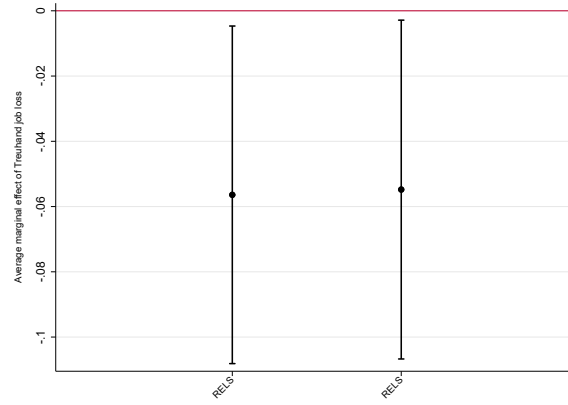


Figure 2: Average marginal effects of Treuhand job loss on radical party preference

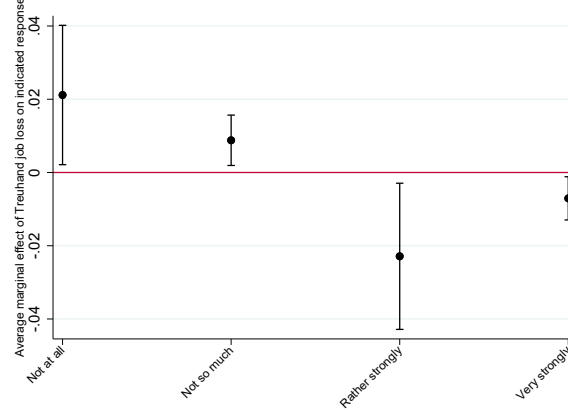
*Notes:* Figure displays AMEs of Treuhand job loss. *Radical party preference* equals 1 if an individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Estimations from left to right: RELS without state FE, RELS with state FE, RE probit without state FE, RE probit with state FE. Caps indicate 95 percent confidence intervals. Table B.1 reports exact AMEs and p-values.

The picture is similar when looking at the political interest of individuals, see figure 3. Figure 3a displays the AMEs observed in RELS estimations with and without state FE, respectively. Since the ordinal structure of the dependent variable is not taken into account here, the coefficient just indicates a marginal change in the value associated with the response options. Figures 3b and 3c display AMEs obtained in RE ordered probit estimations where the estimation in figure 3b does not include state FE but the estimation in figure 3c does. Both latter figures report the AME of Treuhand job loss on each response category separately.

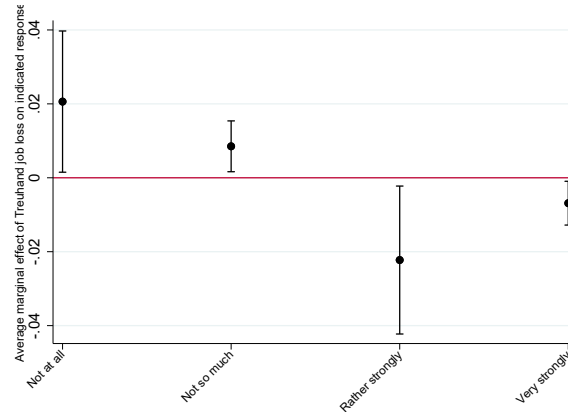
Figure 3a suggests a significantly negative relation between Treuhand job loss and political interest. This impression is confirmed by the findings displayed in figures 3b and 3c. Being affected by Treuhand job loss increases the probability to be *not at all* or *not so much* interested in politics by up to 2 percentage points. Likewise, the probability to report a *rather strong* or *very strong* interest in politics decreases by roughly 2 or 0.7 percentage points, respectively.



(a) RELS w/o (left) and w/ (right) state FE



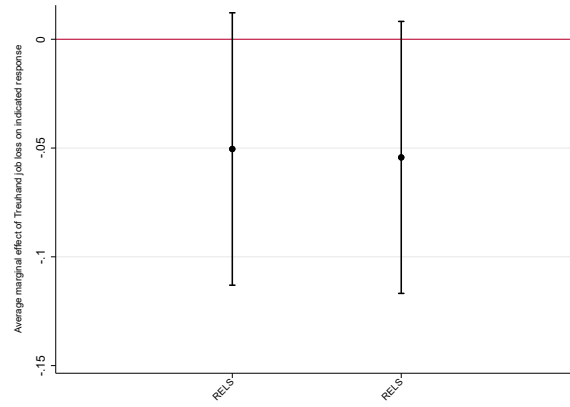
(b) Ordered probit w/o state FE



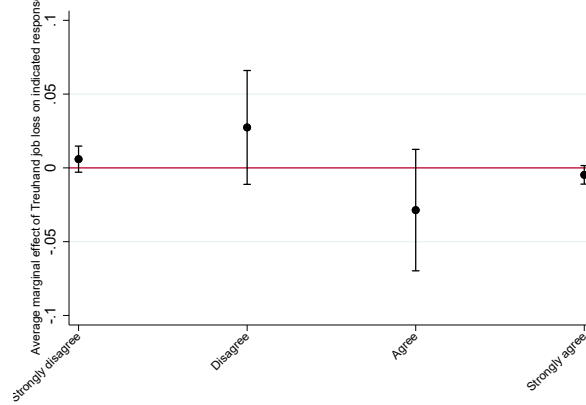
(c) Ordered probit w/ state FE

Figure 3: Average marginal effects of Treuhand job loss on political interest

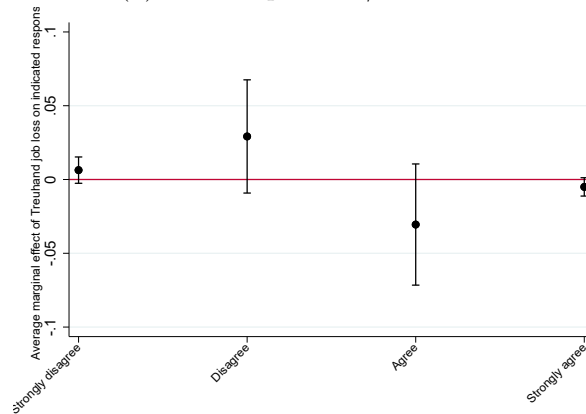
Notes: Figures display AMEs of Treuhand job loss on *political interest*. Survey question in the GSOEP: *How strongly are you interested in politics?* Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Panel (a) reports AMEs from RELS estimations without (left) and with (right) state FE. Panels (b) and (c) report AMEs from RE ordered probit estimations without (b) and with (c) state FE. Panels (b) and (c) separately report the AME of Treuhand job loss on each response category. Caps indicate 95 percent confidence intervals. Table B.2 reports exact AMEs and p-values



(a) RELS w/o (left) and w/ (right) state FE



(b) Ordered probit w/o state FE



(c) Ordered probit w/ state FE

Figure 4: Average marginal effects of Treuhand job loss on general trust

Notes: Figures display AMEs of Treuhand job loss on *general trust*. Survey question in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'?* Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Panel (a) reports AMEs from RELS estimations without (left) and with (right) state FE. Panels (b) and (c) report AMEs from RE ordered probit estimations without (b) and with (c) state FE. Panels (b) and (c) separately report the AME of Treuhand job loss on each response category. Caps indicate 95 percent confidence intervals. Table B.3 reports exact AMEs and p-values.

Regarding the third dependent variable, the results also point to a detrimental effect of Treuhand job loss on individual behavior, yet the evidence is less clear. Figure 4 displays the effects on *general trust*. The results from both the RELS and the RE ordered probit estimations suggest that individuals affected by Treuhand job loss generally have lower trust in other people. Specifically, compared to their fellow GDR citizens who did not experience a Treuhand job loss, the affected seem to be more likely to *strongly disagree* or less likely to *strongly agree* with the statement that people, in general, can be trusted. Thus, the effects seem to manifest at the ends of the trust scale. However, the estimates are mostly at the edge of statistical significance or slightly below. What may explain the less robust results here is the fact the GSOEP has only asked for general trust in the years 2003, 2008, 2013 and 2018, which drastically reduces sample size. However, against this backdrop, our results at least hint to the same lower trust level that Lichter et al. (2018) find among former GDR citizens.<sup>8</sup>

All in all, we can conclude that experiencing individual Treuhand job loss negatively affects political behavior from a normative point of view. Individuals are more inclined to support radical parties, are less interested in the political process and generally less trustful. The aggregate-level results seem to complement this picture. In table 3, we estimate the effect of the spatial Treuhand job loss indicator on voting for the radical left *Die Linke*, the successor party of the GDR party SED. Generally speaking, East German residents already exhibit a higher probability to support *Die Linke*, regardless of whether they were affected by Treuhand job loss or not, compared to West Germans (see appendix figure A.2). The results for the aggregate-level analysis further reveal that in districts with higher relative Treuhand job losses, electoral support for *Die Linke* is even stronger. The estimates are significant and positive in all three specifications. In our most elaborate specification in column (3) of table 3, the *Die Linke* vote share is about 0.1 percentage points higher given a 1 percentage point higher relative job loss.

We do not observe a clear pattern for the right-wing populist AfD in table 4. While columns (2) and (3) suggest a negative relationship between aggregate AfD voting and Treuhand job loss, which is insignificant in column (3), we should not leave out of consideration that the AfD has only participated in two federal elections so far. This clearly limits the number of observations and estimation precision. Nevertheless, the aggregate-level observations match the results at the individual level, where we also find

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<sup>8</sup> To achieve a more appropriate estimation in our setting, it would also be preferable to use data on trust in policymakers, specifically. Unfortunately, such data are not provided by the GSOEP.

Table 3: Effects on *Die Linke* vote share, aggregate level

DV: <i>Die Linke</i> vote share	RELS	RELS	RELS
Spatial Treuhand job loss indicator	0.120** (0.0523)	0.157** (0.0615)	0.107* (0.0604)
Constant	20.94*** (0.384)	12.88*** (0.326)	9.437 (18.91)
Observations	539	432	432
R <sup>2</sup>	0.00615	0.698	0.761
Controls	N	N	Y
Year FE	N	Y	Y
State FE	N	Y	Y

Notes: Results report coefficients from RELS estimations. Robust standard errors in parentheses; \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

that the positive effect of Treuhand job loss on *radical party preference* is not driven by radical *right* preferences (see appendix table B.4).

Table 4: Effects on AfD vote share, aggregate level

DV: AfD vote share	RELS	RELS	RELS
Spatial Treuhand job loss indicator	0.00307 (0.0688)	-0.121** (0.0485)	-0.0196 (0.0450)
Constant	13.86*** (0.407)	0.458* (0.241)	-41.76* (23.42)
Observations	154	154	154
R <sup>2</sup>	0.0000015	0.891	0.916
Controls	N	N	Y
Year FE	N	Y	Y
State FE	N	Y	Y

Notes: Results report coefficients from RELS estimations. Robust standard errors in parentheses; \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

With respect to voter turnout, we see that Treuhand job losses seem to be associated with lower participation in federal elections in table 5, however, the estimates are not significant. While this result may reflect the lower interest in politics observed at the individual level, electoral turnout at the aggregate level may only be a rough proxy for political interest. The impact of Treuhand job loss on aggregate turnout thus remains somewhat unclear.

Table 5: Effects on voter turnout, aggregate level

DV: Voter turnout	RELS	RELS	RELS
Spatial Treuhand job loss indicator	0.0505 (0.0740)	-0.0387 (0.0662)	-0.105 (0.0724)
Constant	69.97*** (0.381)	75.22*** (0.0646)	63.06*** (16.29)
Observations	539	432	432
R <sup>2</sup>	0.00103	0.120	0.817
Controls	N	N	Y
Year FE	N	Y	Y
State FE	N	Y	Y

*Notes:* Results report coefficients from RELS estimations. Robust standard errors in parentheses; \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

## 4.2 Further analyses

We present several alternative specifications in this section. We use the two alternative individual Treuhand job loss indicators as explanatory variables and test some technical variations of regression methods and standard errors. Furthermore, we look at whether the impact of Treuhand job loss differs between affected individuals who still lived in East Germany after 1994 and those who moved to the West. Additionally, we restrict the individual sample to shorter time periods, in order to investigate effect dynamics, and highlight effect heterogeneity with respect to individual characteristics. In section 4.2.2, we present a placebo analysis employing a fictitious Treuhand job loss indicator. We study whether such a random unemployment period has comparable effects on political behavior. Finally, we investigate the mechanisms behind the observed effects.

### 4.2.1 Robustness checks and heterogeneity

As described in section 3.1, we calculated two alternative Treuhand job loss indicators at the individual level, depending on the two different conditions a respondent can meet to be categorized as affected. We now repeat the baseline analysis using these indicators as explanatories. The results are presented in appendix tables B.5, B.6 and B.7. Unsurprisingly, the results are fairly similar to the baseline results since the main indicator is just an aggregate of the two alternatives.

To check the methodological robustness of our baseline analysis, we also repeat it with RE (ordered) logit estimations. Appendix table B.8 reports the exact AMEs. All of the

estimates are qualitatively similar to the baseline estimates. In addition, we provide results for the probit models but with standard errors clustered at the federal-state level.<sup>9</sup> For the results, see table B.9. Note that the AMEs on the different levels for *political interest* are quantitatively comparable to the baseline results, yet lack statistical significance. However, we argue that our baseline regressions represent the more appropriate models, which exploit the panel structure of our data. Also, the number of clusters at the federal-state level (16) is quite small, thus questioning statistical inference (Angrist & Pischke 2009; Cameron & Miller 2015).

We devote some more attention to the potential heterogeneity of our results, in particular with regard to space and time. In the early 1990s, there were large migration flows from East to West. Following the collapse of the socialist system, many East Germans tried to find better living conditions and jobs in the western part of the country (Fuchs-Schündeln & Schündeln 2009). While the Treuhand job loss indicator is only calculated for individuals residing in the former GDR between 1990 and 1994, it is conceivable that these individuals later moved to West Germany. We therefore examine whether the Treuhand experience had a different effect on those who stayed in East Germany compared to those who moved westwards.

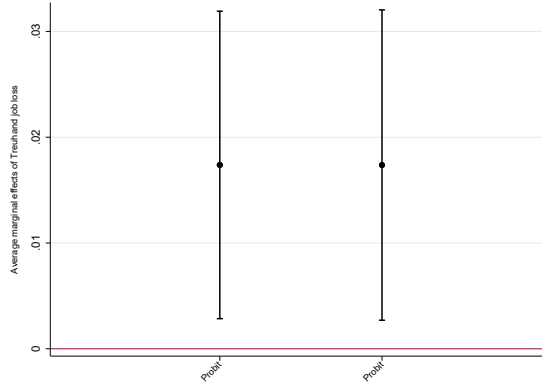
Figures 5 and 6 report the AMEs separately for residents of East and West Germany. Comparing the single panels, it is evident that our baseline findings are likely driven by individuals who stayed in the former GDR. Among individuals who later lived in West Germany, those who were affected by Treuhand job loss still harbor a stronger radical party preference than their counterparts who kept their jobs. Interestingly, the AME of Treuhand job loss is almost three times as high for West German residents as for East German residents (4.5 vs. 1.7 percentage points). However, the quite strong detrimental effect on political interest, which we find in the baseline analysis, completely vanishes for individuals living in West Germany. While the negative effects on general trust are on the edge of statistical significance for the East German residents, there is obviously no effect for West German residents.<sup>10</sup>

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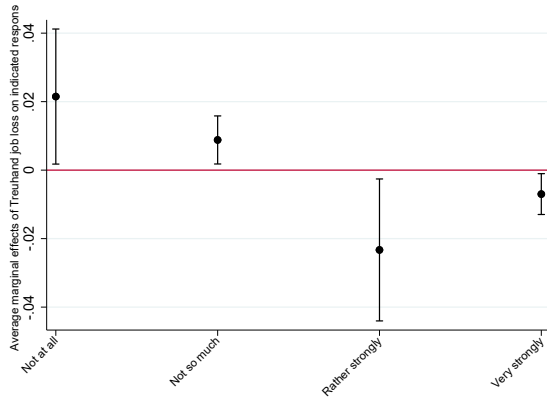
<sup>9</sup> We employ pooled regressions here since the assignment to a specific cluster may vary within panels. This is simply because the respective individuals moved into a different federal state.

<sup>10</sup> When interpreting these results, it is important to note the different numbers of observations in the two groups, see tables B.10 and B.11. The sample of individuals in West Germany is much smaller which may affect estimation precision.

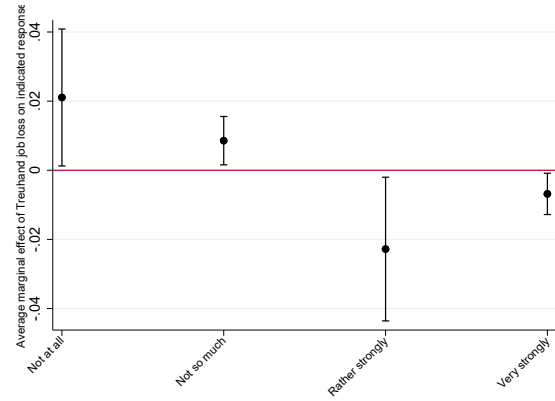




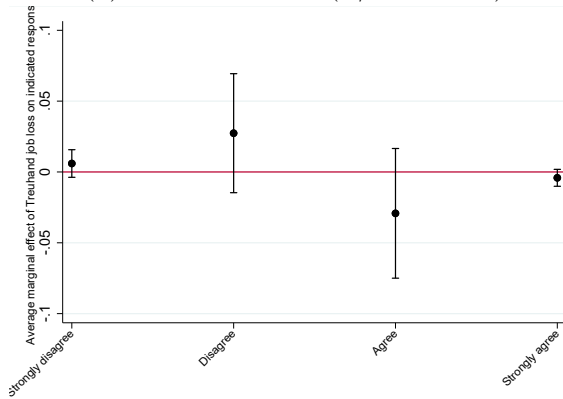
(a) Radical party preference



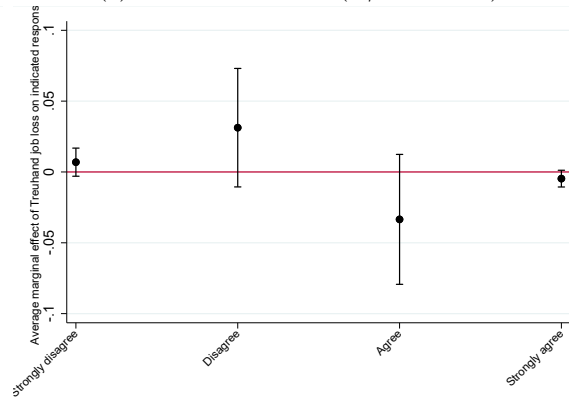
(b) Political interest (w/o state FE)



(c) Political interest (w/ state FE)



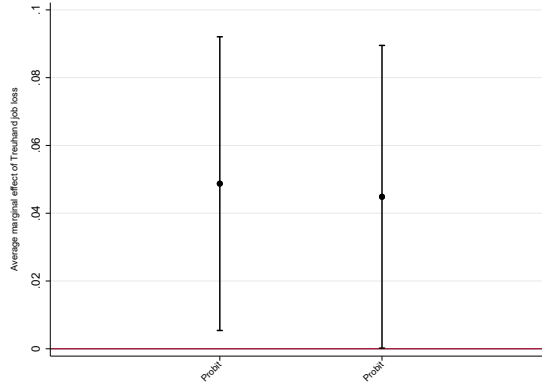
(d) General trust (w/o state FE)



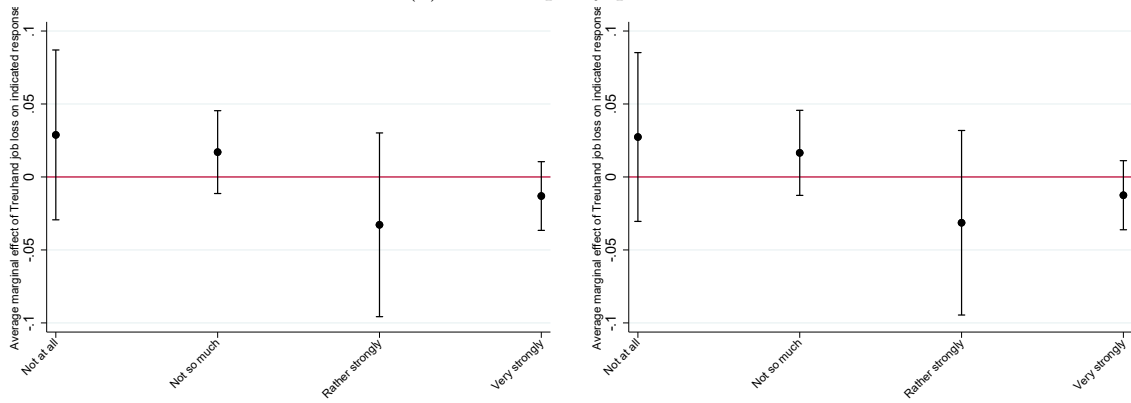
(e) General trust (w/ state FE)

Figure 5: Average marginal effects of Treuhand job loss: East German residents

*Notes:* Figures display AMEs of Treuhand job loss on the respective dependent variable as indicated. Sample is restricted to individuals who lived in federal states of the former GDR (Brandenburg, Berlin (East), Mecklenburg-Hither Pomerania, Saxony, Saxony-Anhalt, Thuringia) at the time of the interview. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?* Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*? Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Panel (a) reports AMEs from RE probit estimations without (left) and with (right) state FE. Panels (b) and (d) report AMEs from RE ordered probit estimations without state FE. Panels (c) and (e) report AMEs from RE ordered probit estimations with state FE. Panels (b) to (e) separately report the AME of Treuhand job loss on each response category. Caps indicate 95 percent confidence intervals. Table B.10 reports exact AMEs and p-values.

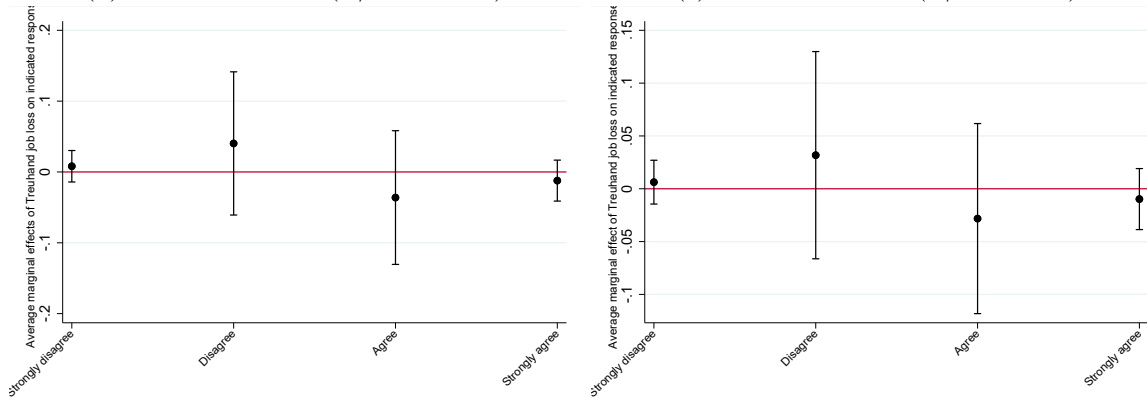


(a) Radical party preference



(b) Political interest (w/o state FE)

(c) Political interest (w/ state FE)



(d) General trust (w/o state FE)

(e) General trust (w/ state FE)

Figure 6: Average marginal effects of Treuhand job loss: West German residents

*Notes:* Figures display AMEs of Treuhand job loss on the respective dependent variable as indicated. Sample is restricted to survey respondent who lived in former West Germany at the time of the interview. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?* Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*? Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Panel (a) reports AMEs from RE probit estimations without (left) and with (right) state FE. Panels (b) and (d) report AMEs from RE ordered probit estimations without state FE. Panels (c) and (e) report AMEs from RE ordered probit estimations with state FE. Panels (b) to (e) separately report the AME of Treuhand job loss on each response category. Caps indicate 95 percent confidence intervals. Table B.11 reports exact AMEs and p-values.

The results thus suggest that the generally discouraging effects of Treuhand job loss on political behavior are stronger and, in that sense, more present for those who did not leave the former GDR. There may be two reasons for this. First, those who did not move to the West could be those who more strongly identified with the GDR and the socialist system. Its collapse and the subsequent negative experiences may therefore have left stronger marks on the socialist sympathizers. Second, since the economic performance of the former GDR still falls short of the West German states (Federal Ministry for Economic Affairs and Energy (ed.) 2020), economic disadvantages may have contributed to the more negative attitudes of East German residents.

Taking a look at the dynamics over time, we present estimation results for smaller subsamples with regard to the years included. The baseline sample consists of observations for the years 1995 to 2018. We split this period into smaller, four-year windows – which is the length of the federal legislation period in Germany – to check the persistence of the effects (Alesina & Fuchs-Schündeln 2007; Boenisch & Schneider 2013).

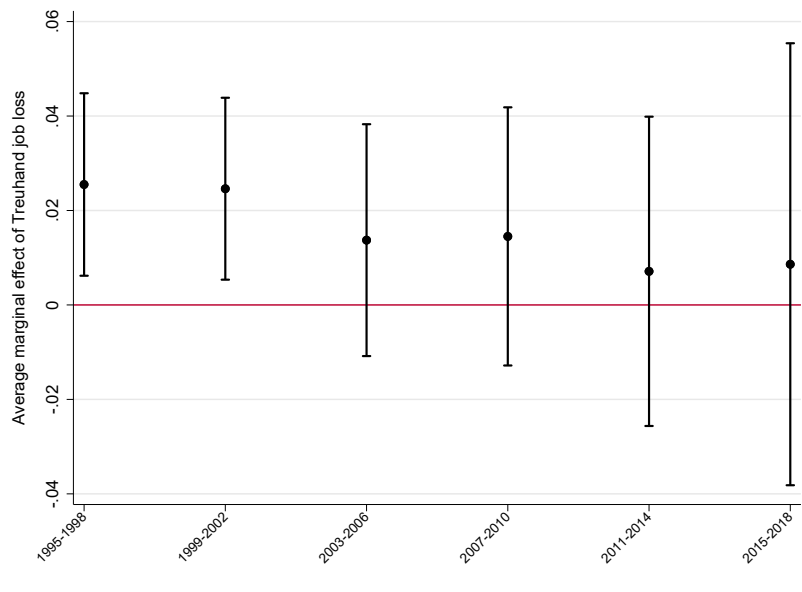
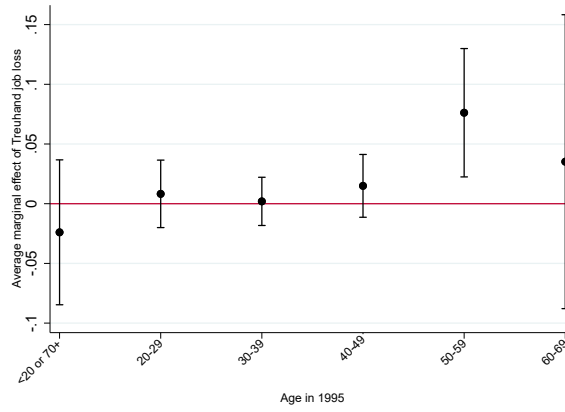
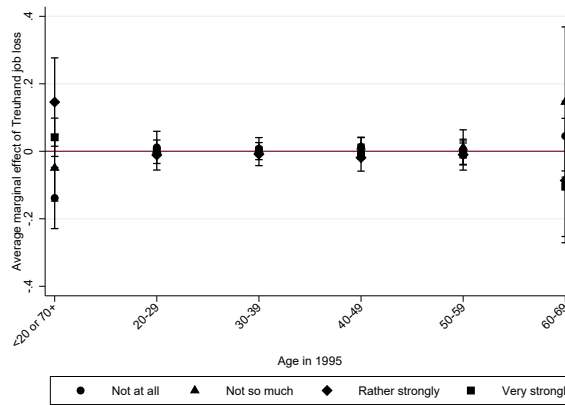


Figure 7: Average marginal effects of Treuhand job loss on radical party preference: Four-year subsamples

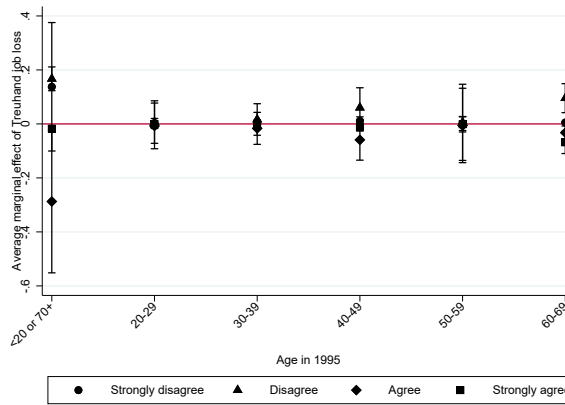
*Notes:* Figure displays AMEs of Treuhand job loss on *radical party preference*. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. All models are RE probit models with year FE and state FE. Subsamples are restricted to the indicated survey years. Caps indicate 95 percent confidence intervals. Table B.12 reports exact AMEs and p-values.



(a) Radical party preference



(b) Political interest



(c) General trust

Figure 8: Average marginal effects of Treuhand job loss across age cohorts

Notes: Figures display AMEs of Treuhand job loss on the respective dependent variable as indicated. Observations are grouped into six age cohorts, according to the respondent's age in 1995: <20 or 70+, 20-29, 30-39, 40-49, 50-59, 60-69. Radical party preference equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for political interest in the GSOEP: *How strongly are you interested in politics?* Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for general trust in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*? Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Panel (a) reports AMEs from a RE probit estimation with state FE, panels (b) and (c) report AMEs from RE ordered probit estimations with state FE. Panels (b) and (c) separately report the AME of Treuhand job loss on each response category. Caps indicate 95 percent confidence intervals. Tables B.13, B.14 and B.15 report exact AMEs and p-values.

Figure 7 reports the AMEs of Treuhand job loss on *radical party preference* for the four-year splits.<sup>11</sup> Evidently, the stronger inclination of individuals affected by Treuhand job loss to favor a radical party disappears after about twelve years after the Reunification (or eight years after the end of Treuhand operations). From 2003 on, we cannot observe a significant effect anymore and estimations get more and more imprecise, as indicated by the larger confidence intervals. A period of roughly a decade may have been enough for the affected individuals to process experiences, find new jobs and get accustomed to life in a market economy. Their frustration may thus have faded. Yet, from a technical perspective, estimations may also have become imprecise due to attrition. The number of observations, for which the Treuhand job loss indicator is still available, decreases over the years (see table B.12).

We performed several heterogeneity tests with respect to socio-demographic characteristics of the surveyed individuals. No heterogeneity was found across sex and secondary education level. However, the analysis for age offers some intriguing insights. We grouped individuals into age cohorts according to their age in 1995 when we start observing our outcome variables. In the first category are individuals below the age of 20 or 70+ in 1995. At the time of reunification, they likely were still in school or at the brink of retirement, respectively. Thus, exposure to Treuhand job loss was comparably low. Less than 2 percent of individuals for which we can observe the main individual Treuhand job loss indicator belong to this category.

All other individuals are grouped into 10-year age cohorts from 20 to 29, 30 to 39 and so on, until the age of 69. We then interact the respective age cohort dummy with the Treuhand job loss indicator. Figure 8 displays the resulting AMEs. The detrimental effects on political behavior are apparently driven by respondents aged 50 or older in 1995 (45 or older when the Berlin Wall came down). We find a larger probability of supporting a radical party among the 50 to 59-year-olds and a tendency towards lower political interest as well as lower trust levels among the 60 to 69-year-olds. The AME estimates for the younger age cohorts lack statistical significance or even point into the opposing direction as our baseline effects (see also tables B.13, B.14 and B.15). Older individuals may have felt most disappointed with politics for the following reasons. First, among those still active on the labor market and thus subject to Treuhand activities, they represent the group that has longest been exposed to the socialist system over

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<sup>11</sup> We only report dynamic effects for this variable for the sake of simplicity. Results for *political interest* are provided on request. *General trust* has only been collected in several years so that it is impossible to construct comparable four-year splits.

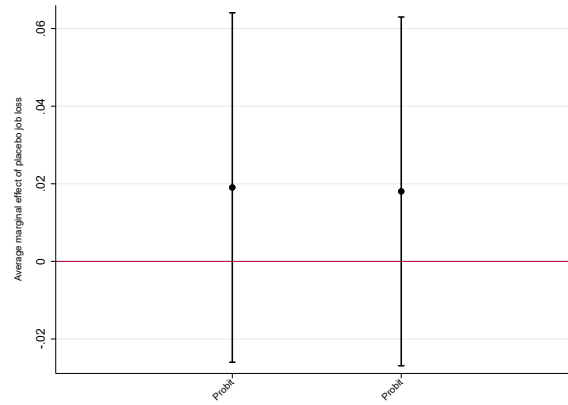
their life course. Thus, they may have strongly identified with their jobs in the GDR and therefore suffered most from experiencing job loss. Second, younger age groups, regardless of their political stance, may have considered their job chances on a unified labor market to be good and may have been ready to still obtain potentially necessary qualifications. Older individuals, however, may have feared a lack of potential for labor market reintegration because of their age.

#### 4.2.2 Placebo analysis

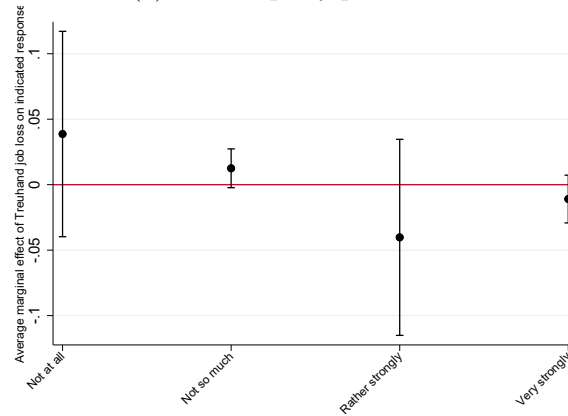
One major difficulty of the present analysis is to measure the Treuhand experience since there is no survey question directly asking for individual exposure. A likely objection may thus be that the effects we find result from unemployment periods as such but are unrelated to the specific experience of unemployment caused by the Treuhand.

In order to strengthen our argumentation for a causal effect, we conduct a placebo analysis by using a fictitious Treuhand job loss. We calculate an indicator which is defined based on the same criteria as the main individual Treuhand job loss indicator but refers to a different time period. As before, we capture all cases of unemployment caused by either firm closure or layoff in a period of four and a half years for respondents who at that time lived in the eastern part of Germany. Yet, we shift our definition of the main Treuhand job loss indicator by ten years. It now covers unemployment periods between July 2000 and December 2004. All individuals reporting unemployment in this period, which meets the above-mentioned criteria, are assigned a value of 1 while all other East German residents are assigned a value of 0. Analogously to the baseline analysis, we then estimate the effects of this placebo job loss indicator on the three dependent variables from 2005 onwards.

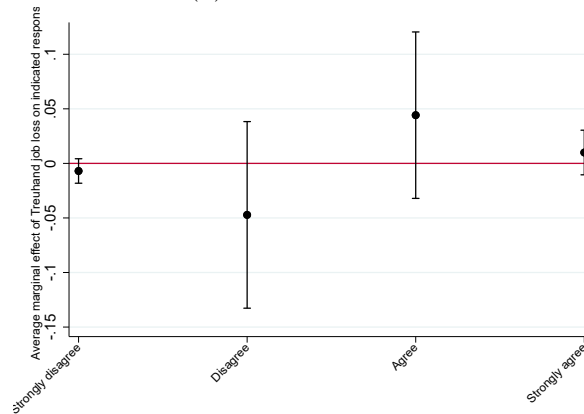
Figure 9 displays the results. None of the effects is significant, suggesting that a random period of unemployment does not likewise cause political discontent. We also use the placebo indicator to estimate its effects on political behavior for the entire baseline sample period (1995-2018) and find no significant results either (results not reported). Therefore, we conclude that our findings specifically relate to the Treuhand experience.



(a) Radical party preference



(b) Political interest



(c) General trust

Figure 9: Average marginal effects of placebo job loss

Notes: Figures display AMEs of placebo job loss on the respective dependent variable as indicated. *Placebo job loss indicator* measures job loss using the same criteria as for the *indiv. Treuhand job loss indicator (main)* but for the period July 2000 to December 2004. Sample is restricted to surveys conducted after 2004. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*? Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Panel (a) reports AMEs from RE probit estimations without (left) and with (right) state FE. Panels (b) and (c) report AMEs from RE ordered probit estimations with state FE. Panels (b) and (c) separately report the AME of placebo job loss on each response category. Caps indicate 95 percent confidence intervals. Table B.16 reports exact AMEs and p-values.

### 4.2.3 Mechanisms

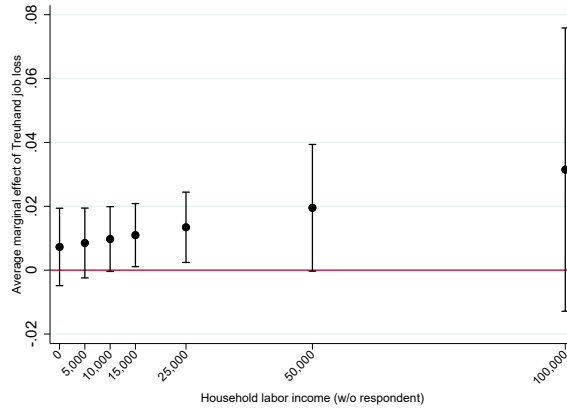
Having observed Treuhand job loss to have a deteriorating effect on individual political behavior and motivation, the question still remains why exactly that is the case. We return to the discussion outlined in section 2.2 of whether the observed effects may be the expression of economic voting and whether they are egotropic or sociotropic.

In a first step, we examine whether income plays a role in how the individual Treuhand experience impacts on political behavior. If an individual has lost their job due to Treuhand activities but is financially secured by a well-earning partner or other household members, their economic loss is relatively low and so could be their inclination to voice political discontent. We calculate the yearly labor income for the household an individual is living in, excluding the individual's own labor income. By that, we wish to illustrate how well the household is financially endowed even without the respondent. We then interact the household income variable with the individual Treuhand job loss indicator in order to check whether the effect on political behavior differs across levels of financial security.

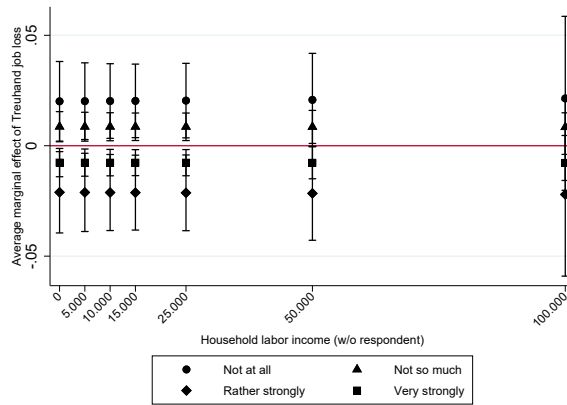
Figure 10 displays the AMEs of Treuhand job loss on the dependent variables for different levels of yearly household labor income. In fact, we find only very small support in favor of egotropic economic voting. Figure 10a suggests that individual Treuhand job loss has a significantly higher impact on holding a radical party preference only for household incomes between 10,000 and 25,000 €.

For *political interest* and *general trust*, we observe the same effects as in the baseline analysis across all income levels (see figures 10c and 10c). The income level apparently plays no role for the AME of Treuhand job loss. The only exception is the group of individuals relying on a household labor income of 100,000 € earned by other household members, where we cannot observe significant effects on *political interest*. Yet, this level of income is very high and the number of observations in this group is clearly lower than in other income groups (about 3 percent of the estimation sample), which may explain the insignificance. Thus, we conclude that financial constraints are not the primary transmission mechanism behind our findings.

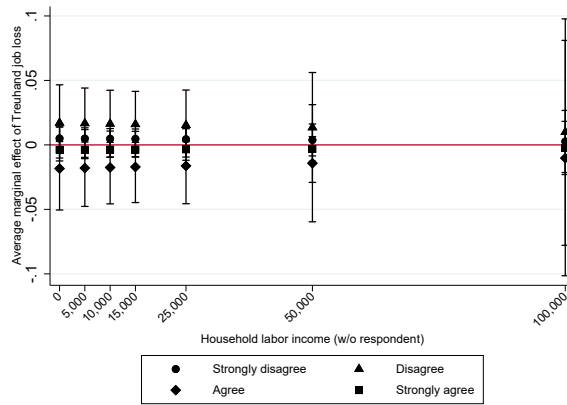




(a) Radical party preference



(b) Political interest



(c) General trust

Figure 10: Mechanisms I: Egotropic voting

Notes: Figures display AMEs of Treuhand job loss on the respective dependent variable at the indicated levels of household labor income. Household labor income is the yearly labor income in € of the respondent's household, excluding the respondent's own labor income. Radical party preference equals 1 if individual reports a preference for one of the following parties: Die Linke, AfD, NPD, Republikaner, Die Rechte, and 0 otherwise. Survey question for political interest in the GSOEP: How strongly are you interested in politics?. Response options: 1=not at all, 2=not so much, 3=rather strongly, 4=very strongly. Survey question for general trust in the GSOEP: How strongly do you agree with the following statement: 'In general, people can be trusted.'?. Response options: 1=strongly disagree, 2=disagree, 3=agree, 4=strongly agree. Panel (a) reports AMEs from a RE probit estimation with state FE. Panels (b) and (c) report AMEs from RE ordered probit estimations with state FE. Panels (b) and (c) separately report the AMEs of Treuhand job loss on each response category. Caps indicate 95 percent confidence intervals. Tables B.17, B.18 and B.19 report exact AMEs and p-values.

If economic grievances play only a minor role, another possible channel by which the Treuhand experience may impact on political behavior could be the East German identity. In fact, back in the early 1990s and still today, Treuhand opponents often bring forward the argument that, among former GDR citizens, the sudden loss of work and well-known economic structures has caused a perception of devaluation of their life achievements or has left them with a feeling of discrimination against their socio-cultural identity (Deutschlandfunk Kultur 2019; Tagesspiegel 2019). In fact, the results from the regional subsample analysis in figures 5 and 6 may point to the existence of such an effect as the impact of Treuhand job loss seems to disappear among those who moved to West Germany and likely adapted to the local lifestyle.

We follow two approaches to test a potential identity mechanism. First, we restrict our sample to individuals for which the main individual Treuhand job loss indicator is 0. As these former GDR inhabitants have not lost their jobs, we do not expect them to exhibit egotropic economic voting. We then estimate the effect of the spatial Treuhand job loss indicator on their political behavior. If we find effects similar to those we observe among their affected fellow citizens, we can conclude that they sympathize with their peers who lost their jobs, probably due to identification with the same culture and socio-national group.

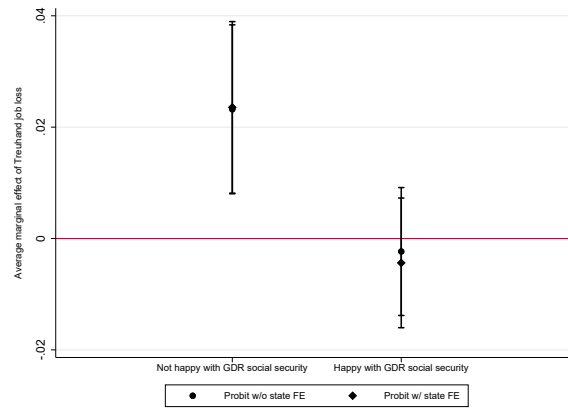
Table 6 displays AMEs of the spatial Treuhand job loss indicator on East Germans who were themselves unaffected by individual Treuhand job loss according to the respective variable. In panels A and B of table 6, the AMEs of spatial Treuhand job loss on *radical party preference* and *political interest* are comparable to the baseline effects, at least with respect to signs, while effect sizes and significance level are somewhat lower.

Obviously, there is a kind of identity-based compassion effect for individuals without a personal job loss experience. Treuhand job losses seem to have affected East Germans as a group, regardless of their individual exposure. However, the effect on political behavior is weaker for those who only experienced Treuhand job loss through their local communities. Interestingly, panel C suggests a highly significant trust-enhancing effect for the observed sample of those who kept their jobs. This result may point to a pronounced solidarity and social cohesion in strongly affected districts, which would further corroborate a compassion effect among former GDR citizens.

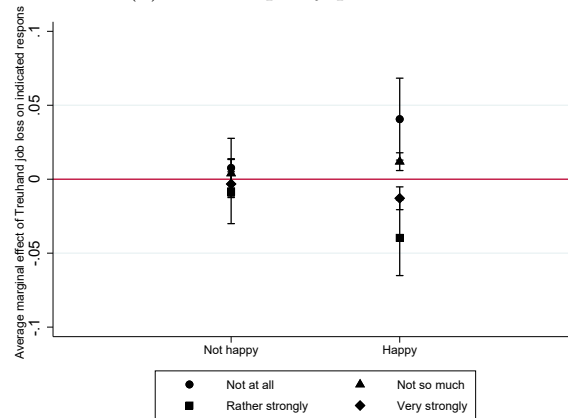
Table 6: Mechanisms II: Sociotropic voting

	Probit	Probit	Ord. probit	Ord. probit
<i>Panel A: Radical party preference</i>				
Spatial Treuhand job loss indicator	0.00074 (0.0007)	0.0012* (0.0007)		
Observations	27,168	27,168		
Log pseudolikelihood	-3994.6977	-3973.6952		
<i>Panel B: Political interest</i>				
Spatial Treuhand job loss indicator				
Not at all			0.0017* (0.0010)	0.0006 (0.0010)
Not so much			0.00087* (0.0005)	0.00033 (0.0005)
Rather strongly			-0.00196* (0.0011)	-0.0007 (0.0011)
Very strongly			-0.00063* (0.0003)	-0.0003 (0.0004)
Observations			27,176	27,176
Log pseudolikelihood			-19099.072	-19072.089
<i>Panel C: General trust</i>				
Spatial Treuhand job loss indicator				
Strongly disagree			-0.0012*** (0.0004)	-0.0011*** (0.0004)
Disagree			-0.0058*** (0.0019)	-0.0053*** (0.0020)
Agree			0.0060*** (0.0019)	0.0054*** (0.0020)
Strongly agree			0.0010*** (0.0003)	0.00093*** (0.0004)
Observations			3,644	3,644
Log pseudolikelihood			-2921.4229	-2915.2721
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

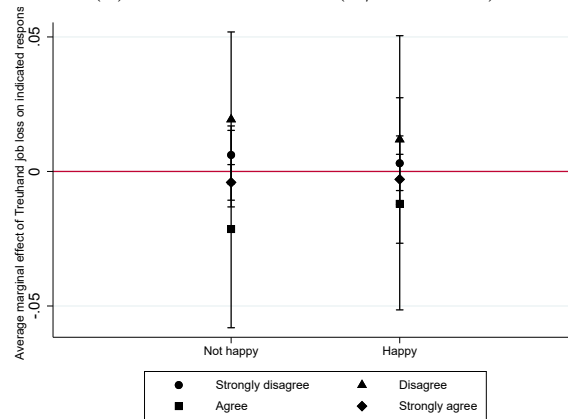
*Notes:* Table reports AMEs of Treuhand job loss on the respective dependent variable as indicated. Sample is restricted to individuals for which *ind. Treuhand job loss indicator (main)* is 0. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke, AfD, NPD, Republikaner, Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?* Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*? Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age<sup>2</sup>*, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.



(a) Radical party preference



(b) Political interest (w/ state FE)



(c) General trust (w/ state FE)

Figure 11: Mechanisms III: Happiness with GDR social security in 1990

*Notes:* Figures display AMEs of Treuhand job loss on the respective dependent variable at the indicated levels of *happiness with GDR social security* (0=not happy, 1=happy) in 1990. This variable is based on an original GSOEP variable rating the happiness with the GDR democracy on a 4-point scale from high to low. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*? Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Panel (a) reports AMEs from RE probit estimations without (circle) and with (diamond) state FE. Panels (b) and (c) report AMEs from RE ordered probit estimations with state FE. Panels (b) and (c) separately report the AME of Treuhand job loss on each response category. Caps indicate 95 percent confidence intervals. Table B.20 reports exact AMEs and p-values.

As a second approach, we repeat the baseline estimation specifically for individuals who stated in the 1990 GSOEP survey that they were satisfied with social security in the GDR. We assume these individuals to identify more strongly with the social system in the GDR so that (i) they were less eager to live in another system and (ii) the unthinkable event of losing one's job had a stronger discouraging impact on them. We recode the original four-point scale of the happiness variable as a binary scale, which indicates whether an individual was happy (1) or unhappy (0) with social security in the former GDR. After that, we interact the resulting variable with the main individual Treuhand job loss indicator to study potentially differential effects. The obtained AMEs are displayed in figure 11.

The results point to a stronger radical party preference among those who were not happy with social security in the GDR. This preference may express a general discontent with the social and political system and the wish to electorally protest against moderate parties. Interestingly, the deteriorating effect on political interest which we observe throughout the analysis is obviously dominated by individuals who were happy with social security in the GDR and lost their jobs in the transition period. This observation suggests that the decline in political interest may be caused by disappointment with regard to life in unified Germany. Taking all mechanism tests performed in this section into account, we can infer that feelings of nostalgia and disenchantment with the transition process seem to be plausible driving forces behind political discouragement among individuals affected by Treuhand job loss.

## 5 Conclusion

This paper studies the effect of job loss related to the Treuhand activities in the former German Democratic Republic in the early 1990s on several indicators of political behavior. The Treuhand was installed after the fall of the Berlin Wall to coordinate the privatization of some 12,000 firms in the former GDR. Despite its declared objective of preserving as many jobs as possible, the sale of firms to private investors was associated with a loss of 2.5 to 3 million jobs according to expert estimate. Treuhand activities were accompanied by a heated political and social debate. To date, political parties at both ends of the German political spectrum use the associated *loss of East German identity* as an instrument of political mobilization.

We conduct two analyses, one at the individual and one at the aggregate district level, to examine the effects of Treuhand job loss on radical party preferences, political interest, trust and electoral outcomes for the time period 1994 to 2018. For the individual-level analysis, we employ data from the German Socio-economic Panel to construct an indicator of Treuhand job loss and to obtain information on individual political behavior and socio-demographic features. At the district level, we combine administrative data on electoral outcomes and socio-demographics with the IWH Treuhand Database, a novel dataset providing information on Treuhand-processed firms. From this dataset, we take information on firm locations which we use to calculate by hand a spatial indicator of district exposure to Treuhand job losses.

Our results suggest that former GDR citizens who have lost their jobs due to Treuhand activities are significantly more likely to support far-end political parties, in particular at the left end. Furthermore, they are less interested in politics and tend to show lower levels of trust in others. In administrative districts which were more strongly affected by Treuhand job losses, radical left vote shares in federal elections are significantly higher and turnout rates tend to be lower. Overall, the Treuhand experience seems to have had a detrimental effect on political behavior and involvement among the affected.

We perform several tests to examine the validity of our results. Specifically, we conduct a placebo analysis in order to corroborate the special effect on political behavior which the Treuhand experience had, unlike other periods of unemployment. Furthermore, we find that the observed effects are stronger among individuals who stayed in East Germany after the Reunification. Yet, the effects seem to decrease over time. Highlighting the mechanisms by which Treuhand job loss affects political behavior, it does not seem to be the financial loss associated with unemployment which causes political protest. Instead, the obtained evidence rather points to associated perceived devaluation of the East German lifestyle, social order and identity as an explanation.

While most of the previous related literature has focused on the effects of socialist education and upbringing on behavior, we provide innovative evidence on the long-term impact of early post-transition experiences. Importantly, our results support the notion that the German Reunification is still in progress 30 years after its official execution. Differences in culture, experiences and values still shape political behavior to date. Our results therefore provide support for the existence of a persistent need for democratic education and a political reappraisal of the events.

Several shortcomings of our analysis may be addressed in future research. Specifically, our results are based on proxies for the Treuhand experience. Exact data on individual exposure to Treuhand job loss can deliver a more reliable picture of the long-term effects. Furthermore, information on other types of political behavior may be collected and added, specifically to fill the data gaps with regard to radical right movements. While the Treuhand existed only in Germany, comparable experiences during the transition period may have impacted on political behavior in other post-socialist countries. This would be an interesting avenue for future investigation and cross-country comparison.

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## Appendix A: Additional descriptives

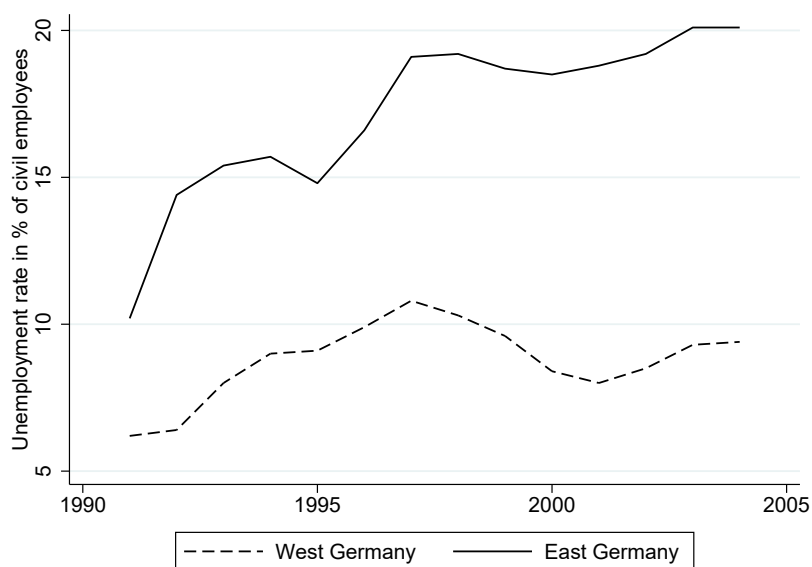


Figure A.1: Unemployment rates in West and East Germany, 1991-2004

*Notes:* Figure shows average yearly unemployment rates in percent of civil employees. Data have been obtained from the official statistics of the Federal Employment Agency.

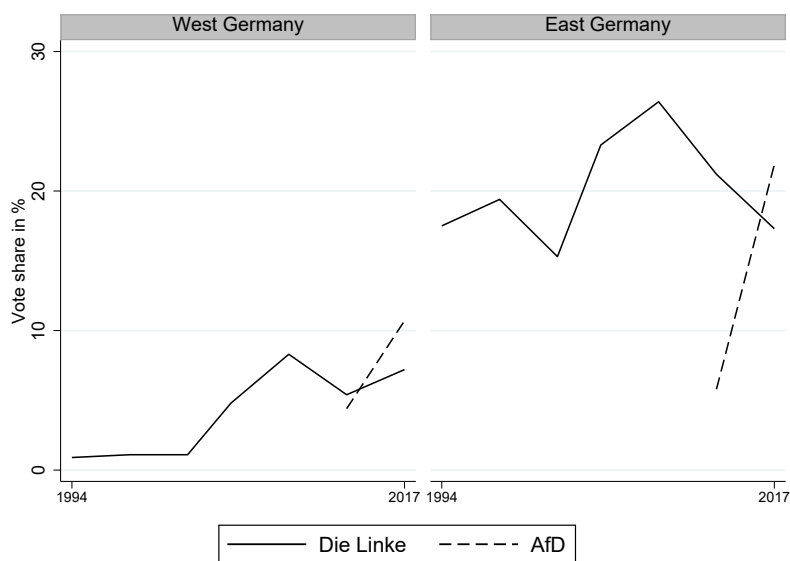


Figure A.2: Far-end vote shares in federal elections, 1994-2017

*Notes:* Figure shows vote shares in federal elections. Vote shares refer to the *second vote*. Data have been obtained from the Federal Returning Officer.

Table A.1: Summary statistics for *indiv. Treuhand job loss indicator (main)=0*

Variable	Obs	Mean	Std. Dev.	Min	Max
East Germany (n/y)	81,274	0.946	0.225	0	1
Unemployed at time of survey (n/y)	62,165	1.924	0.265	1	2
Sex	81,274	1.502	0.5	1	2
Age	81,240	40.39	21.62	0	101
Age <sup>2</sup>	81,240	2,098.756	1,878.646	0	10,201
Marital status	66,079	0.597	0.491	0	1
Life satisfaction	65,825	6.512	1.756	0	10
Secondary education level	65,067	2.226	1.305	1	7
Monthly indiv. gross labor income	38,915	1,695.038	1,288.263	0	40,903

Table A.2: Summary statistics for *indiv. Treuhand job loss indicator (main)=1*

Variable	Obs	Mean	Std. Dev.	Min	Max
East Germany (n/y)	15,307	0.944	0.23	0	1
Unemployed at time of survey (n/y)	14,211	1.745	0.436	1	2
Sex	15,307	1.585	0.493	1	2
Age	15,307	47.826	13.407	15	88
Age <sup>2</sup>	15,307	2,467.037	1,317.978	225	7,744
Marital status	15,083	0.719	0.449	0	1
Life satisfaction	15,098	5.943	1.877	0	10
Secondary education level	15,063	1.921	0.941	1	7
Monthly indiv. gross labor income	8,324	1,354.095	981.571	0	25,565

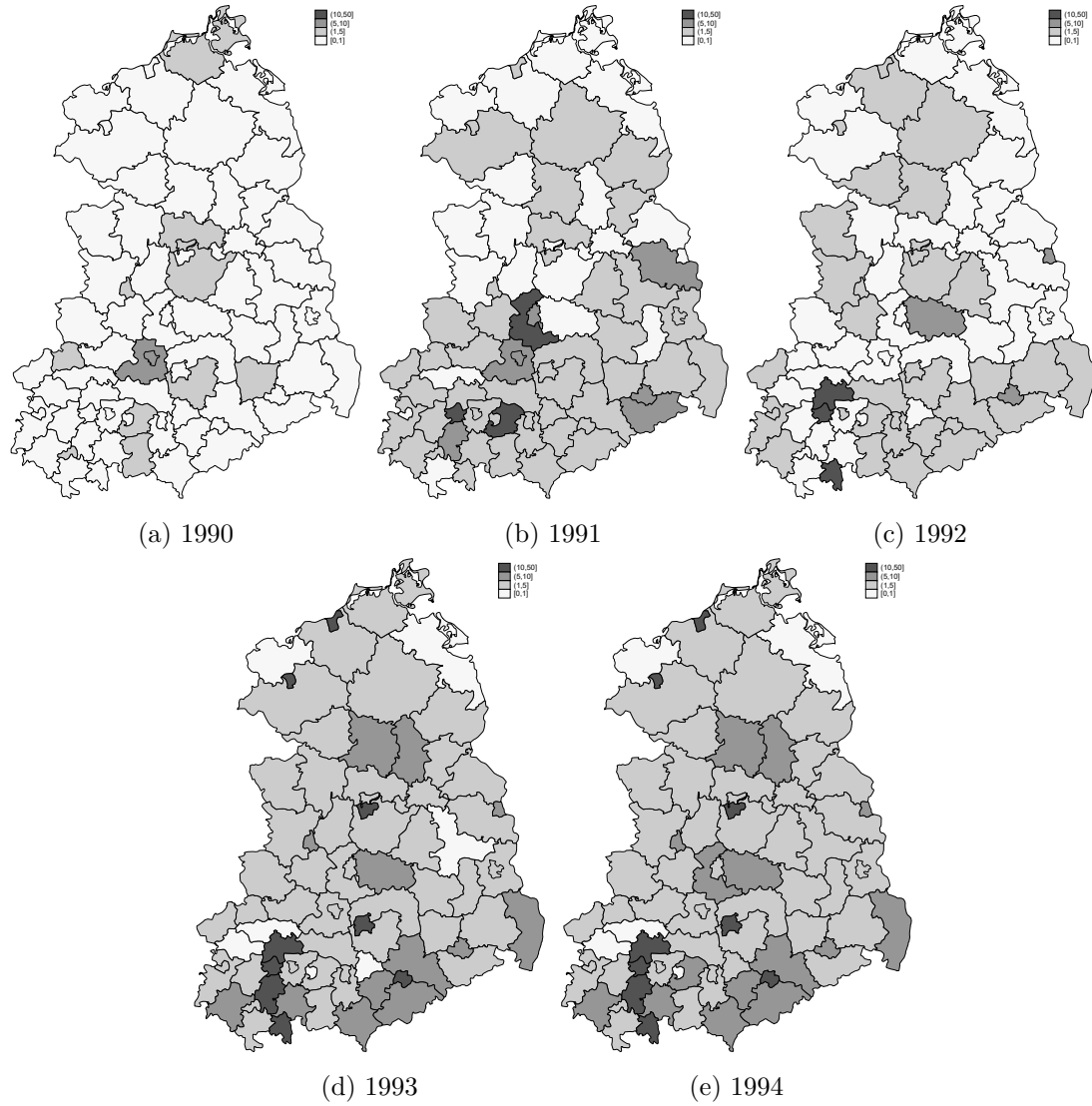


Figure A.3: Spatial Treuhand job loss indicator: Job losses per district relative to population

*Notes:* Figures show job losses in Treuhand-processed firms as a percentage of district population in the respective year. Job losses are calculated based on firm information provided in the IWH Treuhand Database. Data have been manually aggregated at the district level (as of January 1, 2018).



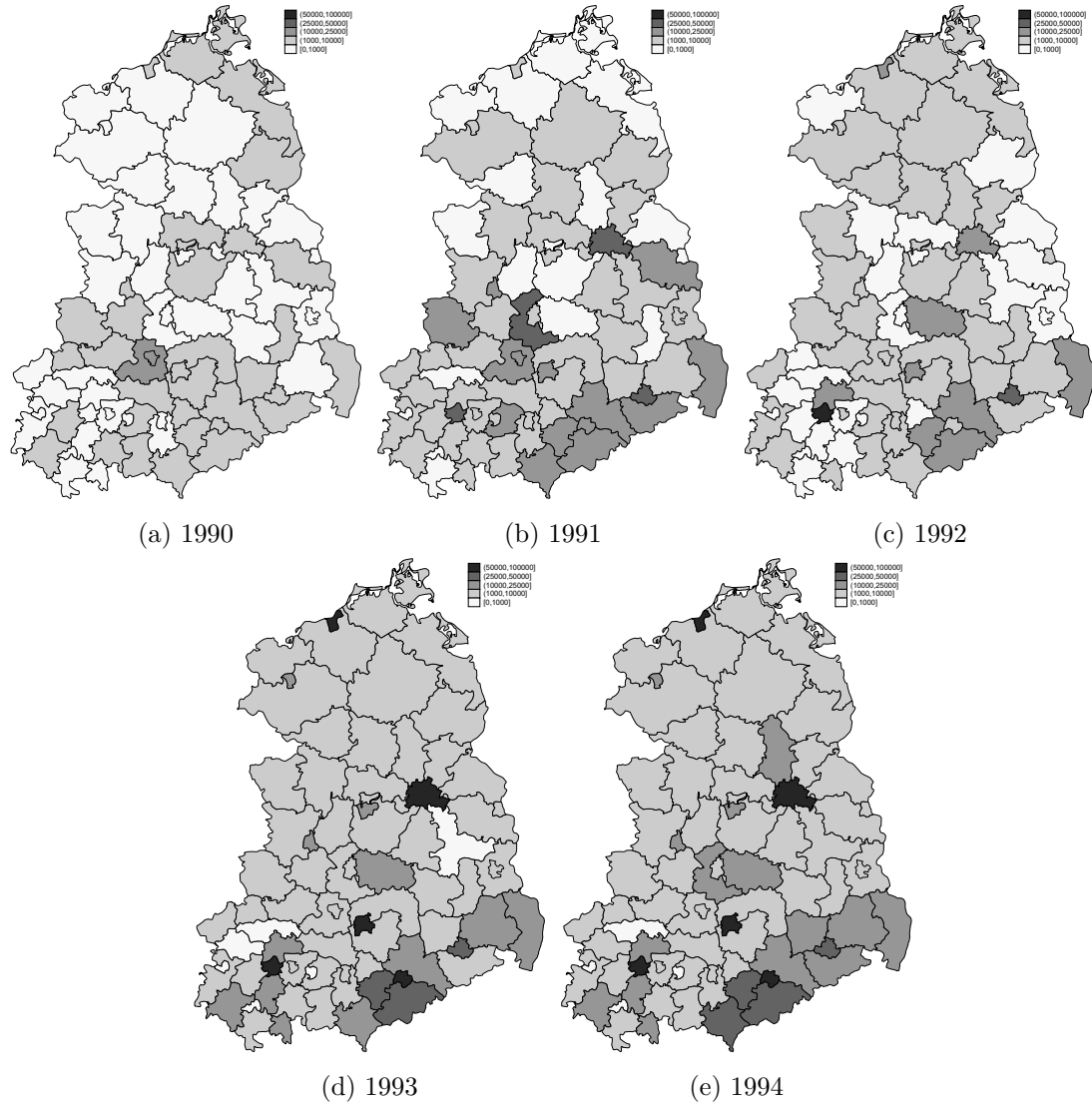


Figure A.4: Total job losses per district

*Notes:* Figures show total job losses in Treuhand-processed firms in the respective year. Job losses are calculated based on firm information provided in the IWH Treuhand Database. Data have been manually aggregated at the district level (as of January 1, 2018).

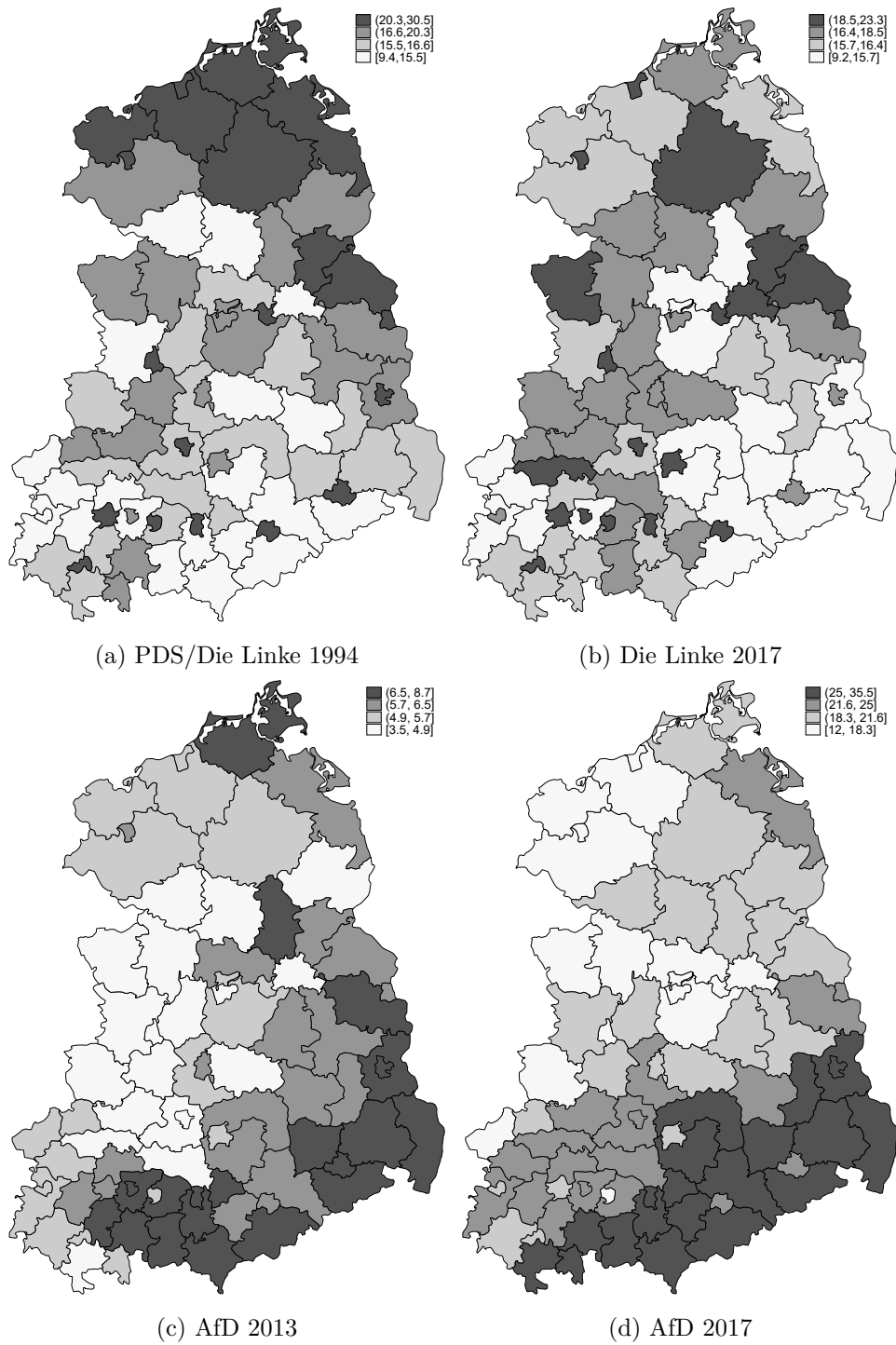


Figure A.5: Vote shares for radical parties, selected years

*Notes:* Figures show shares of valid second votes in the federal election held in the respective year. In panel (a), the vote share refers to the PDS, in panel (b) to its successor party *Die Linke*. AfD vote shares are shown for the years 2013 and 2017 only since the party has not yet participated in federal elections before 2013. All data are official election results obtained from the German Federal Returning Officer and the INKAR database.

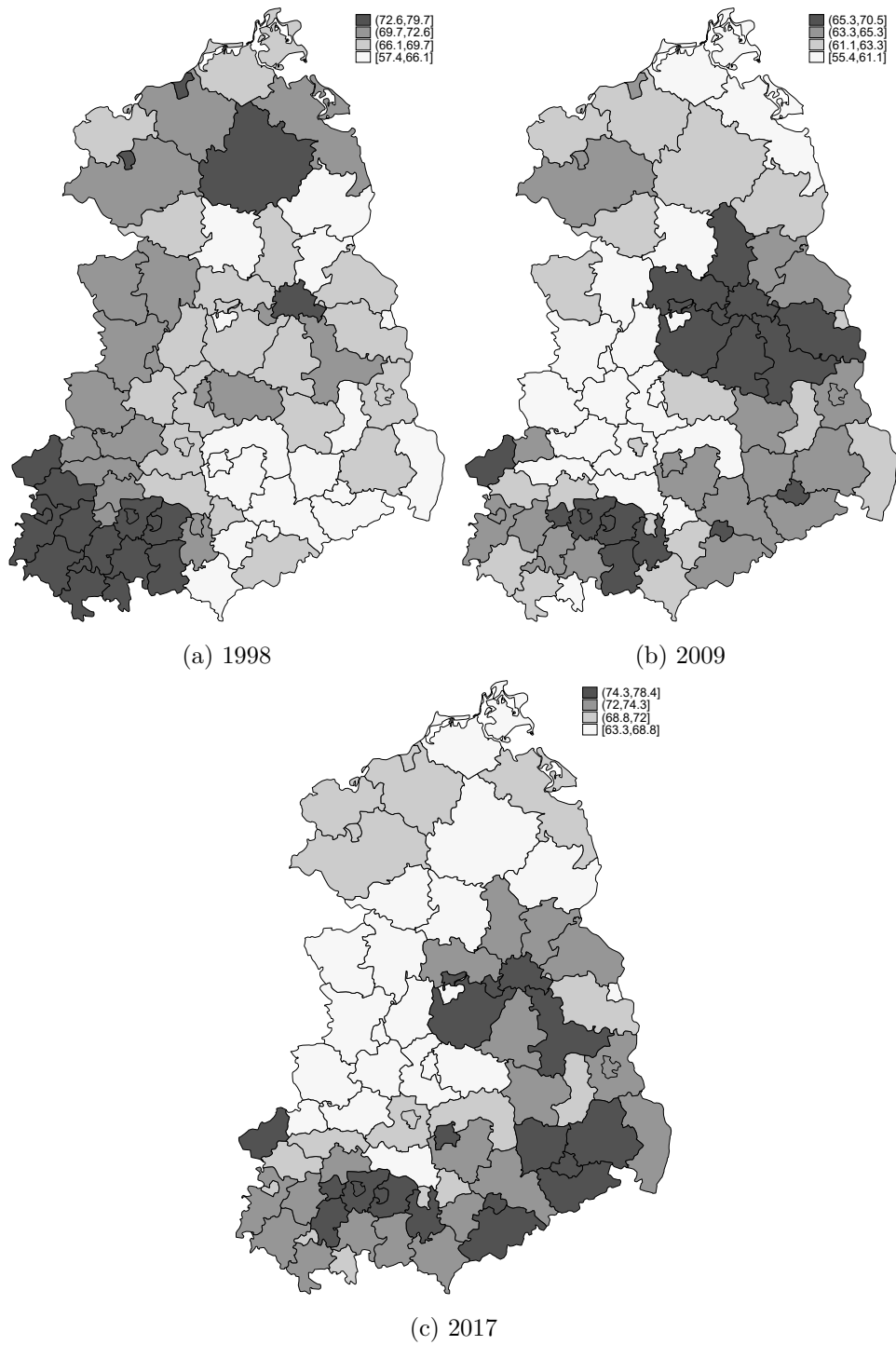


Figure A.6: Voter turnout in federal elections, selected years

*Notes:* Figures show voter turnout rates in the federal election held in the respective year. All data are official election results obtained from the German Federal Returning Officer and the INKAR database.

Table A.3: Correlation matrix: Individual level

Variables	v1	v2	v3	v4	v5	v6	v7
Radical party preference (v1)	1.000						
Political interest (v2)	0.111***	1.000					
General trust (v3)	-0.036***	0.098***	1.000				
Individual Treuhand job loss indicator (alt. 1) (v4)	0.007*	-0.023***	-0.046***	1.000			
Individual Treuhand job loss indicator (alt. 2) (v5)	0.015***	-0.021***	-0.047***	0.694***	1.000		
Individual Treuhand job loss indicator (main) (v6)	0.019***	-0.024***	-0.049***	0.835***	0.905***	1.000	
Spatial Treuhand job loss indicator (v7)	0.0355***	0.0224***	0.0419***	-0.0004	0.0006	0.0062**	1.000

Notes: Table shows pairwise correlation coefficients. The listed variables are binary/categorical, which should be kept in mind when interpreting the coefficients. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table A.4: Correlation matrix: Aggregate level

Variables	v1	v2	v3	v4	v5	v6
Vote share PDS/Die Linke (v1)	1.000					
Vote share AfD (v2)	-0.773***	1.000				
Voter turnout (v3)	-0.356***	0.66***	1.000			
Spatial Treuhand job loss indicator (v4)	0.078*	0.001	0.032	1.000		
Mean yearly Treuhand job loss in district (v5)	-0.023	-0.004	0.077*	0.757***	1.000	
Total Treuhand job loss in district (v6)	-0.023	-0.004	0.077	0.757*	1.000***	1.000

Notes: Table shows pairwise correlation coefficients. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

## Appendix B: Tables

Table B.1: Baseline I: Average marginal effects on radical party preference

	RELS	RELS	Probit	Probit
Ind. Treuhand job loss indicator (main)	0.0262*** (0.0098)	0.0253*** (0.0097)	0.0197*** (0.0072)	0.0184*** (0.0072)
Observations	32,731	32,731	32,731	32,731
R <sup>2</sup>	0.0191	0.0193		
Log pseudolikelihood			-4900.0006	-4876.2211
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.2: Baseline II: Average marginal effects on political interest

	RELS	RELS	Ord. probit	Ord. probit
Ind. Treuhand job loss indicator (main)	-0.0564** (0.0264)	-0.0548** (0.0265)		
Ind. Treuhand job loss indicator (main)				
Not at all			0.0212** (0.0097)	0.0206** (0.0097)
Not so much			0.0088** (0.0035)	0.0085** (0.0035)
Rather strongly			-0.0229** (0.0102)	-0.0223** (0.0102)
Very strongly			-0.0071** (0.0030)	-0.0069** (0.0030)
Observations	32,740	32,740	32,740	32,740
R <sup>2</sup>	0.1524	0.1542		
Log pseudolikelihood			-23042.21	-23015.202
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability for each response category as indicated. Survey question in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.3: Baseline III: Average marginal effects on general trust

	RELS	RELS	Ord. probit	Ord. probit
Ind. Treuhand job loss indicator (main)	-0.0504 (0.0319)	-0.0543* (0.0319)		
Ind. Treuhand job loss indicator (main)				
Strongly disagree			0.0060 (0.0050)	0.0065 (0.0045)
Disagree			0.0274 (0.214)	0.0315 (0.0216)
Agree			-0.0292 (0.0234)	-0.0329 (0.0227)
Strongly agree			-0.0041 (0.0030)	-0.0050 (0.0035)
Observations	4,312	4,312	3,787	3,787
R <sup>2</sup>	0.0937	0.0984		
Log pseudolikelihood			-3041.3464	-3035.934
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability for each response category as indicated. Survey question in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*? Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.4: Average marginal effects on radical right party preference

	RELS	RELS	Probit	Probit
Ind. Treuhand job loss indicator (main)	0.0004 (0.0031)	-0.000005 (0.0031)	0.0033 (0.0032)	0.0031 (0.0033)
Observations	32,731	32,731	32,731	32,661
R <sup>2</sup>	0.0224	0.0201		
Log pseudolikelihood			-1361.169	-1345.6616
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss. *Radical right party preference* equals 1 if individual reports a preference for one of the following parties: *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.5: Alternative indicators I: Radical party preference

	Probit	Probit	Probit	Probit
Ind. Treuhand job loss indicator (alt. 1)	0.0116 (0.0079)	0.0104 (0.0079)		
Ind. Treuhand job loss indicator (alt. 2)			0.0168** (0.0076)	0.0157** (0.0075)
Observations	32,731	32,731	32,822	32,822
Log pseudolikelihood	-4902.2056	-4878.2291	-4943.6521	-4919.8185
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss. *Ind. Treuhand job loss indicator (alt. 1)* and *ind. Treuhand job loss indicator (alt. 2)* are defined as described in section 3.1. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.6: Alternative indicators II: Political interest

	Ord. probit	Ord. probit	Ord. probit	Ord. probit
Ind. Treuhand job loss indicator (alt. 1)				
Not at all	0.0197* (0.0113)	0.0183 (0.0113)		
Not so much	0.0081** (0.0040)	0.0075* (0.0040)		
Rather strongly	-0.0212* (0.0118)	-0.0198* (0.0119)		
Very strongly	-0.0065* (0.0034)	-0.0061* (0.0035)		
Ind. Treuhand job loss indicator (alt. 2)				
Not at all			0.0207** (0.0103)	0.0201* (0.0104)
Not so much			0.0084** (0.0036)	0.0081** (0.0036)
Rather strongly			-0.0222** (0.0107)	-0.0216** (0.0108)
Very strongly			-0.0069** (0.0032)	-0.0067** (0.0032)
Observations	32,740	32,740	32,831	32,831
Log pseudolikelihood	-23043.116	-23016.194	-23141.164	-23113.909
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability for each response category as indicated. *Ind. Treuhand job loss indicator (alt. 1)* and *ind. Treuhand job loss indicator (alt. 2)* are defined as described in section 3.1. Survey question in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.



Table B.7: Alternative indicators III: General trust

	Ord. probit	Ord. probit	Ord. probit	Ord. probit
Ind. Treuhand job loss indicator (alt. 1)				
Strongly disagree	0.0048*	0.0032		
	(0.0029)	(0.0049)		
Disagree	-0.0048*	0.0153		
	(0.0029)	(0.0225)		
Agree		-0.0158		
		(0.0236)		
Strongly agree		-0.0027		
		(0.0038)		
Ind. Treuhand job loss indicator (alt. 2)				
Strongly disagree			0.0039	0.0046
			(0.0047)	(0.0047)
Disagree			0.0186	0.0216
			(0.0211)	(0.0210)
Agree			-0.0193	-0.0225
			(0.0222)	(0.0222)
Strongly agree			-0.0032	-0.0037
			(0.0035)	(0.0035)
Observations	32,782	4,312	4,324	4,324
Log pseudolikelihood	-1700.864	-3475.6088	-3494.0316	-3483.0889
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability for each response category as indicated. *Ind. Treuhand job loss indicator (alt. 1)* and *ind. Treuhand job loss indicator (alt. 2)* are defined as described in section 3.1. Survey question in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'?* Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.8: Robustness I: Logit regressions

	Logit	Logit	Ord. logit	Ord. logit
<i>Panel A: Radical party preference</i>				
Ind. Treuhand job loss indicator (main)	0.0216*** (0.0083)	0.0203** (0.0082)		
Observations	32,731	32,731		
Log pseudolikelihood	-4898.1392	-4874.2531		
<i>Panel B: Political interest</i>				
Ind. Treuhand job loss indicator (main)				
Not at all			0.0208** (0.0097)	0.0202** (0.0098)
Not so much			0.0090** (0.0037)	0.0087** (0.0037)
Rather strongly			-0.0230** (0.0104)	-0.0223** (0.0104)
Very strongly			-0.0068** (0.0030)	-0.0066** (0.0030)
Observations			32,740	32,740
Log pseudolikelihood			-22719.793	-22694.002
<i>Panel C: General trust</i>				
Ind. Treuhand job loss indicator (main)				
Strongly disagree			0.0065 (0.0042)	0.0069 (0.0043)
Disagree			0.0343* (0.0206)	0.0359* (0.0205)
Agree			-0.0359 (0.0221)	-0.0376* (0.0220)
Strongly agree			-0.0049 (0.0028)	-0.0052* (0.0028)
Observations			4,312	4,312
Log pseudolikelihood			-3469.6903	-3458.684
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability for each response category. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*?. Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.9: Robustness II: Clustered SEs

	Probit	Probit	Ord. probit	Ord. probit
<i>Panel A: Radical party preference</i>				
Ind. Treuhand job loss indicator (main)	0.0214*** (0.0067)	0.0197*** (0.0066)		
Observations	32,731	32,731		
Log pseudolikelihood	-7971.9791	-7890.1416		
<i>Panel B: Political interest</i>				
Ind. Treuhand job loss indicator (main)				
Not at all			0.0023 (0.0104)	0.0021 (0.0106)
Not so much			0.0012 (0.0053)	0.0011 (0.0054)
Rather strongly			-0.0025 (0.0113)	-0.0023 (0.0116)
Very strongly			-0.0010 (0.0043)	-0.0009 (0.0044)
Observations			32,740	32,740
Log pseudolikelihood			-32760.061	-32700
<i>Panel C: General trust</i>				
Ind. Treuhand job loss indicator (main)				
Strongly disagree			0.0045* (0.0025)	0.0046** (0.0024)
Disagree			0.0208** (0.0104)	0.0212** (0.0102)
Agree			-0.0216** (0.0109)	-0.0220** (0.0107)
Strongly agree			-0.0037* (0.0019)	-0.0037** (0.0019)
Observations			4,312	4,312
Log pseudolikelihood			-3653.9321	-3641.0138
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability for each response category. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*?. Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. All regressions are pooled as panels are not nested within clusters because of inter-state migration. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Clustered standard errors (federal-state level) in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.10: Regional separation I: East

	Probit	Probit	Ord. probit	Ord. probit
<i>Panel A: Radical party preference</i>				
Ind. Treuhand job loss indicator (main)	0.0174** (0.0074)	0.0174** (0.0075)		
Observations	29,492	29,492		
Log pseudolikelihood	-4435.0449	-4427.0222		
<i>Panel B: Political interest</i>				
Ind. Treuhand job loss indicator (main)				
Not at all			0.0215** (0.0101)	0.0211** (0.0101)
Not so much			0.0088** (0.0036)	0.0086** (0.0036)
Rather strongly			-0.0233** (0.0106)	-0.0228** (0.0106)
Very strongly			-0.0070** (0.0030)	-0.0068** (0.0030)
Observations			29,504	29,504
Log pseudolikelihood			-20727.809	-20720.456
<i>Panel C: General trust</i>				
Ind. Treuhand job loss indicator (main)				
Strongly disagree			0.0060 (0.0050)	0.0069 (0.0051)
Disagree			0.0274 (0.0214)	0.0313 (0.0213)
Agree			-0.0292 (0.0234)	-0.0335 (0.0234)
Strongly agree			-0.0041 (0.0030)	-0.0047 (0.0030)
Observations			3,787	3,787
Log pseudolikelihood			-3041.3464	-3035.934
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability for each response category. Sample is restricted to individuals who lived in federal states of the former GDR (Brandenburg, Berlin (East), Mecklenburg-Hither Pomerania, Saxony, Saxony-Anhalt, Thuringia) at the time of the interview. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*?. Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.11: Regional separation II: West

	Probit	Probit	Ord. probit	Ord. probit
<i>Panel A: Radical party preference</i>				
Ind. Treuhand job loss indicator (main)	0.0487** (0.0221)	0.0449** (0.0228)		
Observations	3,174	3,174		
Log pseudolikelihood	-423.6132	-418.7326		
<i>Panel B: Political interest</i>				
Ind. Treuhand job loss indicator (main)				
Not at all			0.0288 (0.0297)	0.0274 (0.0295)
Not so much			0.0170 (0.0145)	0.0165 (0.0149)
Rather strongly			-0.0328 (0.0321)	-0.0314 (0.0323)
Very strongly			-0.0131 (0.0120)	-0.0125 (0.0121)
Observations			3,236	3,236
Log pseudolikelihood			-2340.2003	-2332.5447
<i>Panel C: General trust</i>				
Ind. Treuhand job loss indicator (main)				
Strongly disagree			0.0081 (0.0113)	0.0062 (0.0106)
Disagree			0.0403 (0.0516)	0.0318 (0.0500)
Agree			-0.0361 (0.0482)	-0.0282 (0.0459)
Strongly agree			-0.0122 (0.0148)	-0.0098 (0.0147)
Observations			525	525
Log pseudolikelihood			-444.1197	-438.0463
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability for each response category. Sample is restricted to individuals who lived in federal states of former West Germany (Baden-Wuerttemberg, Bavaria, Berlin (West), Bremen, Hamburg, Hesse, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saarland, Schleswig-Holstein) at the time of the interview. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'?*. Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.12: Robustness III: Four-year subsamples, radical party preference

	1995-1998	1999-2002	2003-2006	2007-2010	2011-2014	2015-2018
Ind. Treuhand job loss indicator (main)	0.0255*** (0.0099)	0.0246** (0.0098)	0.0137 (0.0125)	0.0145 (0.0139)	0.0071 (0.0167)	0.0086 (0.0239)
Observations	8,180	7,209	5,872	4,778	3,616	2,608
Log pseudolikelihood	-1325.3603	-1168.9331	-956.9038	-854.1784	-600.2434	-640.1368
Covariates	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
State FE	Y	Y	Y	Y	Y	Y

Notes: Table reports AMEs of Treuhand job loss. Subsamples are restricted to four-year periods as indicated. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke, AfD, NPD, Republikaner, Die Rechte*, and 0 otherwise. Covariates include: *sex* (male/female), *age*, *age<sup>2</sup>*, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.13: Heterogeneity: Age cohorts, radical party preference

	Probit
Ind. Treuhand job loss indicator (main)	
Age cohort	
<20 or 70+	-0.0240 (0.0310)
20-29	0.0082 (0.0144)
30-39	0.0020 (0.0103)
40-49	0.0149 (0.0134)
50-59	0.0762*** (0.0274)
60-69	0.0352 (0.0628)
Observations	32,731
Log pseudolikelihood	-4876.1173
Covariates	Y
Year FE	Y
State FE	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability at the indicated values of *age cohort*. AMEs have been obtained in a RE probit estimation with state FE. *Age cohort* captures the age group of an individual in 1995. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.14: Heterogeneity: Age cohorts, political interest

Response option	<i>Not at all</i>	<i>Not so much</i>	<i>Rather strongly</i>	<i>Very strongly</i>
Ind. Treuhand job loss indicator (main)				
Age cohort				
<20 or 70+	-0.1383*** (0.0463)	-0.0492 (0.0502)	0.1459** (0.0668)	0.0416 (0.0290)
20-29	0.0116 (0.0243)	0.0020 (0.0036)	-0.0110 (0.0266)	-0.0026 (0.0052)
30-39	0.0079 (0.0167)	0.0026 (0.0053)	-0.0083 (0.0174)	-0.0022 (0.0045)
40-49	0.0133 (0.0146)	0.0134 (0.0139)	-0.0189 (0.0204)	-0.0077 (0.0081)
50-59	0.0054 (0.0127)	0.0116 (0.0266)	-0.0100 (0.0233)	-0.0071 (0.0161)
60-69	0.0452 (0.0528)	0.1462 (0.1135)	-0.0866 (0.0940)	-0.1049 (0.0753)
Observations	32,740			
Log pseudolikelihood	-23027.539			
Covariates	Y			
Year FE	Y			
State FE	Y			

*Notes:* Table reports AMEs of Treuhand job loss on probability at the indicated values of *age cohort*. AMEs have been obtained in a RE ordered probit estimation with state FE. *Age cohort* captures the age group of an individual in 1995. Survey question in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.



Table B.15: Heterogeneity: Age cohorts, general trust

Response option	<i>Strongly disagree</i>	<i>Disagree</i>	<i>Agree</i>	<i>Strongly agree</i>
Ind. Treuhand job loss indicator (main)				
Age cohort				
<20 or 70+	0.1376 (0.1214)	0.1671*** (0.0225)	-0.2873** (0.1349)	-0.0173*** (0.0038)
20-29	0.0016 (0.0095)	0.0069 (0.0402)	-0.0074 (0.0432)	-0.0011 (0.0065)
30-39	0.0032 (0.0059)	0.0164 (0.0298)	-0.0164 (0.0302)	-0.0031 (0.0055)
40-49	0.0110 (0.0078)	0.0602 (0.0376)	-0.0589 (0.0384)	-0.0122 (0.0071)
50-59	0.0010 (0.0041)	0.0058 (0.0139)	-0.0057 (0.0150)	-0.0012 (0.0030)
60-69	0.0052*** (0.0018)	0.0954*** (0.0274)	-0.0324** (0.0126)	-0.0682*** (0.0212)
Observations	4,312			
Log pseudolikelihood	-3472.394			
Covariates	Y			
Year FE	Y			
State FE	Y			

*Notes:* Table reports AMEs of Treuhand job loss on probability at the indicated values of *age cohort*. AMEs have been obtained in a RE ordered probit estimation with state FE. *Age cohort* captures the age group of an individual in 1995. Survey question in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'?* Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.16: Placebo analysis

	Probit	Probit	Ord. probit	Ord. probit
<i>Panel A: Radical party preference</i>				
Placebo job loss indicator	0.0190 (0.0230)	0.0180 (0.0229)		
Observations	14,057	14,057		
Log pseudolikelihood	-2310.1199	-2300.1442		
<i>Panel B: Political interest</i>				
Placebo job loss indicator				
Not at all			0.0417 (0.0406)	0.0387 (0.0400)
Not so much			0.0131* (0.0070)	0.0125* (0.0076)
Rather strongly			-0.0432 (0.0382)	-0.0402 (0.0382)
Very strongly			-0.0117 (0.0092)	-0.0110 (0.0093)
Observations			14,063	14,063
Log pseudolikelihood			-9714.5441	-9702.9584
<i>Panel C: General trust</i>				
Placebo job loss indicator				
Strongly disagree			-0.0060 (0.0059)	-0.0070 (0.0057)
Disagree			-0.0399 (0.0440)	-0.0472 (0.0436)
Agree			0.0376 (0.0398)	0.0442 (0.0389)
Strongly agree			0.0082 (0.0101)	0.0100 (0.0104)
Observations			2,730	2,730
Log pseudolikelihood			-2153.7041	-2142.7497
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of placebo job loss on probability for each response category. *Placebo job loss indicator* measures job loss using the same criteria as for the *indiv. Treuhand job loss indicator (main)* but for the period July 2000 to December 2004. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke, AfD, NPD, Republikaner, Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*?. Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.17: Mechanisms I: Egotropic voting, radical party preference

Probit	
Ind. Treuhand job loss indicator (main)	
Household labor income	
0	0.0073 (0.0061)
5,000	0.0085 (0.0056)
10,000	0.0097* (0.0052)
15,000	0.0110** (0.0050)
25,000	0.0134** (0.0056)
50,000	0.0195* (0.0101)
100,000	0.0315 (0.0226)
Observations	58,876
Log pseudolikelihood	-8931.3409
Covariates	Y
Year FE	Y
State FE	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability at the indicated values of *household labor income*. AMEs have been obtained in a RE probit estimation with state FE. *Household labor income* is the yearly labor income in € of the respondent's household, excluding the respondent own labor income. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.18: Mechanisms I: Egotropic voting, political interest

Response option	<i>Not at all</i>	<i>Not so much</i>	<i>Rather strongly</i>	<i>Very strongly</i>
Ind. Treuhand job loss indicator (main)				
Household labor income				
0	0.0201** (0.0092)	0.0086** (0.0035)	-0.0211** (0.0094)	-0.0076** (0.0033)
5,000	0.0202** (0.0031)	0.0086** (0.0090)	-0.0211** (0.0033)	-0.0076** (0.0089)
10,000	0.0202** (0.0031)	0.0086*** (0.0088)	-0.0212** (0.0032)	-0.0077** (0.0086)
15,000	0.0203** (0.0085)	0.0086*** (0.0032)	-0.0212** (0.0087)	-0.0077** (0.0030)
25,000	0.0204** (0.0086)	0.0086*** (0.0031)	-0.0213** (0.0087)	-0.0077** (0.0030)
50,000	0.0208* (0.0107)	0.0085*** (0.0038)	-0.0216** (0.0108)	-0.0077** (0.0037)
100,000	0.0214 (0.0190)	0.0084 (0.0063)	-0.0221 (0.0189)	-0.0078 (0.0063)
Observations	58,896			
Log pseudolikelihood	-43245.915			
Covariates	Y			
Year FE	Y			
State FE	Y			

*Notes:* Table reports AMEs of Treuhand job loss on probability at the indicated values of *household labor income*. AMEs have been obtained in a RE ordered probit estimation with state FE. *Household labor income* is the yearly labor income in € of the respondent's household, excluding the respondent own labor income. Survey question in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.19: Mechanisms I: Egotropic voting, general trust

Response option	<i>Strongly disagree</i>	<i>Disagree</i>	<i>Agree</i>	<i>Strongly agree</i>
Ind. Treuhand job loss indicator (main)				
Household labor income				
0	0.0050 (0.0046)	0.0171 (0.0151)	-0.0183 (0.0164)	-0.0038 (0.0033)
5,000	0.0049 (0.0043)	0.0167 (0.0140)	-0.0179 (0.0152)	-0.0037 (0.0030)
10,000	0.0048 (0.0040)	0.0164 (0.0133)	-0.0175 (0.0144)	-0.0037 (0.0029)
15,000	0.0047 (0.0039)	0.0160 (0.0130)	-0.0171 (0.0141)	-0.0036 (0.0028)
25,000	0.0044 (0.0041)	0.0153 (0.0139)	-0.0163 (0.0150)	-0.0035 (0.0030)
50,000	0.0038 (0.0063)	0.0135 (0.0217)	-0.0142 (0.0232)	-0.0035 (0.0049)
100,000	0.0027 (0.0123)	0.0099 (0.0448)	-0.0102 (0.0466)	-0.0024 (0.0105)
Observations	7,980			
Log pseudolikelihood	-6880.4606			
Covariates	Y			
Year FE	Y			
State FE	Y			

*Notes:* Table reports AMEs of Treuhand job loss on probability at the indicated values of *household labor income*. AMEs have been obtained in a RE ordered probit estimation with state FE. *Household labor income* is the yearly labor income in € of the respondent's household, excluding the respondent own labor income. Survey question in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'?* Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Table B.20: Mechanisms III: Happiness with GDR social security

	Probit	Probit	Ord. probit	Ord. probit
<i>Panel A: Radical party preference</i>				
Ind. Treuhand job loss indicator (main)	0.0232***	0.0236***		
(Not happy with GDR social security)	(0.0077)	(0.0079)		
Ind. Treuhand job loss indicator (main)	-0.0023	-0.0044		
(Happy with GDR social security)	(0.0059)	(0.0059)		
Observations	58,726	58,726		
Log pseudolikelihood	-8944.6611	-8915.3082		
<i>Panel B: Political interest</i>				
Ind. Treuhand job loss indicator (main)				
(Not happy with GDR social security)				
Not at all			0.0181	0.0076
			(0.0102)	(0.0102)
Not so much			0.0042	0.0039
			(0.0051)	(0.0051)
Rather strongly			-0.0089	-0.0084
			(0.0111)	(0.0111)
Very strongly			-0.0034	-0.0032
			(0.0042)	(0.0042)
Ind. Treuhand job loss indicator (main)				
(Happy with GDR social security)				
Not at all			0.0397***	0.0406***
			(0.0141)	(0.0141)
Not so much			0.0118***	0.0119***
			(0.0031)	(0.0031)
Rather strongly			-0.0389***	-0.0396***
			(0.0130)	(0.0130)
Very strongly			-0.0126***	-0.0129***
			(0.0039)	(0.0039)
Observations			58,745	58,745
Log pseudolikelihood			-43163.469	-43127.486
<i>Panel C: General trust</i>				
Ind. Treuhand job loss indicator (main)				
(Not happy with GDR social security)				
Strongly disagree			0.0055	0.0061
			(0.0055)	(0.0055)
Disagree			0.0173	0.0193
			(0.0167)	(0.0166)
Agree			-0.0191	-0.0214
			(0.0188)	(0.0187)
Strongly agree			-0.0037	-0.0041
			(0.0034)	(0.0034)
Ind. Treuhand job loss indicator (main)				
(Happy with GDR social security)				
Strongly disagree			0.0028	0.0031
			(0.0053)	(0.0052)
Disagree			0.0108	0.0119
			(0.0200)	(0.0197)
Agree			-0.0109	-0.0120
			(0.0204)	(0.0201)
Strongly agree			-0.0027	-0.0029
			(0.0048)	(0.0047)
Observations			7,961	7,961
Log pseudolikelihood			-6876.7273	-6857.6712
Covariates	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
State FE	N	Y	N	Y

*Notes:* Table reports AMEs of Treuhand job loss on probability. *Happiness with GDR social security* equals 1 if an individual indicated to have been happy or rather happy with social security in the GDR, and 0 if an individual indicated to have been rather unhappy or unhappy with social security in the GDR. *Radical party preference* equals 1 if individual reports a preference for one of the following parties: *Die Linke*, *AfD*, *NPD*, *Republikaner*, *Die Rechte*, and 0 otherwise. Survey question for *political interest* in the GSOEP: *How strongly are you interested in politics?*. Response options: 1=*not at all*, 2=*not so much*, 3=*rather strongly*, 4=*very strongly*. Survey question for *general trust* in the GSOEP: *How strongly do you agree with the following statement: 'In general, people can be trusted.'*? Response options: 1=*strongly disagree*, 2=*disagree*, 3=*agree*, 4=*strongly agree*. Covariates include: *sex* (male/female), *age*, *age*<sup>2</sup>, *secondary education level*, *marital status* (married or solid relationship vs. single/divorced/separated), *life satisfaction* (10-point scale), *unemployed at time of survey* (n/y), *monthly individual gross labor income*, *East German resident* (n/y). Robust standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

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University of Münster  
CIW – Center for Interdisciplinary Economics  
Scharnhorststrasse 100  
D-48151 Münster

phone: +49-251/83-25329

fax: +49-251/83-28429

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